

# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2019**

## **LEEDS DIOCESAN BOARD OF FINANCE**

Company number - 8823593

Registered charity number – 1155876

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## TRUSTEES REPORT 2019

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 2019.

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 Archdeaconries 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 650 church buildings in 460 parishes with 330 stipendiary clergy, 85 self-supporting clergy and 400 clergy with Permission To Officiate ("PTO") along with 380 Readers, 100 authorised lay pastoral ministers and 50 chaplains. There are also 240 Church of England schools and academies 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

In March 2019, the Leeds Diocesan Synod approved a new strategy for 2019 – 2024, 'Maturing in Christ'. The strategy framework is as follows:

Sharing a vision for:

Confident Christians  
Growing churches  
Transforming communities

Characterised by:

Loving  
Living  
Learning

Enabled by:

Clergy and lay together  
Purposeful resourcing  
Dynamic partnerships

Achieved by:

Thriving as a distinctive diocese  
Reimagining ministry  
Nurturing lay discipleship  
Building leadership pathways  
Growing young people as Christians

The diocesan strategy creates a route map for five years and aids our progress towards the diocesan vision of Confident Christians, Growing Churches, Transforming Communities. The five goals within it are the means by which we can mature into the kind of church we are called to be across this diverse diocese and by which we will be equipped to reach out to the world around us.

### *Goal 1: Thriving as a distinctive diocese whose culture is shaped by a shared vision and values*

This goal is about how we all work together as a large, young diocese, from parishes, benefices and deaneries to episcopal areas and diocesan staff. Objectives cover our planning, culture and finances.

### *Goal 2: Reimagining ministry*

This goal is about how we can meet the challenges of the 21<sup>st</sup> century in the way we run our churches and reach out to our communities. Objectives cover church growth, how clergy and lay lead together, our impact on the environment and local communities, and how we relate to those only slightly connected to church.

### *Goal 3: Nurturing lay discipleship*

This goal is about helping people to grow in faith and live it out on a daily basis. Objectives cover running nurture courses, helping people to express their faith confidently, looking at undertaking deeper learning or training and linking Sunday worship with the rest of the week.

### *Goal 4: Building leadership pathways*

This goal is about having the right mechanisms in place to help both lay people and clergy develop as leaders. Objectives cover supporting the laity in their call to be leaders, increasing the number of ordinands, curates and interns and helping people to grow as leaders outside the church.

### *Goal 5: Growing young people as Christians*

This goal is about reversing the decline in young people coming to faith. Objectives cover making sure all churches are welcoming places for, and actively draw in, children and young people; enabling young people to participate in community-based initiatives; and supporting faith development in our church schools.

To view the full strategy documents please visit: [www.leeds.anglican.org/strategy](http://www.leeds.anglican.org/strategy)

## **OBJECTIVES FOR THE YEAR**

In response to the above strategic aims the following objectives were set for 2019:

- To ensure an Anglican presence in every parish;
- To provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith;
- To promote the use of every church building for worship and other community activities;
- To support parishes to identify the areas of need within their community and work together with other organisations to deliver a positive contribution to the spiritual and physical health;
- To actively support all Church schools and academies to be deeply Christian places of learning, with strong, transformational relationships between parish and school community.
- To roll out of the Diocesan Strategy for 2019-2024;
- To further develop the financial sustainability plan to achieve the objective of balancing the budget by the end of 2022;
- To complete a governance review at the fifth anniversary of the formation of the Diocese of Leeds;
- To develop the Resource Church model in Leeds and Bradford;
- To develop a pipeline of young leaders, including extending the mission apprentices scheme launched in 2018; and
- To pilot, monitor and review the Parish Giving Schemes for financial sustainability, benefit to parishes and future income generation.

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.

The following sections set out key developments over the past year against each of the five strategy goals:

### 1. Thriving as a distinctive diocese

#### *Strategy Roll Out*

In addition to approving the Diocesan Strategy, in March 2019 the Leeds Diocesan Synod commended a document setting out objectives and initiatives linked to each of the five strategy goals. It also welcomed a prototype 'strategy toolkit' prepared to assist parishes in their engagement with the diocesan strategy.

These two supplementary documents enabled strategy implementation to be move forward at every level of the diocese. One of the key objectives for Goal 1, 'thriving as a distinctive diocese' is alignment with diocesan strategy, vision and values. As an outworking of this, all diocesan departments put plans in place that are aligned with the diocesan strategy. These plans included taking forward specified initiatives linked to other strategy goals, such as 'growing young people as Christians'. At the same time, the 'strategy toolkit' was trialled in a cross-section of parishes and fine-tuned in the light of this exercise. All parishes were then strongly encouraged to engage with the strategy toolkit, aided by presentations and discussions at Deanery Synods.

#### *Financial Sustainability*

Following the significant actions undertaken in 2018 to reduce expenditure and develop a plan to balance the budget, 2019 was a year of consolidation. During the early part of the year the focus was on ensuring services to parishes could be maintained despite the reduction in the number of staff at Church House. However, as the year progressed and the Diocesan Strategy was approved, the focus shifted towards rolling out the strategy and developing plans to delivering the five goals.

Under the goal of 'Thriving as a distinctive diocese', the challenging objective of balancing the budget by the end of 2022 was included. Whilst the target date of 2022 is stretching; four key areas of focus were identified in the Sustainability Plan namely:

1. Parish Share – A Parish Share Review commenced in September 2019 with the objective of reviewing the system implemented in 2017 and identifying areas for improvement. The initial intention is to work within the parameters of the existing system but to resolve some of the potential deficiencies within the system. The review is also looking at communications in relation to Parish Share and other non-financial aspects that may ultimately support an increased collection rate. Proposed changes are due to be presented to Diocesan Synod in 2020.
2. New Income – Whilst Parish Share accounts for c.65% of the LDBF's income, it is key to maximise income from other sources including from a property and investments assets and, where appropriate, charging for services provided by the LDBF.
3. Clergy Deployment – Whilst the 2018 Sustainability Plan sought reductions in Property and Support costs Parish Ministry was ring-fenced from reductions in expenditure on the premise that increases in Parish Share and other income would close the remaining deficit. This premise looks increasingly difficult to achieve and therefore, the key areas of focus have to include ensuring our deployment model is consistent with the income being generated. The Diocese is already utilising new models of ministry in a number of locations and where successful, these are likely to be utilised more in the future.
4. Support Costs – Whilst costs have fallen significantly between 2018 and 2019, there is a need to ensure a below inflation growth in Support costs to ensure the progress made over the past two years is not lost.

## 2. Reimagining ministry

Specified strategy initiatives for re-imagining ministry include 'growing the potential of Readers alongside other forms of recognised or locally-authorized ministry', 'developing the potential interim ministry' and 'pioneering in areas of new housing'. A major diocesan review of Reader ministry has consequently been undertaken, drawing on insights from a national review recently completed by the Central Readers Council. This has been accompanied by the introduction of diocesan-wide pathways for Lay Worship Leaders, Pastoral Ministers and Pastoral Assistants, following reviews of a pilot Lay Worship Leader scheme in the Ripon Episcopal Area and a longstanding Pastoral Ministers programme in the Wakefield and Huddersfield Episcopal areas. The potential of 'Interim Ministry' has been developed through an increased number of fixed-term limited-mandate appointments to vacant parishes, to pave the way for longer-term clergy appointments. A diocesan learning community of 'Interim ministers' has been formed, which helped the Diocese of Leeds host a national symposium for Interim Ministry practitioners. A working group was established to support engagement in new housing areas, building on the experience of ecumenical partners and the Archbishops' Housing Commission.

### *Urban Mission*

Another strategy initiative is to 'harness the potential of the new Church Urban Fund Joint Venture (Wellsprings Together) for supporting grassroots community engagement throughout the diocese', which was officially launched in June 2019. This independent charity aims to encourage and support churches, community groups and other faith groups working together to enable flourishing neighbourhoods. The new charity will build on the work of Wellsprings Together Bradford and expand the reach to improve access to resources, make local work more effective and create a framework for others to bring about positive change in communities by helping to bring people and resources together. Important strands of work will include support for school holiday hunger activities, facilitating dialogue between faith groups, Places of Welcome addressing loneliness and work with the homeless.

Across the Diocese many churches are leading participants in the provision of food banks. St Catherine's Church and community centre is Wakefield's biggest food bank and gives out emergency food parcels five days a week, as well as running a variety of community projects to help the lonely, the isolated and those with mental health issues. It also hosts a special service targeted at the needs of disadvantaged people. Vicar David Gerrard said: "St Catherine's centre helps some of the most vulnerable people in and around Wakefield, many of these people struggle with homelessness, addictions, mental health issues and other problems that can be so isolating. For many of these people, traditional church is simply inaccessible. So we wanted to start a new kind of service for the people we see every day. We pray that God will use Open Hands to help those who most need to know his love in our community."

### *SDF Projects*

SDF-funded programmes are running in both Leeds and Bradford – five Resource Churches in Leeds, Holy Trinity Boar Lane as a centre for weekday mission and ministry, the Diocesan Intern Programme, the City Centre Resource Church in Bradford (Fountains) and five Bradford Resourcing Churches.

Each of these streams is delivering to plan, except Boar Lane which is on hold pending the recruitment of a key leader (the "Missioner"). We have now put in place a comprehensive system of measurement to track progress, and the Resource/Resourcing churches are consistently growing and fulfilling their resourcing function. The churches meet regularly for programme governance and as learning communities and we aim to publish detailed learnings on church planting and growth as the programme continues.

### **3. Nurturing lay discipleship**

The Diocese continued to benefit from involvement in the national Setting God's People Free initiative, with its emphasis on providing impetus for resourcing everyday faith. This sharing of innovative practice was incorporated into diocesan strategy initiatives, such as the establishment of 'beacon parishes' to trial and promote resources. The Diocese of Leeds has emerged as a pace-setter in the development and use of a Digital Learning Platform ('DLP') for nurturing lay discipleship. The diocesan DLP facilitates engagement in events, resources, courses and online learning communities, both for lay people and clergy. By the end of 2019, over a thousand church members had enrolled.

### **4. Building leadership pathways**

The Diocesan Internship Scheme continued to grow in 2019, bringing together people serving in churches across the Diocese to stretch and challenge them in discipleship, to grow their gifts and skills and to help them discover more about God's calling. The new interns are spread over a large area, based at churches in Leeds, Huddersfield and Halifax and Mission Apprentices in Bradford. The interns meet on Mondays at St George's Leeds for a day of worship, reflection and learning, covering topics including discipleship, encountering God in scripture, spiritual disciplines, leadership, preaching and pastoral care. They then spend four days serving their churches supporting a wide range of activities. The Scheme is led by Revd Joanna Seabourne, Diocesan Director of Interns and will continue to expand over the coming years, using both Strategic Development Funding and LDBF money.

### **5. Growing young people as Christians**

The Children, Young People and Families Team provided training and resources for a wide range of parishes. One area of emphasis was promoting wider engagement with the National Baptism Project, facilitating creative follow-up after baptisms. Another was the establishment of new resource hubs in Bradford, Huddersfield and Wakefield Episcopal Areas. Leadership training pathways have been developed for youth and children's workers. A new youth-oriented congregation was initiated in Seacroft, building on the experience of Sorted, a fresh expression of church in Bradford, and the



Archbishop of York's Missional Youth Church Network.

*Diocesan Board of Education ("DBE")*

The growth in the number of schools working with the DBE as highlighted in the previous year continued through 2019 with 85% taking up the service level agreement offer. Training, CPD events and annual conference also increased in popularity with over 250 leaders attending the senior leader conference. The statutory inspection schedule introduced in 2018 (SIAMS) continued to be a key driver for the work of DBE with schools. As with the previous year these activities contributed to another above expectation generation of income.

The production of a new DBE five year strategy, closely aligned to the new diocesan strategy in its focus and articulation was a significant piece of work for DBE, with this approved by DBE in November. The strategy sets out an ambitious vision for DBE, one where the support to schools across the diocese includes an increasing engagement with other diocesan stakeholder groups including Children and Young People's Ministry and Mission and Ministry. The DBE will look to work even closer with Bishops, deaneries, parishes, Cathedrals, clergy and laity in their promotion of the diocese vision of Confident Christians, Growing Churches and Transforming Communities.

**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, the following will be a key focus for the Diocese and the LDBF in 2020:

- The continued roll out of the Diocesan Strategy for 2019-2024;
- The delivery of the financial sustainability plan to balance the budget by the end of 2024;
- The implementation of the governance review completed in 2019;
- The continued development of the Resource and Resourcing Church models in Leeds and Bradford;
- The development of Strategic Development bids in other Episcopal Areas, including a focus on children and youth;
- 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.
- The launch the Parish Giving Schemes across the Diocese; and
- The development of a comprehensive Housing and Glebe strategy.

## FINANCIAL REVIEW

### Financial Performance

During 2019, LDBF incurred a net surplus before investment gains of £4,297,000 on unrestricted funds or £685,000 when excluding pension valuation movements. This was £1,405,000 better than the prior year outturn (2018: £720,000 deficit) and well ahead of the 2019 budget. The 2019 surplus includes the final £641,000 of Restructuring Funding from the Archbishops Council awarded in 2016 and therefore, the underlying surplus is much lower than seen in the headline figures.

The Parish Share request for 2019 was £15,542,000 (2018: £15,545,000), of which it was budgeted that £14,290,000 would be received. Actual receipts relating to the 2019 Parish Share request amounted to £13,454,000 (2018: £13,431,000), representing a collection rate of 86.6% (2018: 86.4%). In addition, Parish Share receipts of £221,000 were received against the historic share outstanding from previous years (2018: £221,000) and voluntary contributions of £204,000 were made (2018: £160,000). These voluntary contributions include £42,000 received from parishes who responded to 'additional suggested contributions' included with the 2019 share requests – this represents a c.25% response rate.

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 reduced by £1,414,000 to £20,725,000 (2018: £22,139,000). 2018 included £450,000 of reorganisation costs, which were not incurred in 2019. Also, 2018 unrestricted expenditure included £176,000 and £75,000 of RME and SDF expenditure which are now included under restricted activities. The remaining £713,000 reduction in unrestricted expenditure was driven by lower lay staff costs (£617,000), principally as a result of the cost reduction actions taken in 2018, and lower property expenditure (£174,000).

The triennial revaluation of the Church of England Funded Pension Scheme took place as at 31 December 2018. The revaluation showed a reduction in the deficit to £50m from £236m as at 31 December 2015. As a result of this and other discount rate and assumption changes, the liability on the LDBF Balance Sheet has reduced by £3,417,000 and generated the equivalent credit in unrestricted expenditure. This is shown separately on the SOFA to aid understanding of the accounts.

Across all the funds, the capital values of investments increased by £3,295,000 (2018: £836,000). As a result, there was an overall funds increase of £8,363,000 (2018: £14,236,000).

The Trustees have prepared a budget for 2020 based on a 1% increase in stipend and salary costs and targeting a share collection rate of 88%. Including the transfer of £600,000 from restricted reserves to fund applicable activities, the budget is for a surplus of £54,000. However, in light of the impact of Covid-19 achieving the 2020 budget appears unlikely, as discussed below under going concern.

### 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 2020. 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 2019 around 64% (2018: 62%) of unrestricted income of the LDBF came from the Parish Share and 19% (2018: 21%) 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 therefore its ability to adequately resource Diocesan activity. This is particularly the case given the Covid-19 pandemic, which began in early 2020 and was still ongoing at the signing of these accounts. This is likely to lead to a short-term dip in Parish Share, Parochial Fees, and, to a lesser extent, other income sources. However, the Trustees are confident this can be absorbed through a combination of reductions in expenditure (e.g. through delaying property expenditure and utilising government support), the receipt of National Church liquidity support (automatically provided to all qualifying dioceses) and the appropriate utilisation of 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 ongoing Covid-19 pandemic creates a number of short-term financial issues that must be navigated. The Trustees are confident that plans in place will enable the LDBF to come through the ongoing disruption and that the Sustainability Plan developed to balance the budget over the longer term remains relevant and appropriate. 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**

Land and buildings purchased and disposed of during the year totalled £995,000 and £5,395,000 respectively. The Leeds Board's policy is to:

- 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 to relocate the vicarage in Reeth following significant flooding and the second being a 150-year lease on a commercial property in Bradford city centre, which will be leased to Fountains Church Bradford following completion of refurbishment works. In due course it is anticipated Fountains Church Bradford will purchase the head lease.

The Leeds Board's policy is to regularly review the housing stock and sell houses surplus to requirements. During 2019 14 properties were sold. Of the properties sold eight were DBF properties (either being surplus curate's properties or former vicarages transferred to the DBF as part of pastoral schemes), three were parsonage properties (with funds held in the Pastoral Fund pending either the completion of a pastoral scheme or the purchase of an alternative property) and three were glebe properties no longer required.

### **Balance sheet position**

The Trustees consider that the balance sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £199.7m (2018: £191.4m), it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £161.0m (2018: £162.5m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the LDBF.

### **Reserves policy**

#### *Free reserves*

The Trustees reviewed the Reserves Policy and have implemented a new policy during the year that sets a target free reserves range of £4.1m to £5.8m. 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 (£2.8m). 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 2019 totalled £5.2m (2018: £1.1m).

### *Reserves tied up in fixed assets*

The general fund comprises net assets amounting to £44.9m of which £42.8m relates to tangible fixed assets, £2.7m investments and £3.4m net current assets, offset by long-term liabilities of £4.0m.

### *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 22. At 31 December 2019 total designated reserves were £1,102,000 (2018: £10,000). During the year three new designated funds were created:

- Mission Fund (£700,000) – funds designated by the Board to support future SDF bids (£300,000) and commence a Parish Mission Grants scheme (£400k);
- Carbon Reduction Fund (£300,000) – funds designated to support adjustments to be made to our clergy properties that will reduce their carbon footprint; and
- Ingrow Fund (£90,000) – funds received in 2016 from the legacy of Nora Curry, which though technically unrestricted were clearly intended to benefit Ingrow.

### *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 2019 restricted funds totalled £16.7m (2018: £15.0m) and endowment funds totalled £137.0m (2018: £133.7m). 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 8 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 22 provides details of the assets of each fund, together with the related purposes, and note 16 summarises the movements in investments during the year.

The CCLA investments total return performance against the benchmarks in 2019 were:

	Fund	Benchmark
CBF Church of England Investment Fund	+23.16%	+17.07%
CBF Church of England Global Equity Income Fund	+28.64%	+22.74%
CBF Church of England UK Equity Income Fund	+27.78%	+18.41%
CBF Church of England Property Fund	+2.76%	+1.78%
CBF Church of England Fixed Interest Securities Fund	+6.74%	+8.22%

The five year performance against the benchmark and the benchmark composites are available from the CCLA and can be found on their website<sup>1</sup>.

Since 31 December 2019 there has been significant volatility in equity markets as a result of the Covid-19 global pandemic, with markets both falling and recovering sharply over a period of a few months. This has resulted in a modest 0.83% (£0.24m) reduction in the overall value of the CCLA investments held by the LDBF as at 30 June 2020.

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<sup>1</sup> <https://www.ccla.co.uk/sites/default/files/CBF%20Quarterly%20Bulletin%20Report%20December%202019.pdf>

## 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, with the responsibility for delivery of the mitigation strategies identified by it being 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; and
- Completing a Parish Share Review to identify changes that will ensure the system is as effective, fair and consistent as possible. This will also result in a comprehensive Parish Share Strategy including an action plan on how non-payment of share is approached.

*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 three safeguarding advisers;
- 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; and
- The Diocesan Safeguarding policies and systems were independently audited in 2016, receiving a positive response and endorsement of policy and processes and system with some recommendations.

*Pension Funding:* The clergy and worker pension schemes are all valued as being in deficit and therefore there is a risk pension funding obligations are not met.

- Close communications with the Pensions Board to enable long-term planning;
- A cash budget is maintained and reviewed, which includes all pension deficit payments; and
- The Church Workers defined benefit pension schemes were closed at 31 December 2018 and therefore, future increases in the deficit are now limited to the benefits already accrued.

## STRUCTURE AND GOVERNANCE

### Summary Information about the structure of the Church of England

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 41 Dioceses. Each Diocese is a See under the care of a Bishop, who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes, which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected 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 25 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 promote, assist and advance the 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 elections were held in September 2018 and the most recent trustee nomination were ratified in March 2019. The details of Trustees who served during the year are set out on page 20.

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 in July 2018. The Synod elects six of the 21 Trustees of the Diocesan Board of Finance, and ratifies the nomination of a further five members. 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

## LEEDS DIOCESAN BOARD OF FINANCE

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 training 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 three Board members and two nominated appointments. The Audit Committee responsibilities include the appointment of the external auditor, the review and approval of the annual report and accounts before submission to the Board and the review of the effectiveness of internal control systems. During the year, the Committee oversaw the retender of external audit services, which resulted in Saffery Champness LLP being appointed. The Committee wishes to express its thanks to Haysmacintyre LLP for their services since the formation of the Diocese of Leeds.

#### 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 committee. The Committee 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.

## LEEDS DIOCESAN BOARD OF FINANCE

### 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 consists of four Board members and two nominated appointments. The FAIC monitored the monthly management accounts, the preparation of the 2020 budget and 2019-2024 sustainability plan, the progress of major property sales and development of a Mission Fund to support strategic projects.

### 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 £14,866,000 at 31 December 2019 (2018: £10,613,000), are available from the LDBF on request, and are summarised in note 30. 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.

## LEEDS DIOCESAN BOARD OF FINANCE

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 29 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 exempt from Charity Commission registration and supervision. 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, Church House, 1 South Parade, Wakefield, West Yorkshire, WF1 1LP (Charity number 700588)
- Bradford Diocesan Council for Social Aid, Kadugli House, Elmsley Street, Steeton, Keighley, BD20 6SE (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 2019. 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

The Right Revd Paul Slater – Bishop of Kirkstall

The Right Revd Toby Howarth – Area Bishop of Bradford

The Right Revd Jonathan Gibbs – Area Bishop of Huddersfield

The Revd Canon Samuel Corley – 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 Andrew Jolley (to 20 November 2019)

The Ven Paul Ayers (from 16 January 2020)

#### Elected by:

Synod House of Clergy:

*Vacancy*

The Revd Nigel Wright

Synod House of Laity:

Ms Kay Brown

Mr Andrew Maude

Mrs Anita Jane Wardman

Canon Mrs Ann Nicholl

#### Nominated by the Board:

Canon Mr Irving Warnett

Canon Mr Simon Baldwin

Mrs Marilyn Banister

Canon Mrs Jane Evans

The Revd Canon Kathryn Fitzsimons

**Senior staff and advisers**

Diocesan Secretary	Mrs Deborah A Child (to 31 <sup>st</sup> March 2020)
Diocesan Secretary	Mr Jonathan Wood (from 16 <sup>th</sup> March 2020)
Chief Financial Officer	Mr Geoff Park
Director of Ministry and Mission	The Revd Canon Andrew Norman
Director of Education	Canon Richard Noake

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 Peter W Foskett, Lupton Fawcett Denison Till  
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

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 – 13 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



**The Right Revd Nicholas Baines**  
Chairman  
9 July 2020



**Jonathan Wood**  
Secretary  
9 July 2020

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

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### Opinion

We have audited the financial statements of Leeds Diocesan Board of Finance for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Income and Expenditure Accounts, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of 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 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### 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 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 has been prepared in accordance with applicable legal requirements.



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

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### 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.

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 19, 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 and the trustees, 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, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Saffery Champness LLP*

.....  
Sally Appleton (Senior Statutory Auditor)  
for and on behalf of Saffery Champness LLP  
Chartered Accountants  
Mitre House  
North Part Road  
Harrogate  
HG1 5RX  
Statutory Auditors

Date: 23 July 2020

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 2019

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	funds	funds
		£'000	£'000	£'000	£'000	2019	2018
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>							
Donations	2						
Parish contributions		13,879	-	-	-	13,879	13,812
Archbishop's Council		4,047	-	639	-	4,686	4,700
Other donations		338	-	30	-	368	1,057
Charitable activities	3	1,629	-	-	-	1,629	1,648
Other activities	4	1,001	-	-	-	1,001	981
Investments	5	675	-	383	54	1,112	1,034
Other	6	50	-	190	154	394	606
<b>Total</b>		<b>21,619</b>	<b>-</b>	<b>1,242</b>	<b>208</b>	<b>23,069</b>	<b>23,838</b>
<b>Expenditure on:</b>							
Raising funds	7	79	-	-	-	79	92
Charitable activities	8	20,725	-	630	14	21,369	22,249
Pension deficit valuation movements	27	(3,612)	-	-	-	(3,612)	(4)
Other	9	130	-	36	-	166	879
<b>Total</b>		<b>17,322</b>	<b>-</b>	<b>666</b>	<b>14</b>	<b>18,002</b>	<b>23,216</b>
<b>Net income before investment gains</b>		<b>4,297</b>	<b>-</b>	<b>576</b>	<b>194</b>	<b>5,067</b>	<b>622</b>
Net gains/ (losses) on investments		151	2	1,578	1,565	3,296	839
<b>Net income</b>		<b>4,448</b>	<b>2</b>	<b>2,154</b>	<b>1,759</b>	<b>8,363</b>	<b>1,461</b>
Transfers between funds	14	2,250	1,090	(403)	(2,937)	-	-
<b>Net movement in funds</b>		<b>6,698</b>	<b>1,092</b>	<b>1,751</b>	<b>(1,178)</b>	<b>8,363</b>	<b>14,236</b>
<b>Total funds brought forward</b>		<b>42,638</b>	<b>10</b>	<b>14,981</b>	<b>133,732</b>	<b>191,361</b>	<b>177,125</b>
<b>Total funds carried forward</b>	21	<b>49,336</b>	<b>1,102</b>	<b>16,732</b>	<b>132,554</b>	<b>199,724</b>	<b>191,361</b>

All activities derive from continuing activities. The notes on pages 30 to 60 form part of the financial statements

**INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 December 2019**


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	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
<b>Total Income</b>	22,861	23,162
<b>Expenditure</b>	(17,988)	(23,082)
<b>Operating surplus for the year</b>	<u>4,873</u>	<u>80</u>
Net gains/(losses) on investments	1,731	(92)
<b>Net income/(expenditure) for the year</b>	6,604	(12)
<b>Other comprehensive income:/./;</b>		
Revaluation of fixed assets	-	1,845
Net assets transferred (to)/ from endowments	<u>(1,513)</u>	<u>9,021</u>
<b>Total comprehensive income</b>	<u><u>5,091</u></u>	<u><u>10,854</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 2019**

Company Number – 8823593		2019		2018	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	16		160,983		162,489
Investments	17		34,589		31,294
			<u>195,572</u>		<u>193,783</u>
<b>CURRENT ASSETS</b>					
Assets held for resale		610		3,510	
Debtors	18	996		736	
Cash on deposit		7,163		2,051	
Cash at bank and in hand		4,040		4,711	
			<u>12,809</u>		<u>11,008</u>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(4,897)</u>		<u>(4,715)</u>	
<b>NET CURRENT ASSETS</b>			<u>7,912</u>		<u>6,293</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			203,484		200,076
<b>CREDITORS: amounts falling due after more than one year</b>					
Pension scheme liabilities	20		(1,802)		(6,642)
Other creditors	20		(1,958)		(2,073)
<b>NET ASSETS</b>			<u>199,724</u>		<u>191,361</u>
<b>FUNDS</b>					
<b>Endowment funds</b>			132,554		133,732
<b>Restricted income funds</b>			16,732		14,981
<b>Unrestricted income funds:</b>			49,336		42,638
<b>Designated funds</b>			1,102		10
<b>TOTAL FUNDS</b>	22		<u>199,724</u>		<u>191,361</u>

The Notes (pages 30 to 60) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 9 July 2020 and signed on behalf of the Board by:



**THE RIGHT REV'D NICHOLAS BAINES**

## CASH FLOW STATEMENT

For the year ended 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Net cash from operating activities</b>		(1,129)		(2,080)
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	1,112		1,035	
Interest paid	(85)		(81)	
Proceeds from the sale of:				
Tangible fixed assets	5,657		2,594	
Fixed asset investments	444		1,875	
Purchase of:				
Tangible fixed assets for the use of the LDBF	(995)		(1,203)	
Fixed asset investments	(444)		(1,541)	
<b>Net cash provided by investing activities</b>		5,689		2,679
<b>Cash flows from financing activities</b>				
Loans repaid by the LDBF	(123)		(522)	
Loans disbursed by LDBF	(5)		(8)	
Loans repaid to LDBF	9		49	
<b>Net cash used in financing activities</b>		(119)		(481)
<b>Change in cash and cash equivalents in the reporting period</b>		4,441		118
<b>Cash and cash equivalents at 1 January</b>		6,762		6,644
<b>Cash and cash equivalents at 31 December</b>		11,203		6,762
<b>Reconciliation of net income before investment gains</b>				
<b>Net income before investment gains 31 December</b>		5,067		622
<b>Adjustments for:</b>				
Depreciation charges		6		287
Dividends, interest and rent from investments		(1,112)		(1,035)
Interest paid		85		81
Loss on sale of fixed assets		130		253
Profit on sale of fixed assets		(394)		(606)
Trust funds recognition income		-		(395)
(Increase)/Decrease in debtors		(260)		80
Decrease in creditors		(4,651)		(1,367)
<b>Net cash provided used in operating activities</b>		(1,129)		(2,080)
<b>Analysis of cash and cash equivalents</b>				
Cash in hand		7,163		4,711
Notice deposits (less than 3 months)		4,040		2,051
		11,203		6,762

## 1. ACCOUNTING POLICIES

The LDBF is a private company limited by guarantee (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 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

The Trustees have prepared the financial statements on a going concern basis based on the financial plan projections.

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.
- 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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

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**1. ACCOUNTING POLICIES (continued)**

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 27). 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**

*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.

*Properties subject to value linked loans*

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the cost of the related loan at the balance sheet date.

*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. 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**

All 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 equipment	33% straight line
Computer equipment	33% straight line

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

**1. ACCOUNTING POLICIES (continued)****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.

**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.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**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	Designated	Funds	Funds	funds	funds
	£'000	£'000	£'000	£'000	2019	2018
					£'000	£'000
Apportionment	15,542	-	-	-	15,542	15,545
Shortfall in receipts	(2,088)	-	-	-	(2,088)	(2,114)
	<u>13,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,454</u>	<u>13,431</u>
Previous years share	221	-	-	-	221	221
Voluntary share	204	-	-	-	204	160
	<u>13,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,879</u>	<u>13,812</u>

Current year parish share receipts represent 86.6% of the total apportioned (2018 – 86.4%), or, when other voluntary contributions and receipts for previous years are included, 89.3% of the total apportioned (2018 – 88.9%). 2018 comparatives are for the general fund only.

**Archbishops' Council**

2019	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2019
	£'000	£'000	£'000	£'000	£'000
Transition Funding and Lowest Income	3,373	-	-	-	3,373
Restructuring Grant	674	-	-	-	674
Reorganisation Grant	-	-	-	-	-
RME Grant	-	-	287	-	287
SDF Grant	-	-	352	-	352
	<u>4,047</u>	<u>-</u>	<u>639</u>	<u>-</u>	<u>4,686</u>

2018	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2018
	£'000	£'000	£'000	£'000	£'000
Transition Funding and Lowest Income	3,378	-	-	-	3,378
Restructuring Grant	741	-	-	-	741
Reorganisation Grant	329	-	-	-	329
RME Grant	-	-	195	-	195
SDF Grant	-	-	57	-	57
	<u>4,448</u>	<u>-</u>	<u>252</u>	<u>-</u>	<u>4,700</u>

The Transition Funding, Lowest Income Communities Grant and Restructuring Grant 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 RME ('Resourcing Ministerial Education') Grant is the funds provided by the Church Commissioners for the training of ordinands. The SDF ('Strategic Development Funding') Grant is funding allocated by the Church Commissioners Strategic Development Unit towards specific strategic projects. All the funding for 2019 relates to the Leeds Resource Church project.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**Other donations**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
<b>2019</b>					
All Churches Trust Grant	318	-	-	-	318
Property Grants	8	-	-	-	8
Other Grants	2	-	30	-	32
Recognition of Trust Funds	-	-	-	-	-
Legacies	10	-	-	-	10
	<u>338</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>368</u>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
<b>2018</b>					
All Churches Trust Grant	335	-	-	-	335
Property Grants	-	-	-	-	-
Other Grants	56	-	18	-	74
Recognition of Trust Funds	-	-	-	648	648
Legacies	-	-	-	-	-
	<u>391</u>	<u>-</u>	<u>18</u>	<u>648</u>	<u>1,057</u>

**3. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000	Total funds 2018 £'000
	General £'000	Designated £'000				
Statutory fees	1,002	-	-	-	1,002	1,153
Legal & Professional	73	-	-	-	73	71
School Services	259	-	-	-	259	179
Retreat Centre	295	-	-	-	295	245
	<u>1,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,629</u>	<u>1,648</u>

2018 comparatives are for the general fund only.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
	General £'000	Designated £'000			
<b>2019</b>					
Housing income	772	-	-	-	772
Outside Funding	107	-	-	-	107
School income	-	-	-	-	-
Training income	21	-	-	-	21
Miscellaneous	101	-	-	-	101
	<u>1,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001</u>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2018 £'000
	General £'000	Designated £'000			
<b>2018</b>					
Housing income	636	-	-	-	636
Outside Funding	114	-	-	-	114
School income	-	-	1	-	1
Training income	3	-	-	-	3
Miscellaneous	227	-	-	-	227
	<u>980</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>981</u>

**5. INVESTMENT INCOME**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
<b>2019</b>					
Dividends receivable	663	-	373	48	1,084
Interest receivable	12	-	10	6	28
	<u>675</u>	<u>-</u>	<u>383</u>	<u>54</u>	<u>1,112</u>
<b>2018</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Dividends receivable	632	-	339	53	1,024
Interest receivable	2	-	6	2	10
	<u>634</u>	<u>-</u>	<u>345</u>	<u>55</u>	<u>1,034</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**6. OTHER INCOMING RESOURCES**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
	General £'000	Designated £'000			
Gain on sale of properties	50	-	190	154	394
	<u>50</u>	<u>-</u>	<u>190</u>	<u>154</u>	<u>394</u>
	<u><u>50</u></u>	<u><u>-</u></u>	<u><u>190</u></u>	<u><u>154</u></u>	<u><u>394</u></u>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2018 £'000
	General £'000	Designated £'000			
Gain on sale of properties	-	-	606	-	606
	<u>-</u>	<u>-</u>	<u>606</u>	<u>-</u>	<u>606</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>606</u></u>	<u><u>-</u></u>	<u><u>606</u></u>

**7. FUND RAISING COSTS**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000	Total funds 2018 £'000
	General £'000	Designated £'000				
Maintenance of Glebe	79	-	-	-	79	92
	<u>79</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79</u>	<u>92</u>
	<u><u>79</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>79</u></u>	<u><u>92</u></u>

2018 comparatives are for the general fund only.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**8. CHARITABLE ACTIVITIES**

2019	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
	General £'000	Designated £'000			
<b>Contributions to</b>					
<b>Archbishops' Council</b>					
Training for Ministry	987	-	-	-	987
National Church					
Responsibilities	132	-	-	-	132
Mission agency pension costs	16	-	-	-	16
Retired clergy housing costs	57	-	-	-	57
Pooling of ordinands maintenance grants	38	-	-	-	38
	<u>1,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,230</u>
<b>Resourcing Ministry and Mission</b>					
Stipends and national insurance	8,880	-	-	-	8,880
Pension contributions	2,037	-	-	-	2,037
Housing costs	3,013	-	-	-	3,013
Removal, resettlement and grants	237	-	-	-	237
Other expenses	356	-	-	-	356
	<u>14,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,523</u>
Support for parish ministry	3,993	-	580	14	4,587
Retreat Centre	274	-	-	-	274
	<u>18,790</u>	<u>-</u>	<u>580</u>	<u>14</u>	<u>19,384</u>
<b>Expenditure on Education</b>					
Church Schools	705	-	50	-	755
	<u>20,725</u>	<u>-</u>	<u>630</u>	<u>14</u>	<u>21,369</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

2018	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2018 £'000
	General £'000	Designated £'000			
<b>Contributions to</b>					
<b>Archbishops' Council</b>					
Training for Ministry	487	-	-	-	487
National Church Responsibilities	387	-	-	-	387
Mission agency pension costs	47	-	-	-	47
Retired clergy housing costs	164	-	-	-	164
Pooling of ordinands maintenance grants	36	-	-	-	36
	<u>1,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,121</u>
<b>Resourcing Ministry and Mission</b>					
Stipends and national insurance	8,797	-	-	-	8,797
Pension contributions	1,887	-	-	-	1,887
Housing costs	3,187	-	-	-	3,187
Removal, resettlement and grants	259	-	-	-	259
Other expenses	260	-	-	-	260
	<u>14,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,390</u>
Support for parish ministry	5,454	4	10	3	5,471
Retreat Centre	304	-	-	-	304
	<u>20,148</u>	<u>4</u>	<u>10</u>	<u>3</u>	<u>20,165</u>
<b>Expenditure on Education</b>					
Church Schools	870	-	93	-	963
Educational Development	-	-	-	-	-
	<u>870</u>	<u>-</u>	<u>93</u>	<u>-</u>	<u>963</u>
	<u>22,139</u>	<u>4</u>	<u>103</u>	<u>3</u>	<u>22,249</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**9. OTHER RESOURCES EXPENDED**

2019	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on Sale of Properties	130	-	-	-	130
Closed Churches costs written off	-	-	36	-	36
	-----	-----	-----	-----	-----
	130	-	36	-	166
	=====	=====	=====	=====	=====

  

2018	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on Sale of Properties	168	-	-	131	299
Funds returned to parishes	-	-	90	-	90
Reorganisation Costs	490	-	-	-	490
	-----	-----	-----	-----	-----
	658	-	90	131	879
	=====	=====	=====	=====	=====

**10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS**

2019	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs £'000
	Raising funds	78	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,230	-	1,230
Resourcing parish ministry	17,316	577	901	18,794
Clergy pension deficit valuation	(3,295)	-	-	(3,295)
Education	599	-	156	755
Retreat Centre	274	-	-	274
Lay pension deficit valuation	(317)	-	-	(317)
Other	483	-	-	483
	-----	-----	-----	-----
	15,138	1,807	1,057	18,002
	=====	=====	=====	=====

  

2018	£'000	£'000	£'000	£'000
	Raising funds	92	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,121	-	1,121
Resourcing parish ministry	18,219	720	1,049	19,988
Clergy pension deficit valuation	(131)	-	-	(131)
Education	767	-	196	963
Retreat Centre	304	-	-	304
Lay pension deficit valuation	127	-	-	127
Other	752	-	-	752
	-----	-----	-----	-----
	20,130	1,841	1,245	23,216
	=====	=====	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**11. ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2019 £'000	2018 £000
Central administration	625	-	-	-	625	773
Support for Schools	156	-	-	-	156	196
Governance:						
External audit	29	-	-	-	29	29
Registrar and Chancellor	245	-	-	-	245	245
Synodical costs	2	-	-	-	2	2
	<u>1,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,057</u>	<u>1,245</u>

2018 comparatives are for the general fund only

**12. ANALYSIS OF GRANTS MADE**

2019	No.	Individuals £'000	Institutions £'000	Total £000
<b>From unrestricted funds for national Church responsibilities</b>				
Contributions to Archbishops' Council	6	-	1,230	1,230
<b>From unrestricted funds:</b>				
Ecumenical/ Churches Together organisations	1	-	6	6
Clergy Training	792	85	-	85
Clergy Grants (Removal, First appointment, resettlement)	184	237	-	237
Ordination	47	29	-	29
Vocation grants	424	146	-	146
Mission Grants	80	-	25	25
Youth	-	-	-	-
	<u>1,528</u>	<u>497</u>	<u>31</u>	<u>528</u>
<b>From restricted funds for various purposes within resourcing parish ministry:</b>				
PCCs' Building Grants	26	-	12	12
Widows and dependants of clergy	20	23	-	23
	<u>46</u>	<u>23</u>	<u>12</u>	<u>35</u>
<b>From endowment funds for various purposes within resourcing parish ministry:</b>				
Widows and dependants of clergy	8	14	-	14
	<u>1,588</u>	<u>534</u>	<u>1,273</u>	<u>1,807</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**12. ANALYSIS OF GRANTS MADE (continued)**

<b>2018</b>	<b>No.</b>	<b>Individuals £'000</b>	<b>Institutions £'000</b>	<b>Total £000</b>
<b>From unrestricted funds for national</b>				
<b>Church responsibilities:</b>				
Contributions to Archbishops' Council	6	-	1,121	1,121
<b>From unrestricted funds:</b>				
Ecumenical/ Churches Together organisations	15	-	12	12
Clergy Training	313	68	-	68
Clergy Grants (Removal, First appointment, resettlement)	155	259	-	259
Ordination	41	40	-	40
Vocation grants	344	119	-	119
Education (S554)	-	-	-	-
Mission Grants	45	-	79	79
Youth	5	1	-	1
	<u>905</u>	<u>487</u>	<u>91</u>	<u>578</u>
<b>From restricted funds for various purposes within resourcing parish ministry:</b>				
PCCs' Building Grants	3	-	3	3
Widows and dependants of clergy	10	10	-	10
	<u>13</u>	<u>10</u>	<u>3</u>	<u>13</u>
<b>Total</b>	<u><u>924</u></u>	<u><u>497</u></u>	<u><u>1,215</u></u>	<u><u>1,712</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**13. STAFF COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Employee costs during the year were as follows:		
Wages and salaries	2,764	3,423
Apprentice Levy	7	16
National insurance contributions	255	316
Pension contributions	228	566
	<u>3,254</u>	<u>4,321</u>
Sub-total		
Pension deficit valuation movements	(317)	126
	<u>2,937</u>	<u>4,447</u>
Total Staff Costs	<u><u>2,937</u></u>	<u><u>4,447</u></u>

There were no redundancy costs in Wages and salaries in 2019. Redundancy costs in 2018 were £376,000 for 15 employees.

The average number of persons employed by the LDBF during 2019 were:

	<b>Number</b>	<b>Number</b>
Support for Ministry	79	86
Education	10	13
Retreat House	13	9
	<u>102</u>	<u>108</u>
	<u><u>102</u></u>	<u><u>108</u></u>

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

	<b>Number</b>	<b>Number</b>
Support for Ministry	62	70
Education	10	12
Retreat House	8	5
	<u>80</u>	<u>87</u>
	<u><u>80</u></u>	<u><u>87</u></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:

	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	7
£90,000 - £100,000	-	2
£100,001 - £110,000	-	1
	<u>4</u>	<u>13</u>
	<u><u>4</u></u>	<u><u>13</u></u>

Pension payments of £39,000 were made for these 4 employees (2018: 13 employees £239,000).

There were no redundancy costs in Wages and salaries in 2019. In 2018, redundancy payments funded by the National Church were made to 9 employees. Excluding these redundancy payments, in 2018 there were 3 employees in the £60,000 - £70,000 remuneration bracket and 3 employees in the £80,000 - £90,000 remuneration bracket.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

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**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 2019 they were:

Diocesan Secretary	Mrs Debbie Child
Chief Finance Officer	Mr Geoff Park
Director of Ministry & Mission	The Revd Canon Andrew Norman
Director of Education	Canon Richard Noake

Remuneration, pensions and expenses for these 4 employees amounted to £316,000 (2018: 5 employees £384,000)

**Trustees' emoluments**

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £Nil (2018 – 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:

	<b>Stipend</b>	<b>Housing</b>
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 Revd Nigel Wright	Yes	Yes
Revd Canon Kathryn Fitzsimons	Yes	Yes
The Revd Canon Samuel Corley	Yes	Yes
The Ven Andy Jolley	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 2019**

**13. STAFF COSTS (continued)**

The LDBF paid an average of 320 (2018 – 321) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	8,186	8,152
Apprentice Levy	37	38
National insurance contributions	656	673
Pension contributions	2,038	1,943
	<u>10,917</u>	<u>10,806</u>
Sub-total	10,917	10,806
Pension deficit valuation movements	(3,295)	(130)
	<u>7,622</u>	<u>10,676</u>
Total	<u>7,622</u>	<u>10,676</u>

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 £36,930 - £45,270 (2018: £36,210 - £44,380). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2019 was £36,100 (2018: £35,394) and other clergy who were Trustees were paid in the range £24,930 - £28,367 (2018: £24,930 – £28,367).

**14. ANALYSIS OF TRANSFERS BETWEEN FUNDS**

	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
Pastoral Schemes transfer - Historical	4,450	-	-	(4,450)
Pastoral Schemes transfer - 2019	2,645	-	-	(2,645)
From General fund to Stipends endowment for reduction of pension deficit	(4,208)	-	-	4,208
Transfer of S554 funds to General Funds to support Board of Education expenditure	300	-	(300)	-
Transfer of Pastoral funds to General Funds to support Mission and Pastoral activities	44	-	(44)	-
Transfer of Inglefield funds to General Funds to support Lay and Clergy education	50	-	(50)	-
Transfer of Pension funds to General Funds to support clergy pensions	50	-	-	(50)
From General fund to Designated re: Ingrow	(90)	90	-	-
From General Fund to Designated re: Mission	(700)	700	-	-
From General Fund to Designated re: Carbon Reduction	(300)	300	-	-
2018 RME surplus transferred to restricted funds	19	-	(19)	-
2018 SDF deficit transferred to restricted funds	(10)	-	10	-
	<u>2,250</u>	<u>1,090</u>	<u>(403)</u>	<u>(2,937)</u>

Historic Pastoral scheme reorganisations involving 27 properties added £4.45m to unrestricted Diocesan property. Pastoral scheme reorganisations during 2019 released seven benefice properties worth £2.645m, which are now classified as unrestricted Diocesan property.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

During 2019, £0.9m of general funds were used to pay the clergy pension scheme deficit and there was a £3.3m reduction in the clergy pension scheme deficit due to actuarial accounting changes.

A total of £0.44m was also transferred from restricted and endowment funds to general funds in to support education work, ordinands training, missions and pastoral activities, education and clergy pensions. These transfers were included in the approved budget.

The Leeds Diocesan Board also approved the setting up of a designated Mission Fund (£0.7m to support future SDF projects and the creation of a Parish Growth Fund) and a designated Carbon Reduction Fund (£0.3m to enable adjustments to our buildings that reduce their carbon footprint).

**15. FINANCIAL INSTRUMENTS**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets measured at fair value	29,973	26,678
Financial assets measured at amortised cost	12,199	7,498
	<u>          </u>	<u>          </u>
Financial liabilities measured at amortised cost	7,354	12,127
Financial liabilities measured at fair value	1,303	1,303
	<u>          </u>	<u>          </u>

Financial assets measured at fair value comprise unlisted investments and value linked loans to parishes. Financial assets measured at amortised cost comprise trade debtors, other debtors, 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**

	<b>Freehold properties</b>	<b>Office equipment</b>	<b>Benefice properties</b>	<b>School House</b>	<b>Glebe properties</b>	<b>Total</b>
<b>Cost or valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2019	41,386	821	104,166	308	16,685	163,366
Additions	-	-	530	-	465	995
Disposals	(870)	-	(595)	-	(695)	(2,160)
Historic reclassification	4,450	-	(4,480)	-	30	-
Reclassified – in period	2,645	-	(2,645)	-	-	-
Transfer to/from properties for resale	(335)	-	-	-	-	(335)
At 31 December 2019	<u>47,276</u>	<u>821</u>	<u>96,976</u>	<u>308</u>	<u>16,485</u>	<u>161,866</u>
<b>Depreciation</b>						
At 1 January 2019	-	821	-	56	-	877
Disposals	-	-	-	-	-	-
Charge for the year	-	-	-	6	-	6
At 31 December 2019	<u>-</u>	<u>821</u>	<u>-</u>	<u>62</u>	<u>-</u>	<u>883</u>
<b>Net Book Value</b>						
At 31 December 2019	<u>47,276</u>	<u>-</u>	<u>96,976</u>	<u>246</u>	<u>16,485</u>	<u>160,983</u>
At 31 December 2018	<u>41,386</u>	<u>-</u>	<u>104,166</u>	<u>252</u>	<u>16,685</u>	<u>162,489</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

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 £7,015,000 (2018: £7,015,000). Of the total land and buildings at 31 December 2019, £ nil are valued at cost (2018: £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 31<sup>st</sup> December 2018 by David Chary BSc FRICS of Sanderson Weatherall, 6<sup>th</sup> Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

**17. FIXED ASSETS INVESTMENTS**

	At 1 January 2019 £'000	Additions £'000	Disposals £'000	Transfers Value £'000	Change in Market Value £'000	At 31 December 2019 £'000
<b>Unrestricted funds</b>						
Unlisted investments	2,073	444	-	-	150	2,667
<b>Designated funds</b>						
Unlisted investments	11	-	-	-	2	13
<b>Restricted funds</b>						
Unlisted investments	10,608	-	(341)	-	1,404	11,671
<b>Endowment funds</b>						
Investment property	4,616	-	-	-	-	4,616
Unlisted investments	13,986	-	(44)	-	1,680	15,622
	18,602	-	(44)	-	1,680	20,238
<b>Total</b>	31,294	444	(385)	-	3,236	34,589

**18. DEBTORS**

	2019 £'000	2018 £'000
<b>Due within one year</b>		
Loans to parishes	17	13
Loans to schools	27	27
Other debtors and prepayments	895	631
	939	671
<b>Due after more than one year</b>		
Loans to parishes	57	65
Other debtors	-	-
	57	65
<b>Total debtors</b>	996	736

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**19. CREDITORS: amount falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loan repayment instalments due in one year</b>		
Church Commissioners other loans	123	130
Other taxes and social security	65	180
Other creditors and accruals	3,487	3,189
Pension scheme liabilities:		
Lay Defined Benefit Scheme	309	308
Clergy Pension Scheme	913	908
	<u>4,897</u>	<u>4,715</u>
<b>Total creditors: amounts falling due within one year</b>	<u><u>4,897</u></u>	<u><u>4,715</u></u>

**20. CREDITORS: amount falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loan repayment instalments due after more than one year</b>		
Church Commissioners value-linked loans	1,303	1,303
Church Commissioners other loans	655	770
Pension scheme liabilities:		
Lay Defined Benefit Scheme	669	1,296
Clergy Pension Scheme	1,133	5,346
	<u>3,760</u>	<u>8,715</u>
<b>Total creditors: amounts falling due after more than one year</b>	<u><u>3,760</u></u>	<u><u>8,715</u></u>
The maturity of the above loans may be analysed as follows:		
Between one and two years	123	130
Between two and five years	367	390
In five years or more	1,468	1,553
	<u>1,958</u>	<u>2,073</u>
	<u><u>1,958</u></u>	<u><u>2,073</u></u>

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; of the amount falling due after more than one year, £321k relates to the Benefice Property Fund (2018 - £367k), £29k to the Glebe Estate (2018 - £44k) and £305k to the General Fund (2018 - £359k). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments and bear interest rates between 6.1% and 7.7%, 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) represent amounts advanced to the LDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2019 the Board had no intention of disposing of any of those properties funded via VLLs.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**21. SUMMARY OF FUND MOVEMENTS**

<b>2019</b>	<b>Balances at 1 January 2019 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Transfers £'000</b>	<b>Gains and Losses £'000</b>	<b>Balances at 31 December 2019 £'000</b>
<b>UNRESTRICTED FUNDS</b>						
General	42,638	21,619	(17,322)	2,250	151	49,336
<b>DESIGNATED FUNDS</b>						
Archdeacons Discretionary	10	-	-	-	2	12
Ingrow Fund	-	-	-	90	-	90
Mission Fund	-	-	-	700	-	700
Carbon Reduction Fund	-	-	-	300	-	300
	10	-	-	1,090	2	1,102
<b>RESTRICTED FUNDS</b>						
Section 554 Education	6,229	219	(50)	(300)	678	6,776
Clergy & Dependants hardship funds	59	32	(23)	-	7	75
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	29	3	-	-	-	32
Retreat House support funds	31	-	-	-	-	31
Local Parochial purposes	12	1	-	-	-	13
Appeal funds & other specific purposes	72	-	-	-	-	72
Church building repair funds	380	1	(12)	-	67	436
Pastoral Account	6,051	280	(36)	(44)	530	6,781
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,368	44	-	(50)	174	1,536
Training for ministry funds	698	310	(290)	(19)	122	821
Strategic Development Funds	-	352	(255)	10	-	107
	14,981	1,242	(666)	(403)	1,578	16,732
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Stipends fund capital	9,538	2	-	4,208	1,085	14,833
<b>Expendable</b>						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	874	-	-	-	164	1,038
Pensions	225	-	-	(50)	41	216
Training for ministry funds	85	3	-	-	15	103
Clergy & dependants hardship funds	967	27	(14)	-	130	1,110
Local Parochial purposes	511	-	-	-	28	539
Glebe Land	4,791	-	-	-	1	4,792
Church building repair funds	515	23	-	-	64	602
Glebe Properties	17,167	82	-	30	-	17,279
Benefice Properties	98,607	71	-	(7,125)	-	91,553
Religious Education support	198	-	-	-	37	235
Appeal funds & other specific purposes	42	-	-	-	-	42
	133,732	208	(14)	(2,937)	1,565	132,554
<b>Total funds</b>	<b>191,361</b>	<b>23,069</b>	<b>(18,002)</b>	<b>-</b>	<b>3,296</b>	<b>199,724</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**21. SUMMARY OF FUND MOVEMENTS (continued)**

<b>2018</b>	<b>Balances at 1 January 2018 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Transfers £'000</b>	<b>Gains and Losses £'000</b>	<b>Balances at 31 December 2018 £'000</b>
<b>UNRESTRICTED FUNDS</b>						
General	31,514	22,165	(22,885)	9,989	1,855	42,638
<b>DESIGNATED FUNDS</b>						
Archdeacons Discretionary	14	-	(4)	-	-	10
<b>RESTRICTED FUNDS</b>						
Section 554 Education	6,514	436	(93)	(600)	(28)	6,229
Clergy & Dependants hardship funds	135	25	(100)	-	(1)	59
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	27	2	-	-	-	29
Retreat House support funds	31	-	-	-	-	31
Local Parochial purposes funds	2	10	-	-	-	12
Appeal funds & other specific purposes	72	-	-	-	-	72
Church building repair funds	384	1	-	-	(5)	380
Pastoral Account	5,783	451	-	(122)	(61)	6,051
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,454	48	-	(127)	(61)	1,368
Training for ministry funds	793	24	-	(119)	-	698
	<u>15,247</u>	<u>997</u>	<u>(193)</u>	<u>(968)</u>	<u>(102)</u>	<u>14,981</u>
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Stipends fund capital	8,495	-	-	1,039	4	9,538
<b>Expendable</b>						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	887	-	-	-	(13)	874
Pensions	328	-	-	(100)	(3)	225
Training for ministry funds	91	2	-	-	(8)	85
Clergy & dependants hardship funds	319	652	-	-	(4)	967
Local Parochial purposes funds	525	-	-	-	(14)	511
Glebe Land	3,810	-	-	-	981	4,791
Church building repair funds	504	22	(2)	-	(9)	515
Glebe Properties	17,654	-	(132)	(865)	510	17,167
Benefice Properties	97,282	-	-	(9,095)	10,420	98,607
Religious Education support	201	-	-	-	(3)	198
Appeal funds & other specific purposes	42	-	-	-	-	42
	<u>130,350</u>	<u>676</u>	<u>(134)</u>	<u>(9,021)</u>	<u>11,861</u>	<u>133,732</u>
<b>Total funds</b>	<u><u>177,125</u></u>	<u><u>23,838</u></u>	<u><u>(23,216)</u></u>	<u><u>-</u></u>	<u><u>13,614</u></u>	<u><u>191,361</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**22. SUMMARY OF ASSETS BY FUND**

2019	Fixed assets		Current Assets £'000	Creditors £'000	Net Assets £'000
	Tangible £'000	Investments £'000			
<b>Unrestricted funds – General</b>	47,276	2,667	3,376	(3,983)	49,336
<b>Unrestricted - designated</b>					
Archdeacons Discretionary	-	13	1	(2)	12
Ingrow Fund	-	-	90	-	90
Mission Fund	-	-	700	-	700
Carbon Reduction Fund	-	-	300	-	300
	-	13	1,091	(2)	1,102
<b>Restricted</b>					
Section 554 Education	246	5,741	789	-	6,776
Clergy & Dependants hardship funds	-	46	29	-	75
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	11	21	-	32
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	13	-	13
Appeal funds & other specific purposes	-	-	74	(2)	72
Church building repair funds	-	423	13	-	436
Pastoral Account	2,781	3,437	563	-	6,781
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,249	287	-	1,536
Training for ministry funds	-	764	57	-	821
Strategic Development Funds	-	-	107	-	107
Schools LCVAP Building Programme	-	-	2,624	(2,624)	-
	3,027	11,671	4,660	(2,626)	16,732
<b>Endowment</b>					
<b>Permanent</b>					
Stipends fund capital	3,006	12,422	1,451	(2,046)	14,833
<b>Expendable</b>					
Benefice houses	91,190	-	363	-	91,553
General Purposes	-	-	212	-	212
Maintenance of Ministry	-	1,038	-	-	1,038
Glebe Property	16,484	-	795	-	17,279
Pensions	-	216	-	-	216
Training for Ministry	-	103	-	-	103
Clergy & Dependants hardship funds	-	824	286	-	1,110
Local Educational Funds	-	91	-	-	91
Local Parochial purposes funds	-	438	101	-	539
Glebe Land	-	4,616	176	-	4,792
Church building repair funds	-	344	258	-	602
Religious Education support funds	-	144	-	-	144
Appeal funds & other specific purposes	-	2	40	-	42
	110,680	20,238	3,682	(2,046)	132,554
<b>Total funds</b>	<b>160,983</b>	<b>34,589</b>	<b>12,809</b>	<b>(8,657)</b>	<b>199,724</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**22. SUMMARY OF ASSETS BY FUND (continued)**

<b>2018</b>	<b>Fixed assets</b>		<b>Current</b>		<b>Net</b>
	<b>Tangible</b>	<b>Investments</b>	<b>Assets</b>	<b>Creditors</b>	<b>Assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Unrestricted funds – General</b>	41,386	2,073	4,356	(5,177)	42,638
<b>Unrestricted - designated</b>					
Archdeacons Discretionary Funds	-	11	1	(2)	10
<b>Restricted</b>					
Section 554 Education	252	5,363	613	-	6,228
Clergy & Dependants hardship funds	-	38	22	-	60
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	11	18	-	29
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	13	-	13
Appeal funds & other specific purposes	-	-	74	(2)	72
Church building repair funds	-	356	24	-	380
Pastoral Account	2,784	3,072	197	-	6,053
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,125	240	-	1,365
Training for ministry funds	-	643	55	-	698
Schools LCVAP Building Programme	-	-	1,995	(1,995)	-
	<u>3,036</u>	<u>10,608</u>	<u>3,334</u>	<u>(1,997)</u>	<u>14,981</u>
<b>Endowment</b>					
<b>Permanent</b>					
Stipends fund capital	3,006	11,339	1,447	(6,254)	9,538
<b>Expendable</b>					
Benefice houses	98,376	-	231	-	98,607
Maintenance of Ministry	-	874	-	-	874
Glebe Property	16,685	-	482	-	17,167
General purposes	-	-	212	-	212
Pensions	-	225	-	-	225
Training for Ministry	-	83	2	-	85
Clergy & Dependants hardship funds	-	694	273	-	967
Local Educational Funds	-	76	-	-	76
Local Parochial purposes funds	-	280	231	-	511
Glebe Land	-	4,616	175	-	4,791
Church building repair funds	-	291	224	-	515
Religious Education support funds	-	121	1	-	122
Appeal funds & other specific purposes	-	3	39	-	42
	<u>118,067</u>	<u>18,602</u>	<u>3,317</u>	<u>(6,254)</u>	<u>133,732</u>
<b>Total funds</b>	<u><u>162,489</u></u>	<u><u>31,294</u></u>	<u><u>11,008</u></u>	<u><u>(13,430)</u></u>	<u><u>191,361</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**23. DESCRIPTION OF FUNDS**

<b>Fund category</b>	<b>Purpose</b>	<b>Funds included in this category</b>
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, TM Wright Sudan

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**23. DESCRIPTION OF FUNDS (continued)**

<b>Fund category</b>	<b>Purpose</b>	<b>Funds included in this category</b>
		relief, St Martin in the Field, Duker (deaf ministry)
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.	
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.	
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.	

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

<b>Fund category</b>	<b>Purpose</b>	<b>Funds included in this category</b>
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 2019 the LDBF had capital expenditure commitments authorised but not contracted £NIL (2018 - £NIL), and contracted for but not yet due of £Nil (2018 - £Nil).

#### 25. OPERATING LEASES

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

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Land and buildings</b>		
Within one year of the balance sheet date	30	30
In the second to fifth year of the balance sheet date	119	119
After the fifth year of the balance sheet date	147	176
	<u>196</u>	<u>325</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 2019 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.

	<b>December 2019</b>	<b>December 2018</b>
Number of members	329	324

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**27. PENSIONS (continued)**

Leeds DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. 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).

The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a. ;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.; and
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter 7 and an initial addition to mortality improvement of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

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

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2018 and 2019 is set out in the table below.

	<b>2019</b>	<b>2018</b>
Balance sheet liability at 1 January	6,254,000	7,293,000
Deficit contribution paid	(913,000)	(908,000)
Interest cost (recognised in SoFA)	122,000	96,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(3,417,000)	(227,000)
Balance sheet liability at 31 December	2,046,000	6,254,000

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**27. PENSIONS (continued)**

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

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	1.1% pa	2.1% pa	1.3% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	1.5% 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 to be 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 2019**

**27. PENSIONS (continued)**

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. The overall deficit in the DBS was £26.2m.

Following the valuation, the Leeds DBF has 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 £5,100 pa. In addition, deficit payments of £56,213 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Diocese of Leeds sub-pool.

**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 £9,200 pa. In addition, deficit payments of £199,114 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Diocese of Leeds sub-pool.

**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 £1,800 pa. In addition, deficit payments of £21,645 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Diocese of Leeds sub-pool.

**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 £11,400 pa. In addition, deficit payments of £119,444 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Diocese of Leeds sub-pool.

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:

	<b>2019</b>	<b>2018</b>
Balance sheet liability at 1 January	1,604,000	1,791,400
Deficit contribution paid	(309,000)	(313,123)
Interest cost (recognised in SoFA)	28,000	-
Remaining change to balance sheet liability*(recognised in SoFA)	(345,000)	125,723
Balance sheet liability at 31 December	978,000	1,604,000

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

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:

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**27. PENSIONS (continued)**

<b>Discount rate</b>	<b>December 2019</b>	<b>December 2018</b>	<b>December 2017</b>
Leeds DBF (Bradford) DBS	1.20%	1.90%	0.00%
Leeds DBF (Bradford & Ripon Education Team) DBS	1.20%	1.90%	0.00%
Leeds DBF (Wakefield) DBS	1.20%	1.90%	0.00%
Leeds DBF (Ripon & Leeds) DBS	1.20%	1.90%	1.00%

**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 scheme valuation completed was carried out as at 31 December 2016. This revealed, on the ongoing assumptions used, a deficit of £14.2m. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the 31 December 2018 valuation revealed a surplus of £1.8m 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 all lay staff employed by the LDBF are enrolled in the Pension Builder Classic scheme.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**28. PRIOR PERIOD COMPARATIVE SOFA**

		Unrestricted funds		Restricted	Endowment	Total
	Note	General	Designated	Funds	Funds	funds
		£'000	£'000	£'000	£'000	2018
						£'000
<b>Income and endowments from:</b>						
Donations	2					
Parish contributions		13,812	-	-	-	13,812
Archbishop's Council		4,700	-	-	-	4,700
Other donations		391	-	18	648	1,057
Charitable activities	3	1,648	-	-	-	1,648
Other activities	4	980	-	1	-	981
Investments	5	634	-	372	28	1,034
Other	6	-	-	606	-	606
Total		22,165	-	997	676	23,838
<b>Expenditure on:</b>						
Raising funds	7	92	-	-	-	92
Charitable activities	8	22,135	4	103	3	22,245
Other	9	658	-	90	131	879
Total		22,885	4	193	134	23,216
<b>Net income/(expenditure) before investment gains</b>						
		(720)	(4)	804	542	622
Net gains/ (losses) on investments		10	-	(102)	931	839
<b>Net income/(expenditure)</b>		(710)	(4)	702	1,473	1,461
Transfers between funds	14	9,989	-	(968)	(9,021)	-
Net gains on revaluation of property fixed assets		1,845	-	-	10,930	12,775
<b>Net movement in funds</b>		11,124	(4)	(266)	3,382	14,236
<b>Total funds brought forward</b>		31,514	14	15,247	130,350	177,125
<b>Total funds carried forward</b>	21	42,638	10	14,981	133,732	191,361

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2019**

**29. 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.

**30. 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:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
CBF Church of England Investment Fund income shares	10,979	8,160
CBF Church of England Investment Fund accumulation shares	42	34
CBF Church of England UK Equity shares	70	57
CBF Church of Global Equity shares	420	341
CBF Church of England Fixed Interest Securities Fund shares	421	354
CBF Church of England Property Fund shares	391	231
Other common investment fund holdings	535	471
Direct holdings in UK equities	386	369
CBF Church of England Deposit Fund	1,622	596
	<hr/>	<hr/>
Total assets held as custodian trustee	14,866	10,613
	<hr/> <hr/>	<hr/> <hr/>