

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

LEEDS DIOCESAN BOARD OF FINANCE

Company number - 8823593

Registered charity number – 1155876

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Mission Statement
Loving, Living, Learning

The Diocese of Leeds continues to evolve three years after its formation.

Its initial vision is being fulfilled, augmented and refreshed to guide and inspire confident Christians, grow churches and transform communities.

The following criteria are central to its continued mission and evolution:

- Re-shaping the mission of the Church of England in a geographically changed context and enabling it to speak with a coherent voice to and for the area.
- Continued effective construction of episcopal leadership structures and engagement across the whole social, political and cultural landscape.
- Further development of an episcopal team focussed in a clear, cohesive scheme which covers five established areas.
- Enhancement of the local mission of parishes and networks through continued strong strategic support and resourcing, enriching and sharing good practice.
- Development of the centre for that resourcing, the new diocesan office, where missional creative energies can focus, flourish and be pushed out to support parishes and deaneries.
- The retention and promotion of three cathedrals within one diocese, each with distinctive missional strategies, being essential to honouring both past history and future holistic mission.
- Support for Church Schools in their mission to develop the children in their care.

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ANNUAL REPORT

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2016.

The Directors/Trustees are one and the same and in signing as Trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- A Directors Report of a charitable company,
- A Strategic Report under the Companies Act 2006 and
- A Trustees Annual Report under the Charities Act 2011.

LEGAL OBJECTS

The Diocese of Leeds covers the entire county of West Yorkshire, the Western part of North Yorkshire, parts of Lancashire and of South Yorkshire.

The Leeds Diocesan Board of Finance ("LDBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of 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 custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- iv. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of 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.

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STRATEGIC AIMS

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

LDBF's principle 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 needed to enable it to continue supporting the clergy through the payment of stipends, managing 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.

OBJECTIVES FOR THE YEAR

In response to the above strategic aims the following objectives have been set for this and subsequent years. These objectives are:

- 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 activities other than formal worship.
- To establish a personal contact with every church educational establishment in the Diocese and to provide practical support on a regular basis.
- To encourage active local debate and ensure that Christian voices are heard in all areas of public life.
- To support parishes to identify areas of stress within each community and work together with other organisations to deliver a positive contribution to the spiritual and physical health, of those most in need.

Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that LDBF delivers public benefit through community engagement, resourcing education and supporting those in need both spiritually and physically.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The Christian Presence

Clergy form a central part in the life of churches in the Diocese of Leeds and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carry out over 1,000 weddings, 4,000 funerals and 2,500 baptisms every year. While the LDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered

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by the Archbishops' Council, a charity which the LDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 272 trained stipendiary clergy and 46 training curates in the Diocese is a priority of the LDBF and represents by far its largest financial commitment. Although the LDBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The LDBF recognises the importance of a safe, secure and well maintained house and strives to continue with this work as well as carrying out programmed refurbishments and improvements through quinquennial and vacancy inspections.

Over the year the average vacancy rate was 22 posts. During all vacancies the area deans worked closely with the churchwardens of the relevant parishes and ensured that in every case scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by the increasing pool of both retired and self-supporting ministers in the Diocese together with the administrative support for the area deans being funded by the LDBF.

The LDBF also funded and deployed a staff team of workers to advise and support ministry in parishes and schools.

Transformation Programme commitments

During the year 2016 the LDBF:-

- Completed the transformation programme of the Diocese.
- Launched its vision for Confident Christians, Growing churches and Transforming communities, characterised by Loving, Living, Learning.
- Implemented the new governance model for the Diocese as a whole, including the design of the synod, area governance and deanery structures.
- Invested in Safeguarding
- Designed a new parish share system to be implemented in 2017.
- Created of a single administration centre based in Church House, York Place, Leeds.
- Reorganised the Bradford Episcopal Area.
- Continued to develop a communications plan to increase good communication and engagement with all those who have an active interest in the work of the church across the Diocese and the world beyond.

Parish Share

The 2016 parish share request was the 2015 share request with a flat rate inflationary increase of 2% for each parish.

The Board designed a new parish share system which is to be implemented in 2017. The Parish Share directly affects the Diocese's ability to support each and every parish and to provide mission and ministry in every community. The main features of the share are:

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- The allocation of resources based on the deployment of stipendiary priests and house for duty provision. This is based on the direct cost of clergy deployed in the parishes.
- An attendance factor in order to take account of the differing size of churches and their ability and capacity to contribute parish share.
- A social economic factor based on 2015 indices of multiple deprivation data.

Additionally the system uses:

- maximum and minimum thresholds e.g. the most deprived parishes will be assessed at 30% of cost.
- Capping the share request based on the parish's Total Unrestricted Income (80%).
- Restricting the level of increase to 15% maximum and a decrease to 8% minimum.

Delivery of the Diocesan Mission

Support for the Diocese's mission and strategic aims are delivered by the Bishop and his senior team through the Leeds Board (which incorporates the Bishop's Council, the Diocesan Board of Finance and the Diocesan Mission and Pastoral Committee). The team is supported by a number of key advisers including, Legal, HR, Finance and Safeguarding.

The role of those employed to work in the central support of the Diocese is largely to:

- support and enable deaneries and parishes in their engagement with the strategic priorities,
- 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, and other 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 engaged in the life and work of the Church,
- 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,
- engage in the work undertaken nationally and internationally through support and representation on national boards, committees and working groups.

Volunteers

LDBF is dependent on the huge number of people involved in church activities both locally and at Diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis. Within this context, the LDBF greatly values the considerable time given by all the volunteers across the Diocese in pursuit of the mission of the

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LDBF.

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 (subject to building up free reserves to a target level and seeking to hold down Parish share increases in order to allow funds to be spent on mission activity). The ongoing objective is to resource Diocesan needs, as determined by Synod and informed by local and national Church institutions. The Trustees plan to provide a balanced budget to achieve financial stability by 2020.

Future plans for 2017

A Diocesan strategy is being developed which coincides with a nationwide drive for all Church of England dioceses to give heightened attention to strategic planning. The Diocese of Leeds faces a range of major challenges: the 'retirement tsunami' of clergy; a drive to increase vocations to ordination by 50%; evolving patterns for ministerial training; the call to develop a culture of discipleship and empower the laity; widespread experimentation with 'fresh expressions'; small numbers of young people and children involved in church life; activities unsustainably financed by churchgoers; and plentiful opportunities to work for the common good in local communities, education and the public square. There is also the major incentive of grants from the Church Commissioners for projects based on a robust Diocesan strategy.

For the Diocese of Leeds, the extra dimension is harnessing its potential as a unique diocese, spanning richly varied local contexts and five episcopal areas. This includes the need to develop coherence across the diocese in ways which reflect strategic priorities. Examples would be developing authorised lay ministry in a joined-up way, resourcing specialist activities, such as ministry in multi-faith contexts, rural communities and areas of deprivation along with leadership training.

One possible way to frame strategy is to differentiate between a) *vision*, comprising primary aspirations b) *values* that are promoted and exemplified; and c) *enabling means*.

Progress has already been made in defining vision and values. This could be framed as follows:

The Diocese of Leeds sharing a vision for

Confident Christians * Growing churches * Transforming communities

Characterised by

Loving * Living * Learning

Priorities will be identified which could potentially be linked to specific outcomes (e.g. a specified increase to the number of growing churches or numbers of lay people in authorised ministries).

The comprehensive review of every area of work and development of a planned approach for the implementation of changes will be continuing throughout 2017. Works on projects started include:

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- Implementing the new parish share system in 2017
- Review of ministry strategy
- Implementing new structures, enabling effective delivery of strategic aims.

Future plans for 2018 and 2019

Further opportunities for development and strategic evaluation.

Full strategic evaluation of the programme, understanding the lessons learned and feeding back appropriately.

FINANCIAL REVIEW

Financial Performance

The budget for 2016 included a total for parish share of £15,420,000 (2015 £15,175,000). Receipts relating to the 2016 parish share amounted to £13,369,000, (2015 £13,409,000), representing a collection rate of 86.7% (2015 88.3%) against the budget request. In addition parish share receipts of £183,000 were received against the historic share outstanding from previous years. 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 which completed their parish share payments during the year, and especially to those parishes which make their parish share payments by monthly instalments, which is essential in controlling the Diocese's cash flow.

The shortfall in Parish Share of £2,051,000 (see note 2) has had an impact on the overall general fund result. This was, however, offset by a reduction of total costs of £1,519,000 feeding through to a net expenditure before investment gains of £532,000 in the general fund (2015: £867,000 surplus).

The Trustees have prepared a budget for 2017 applying a flat rate inflationary adjustment on stipend and salary costs. The key financial challenge will be receiving parish share contributions much closer to the budgeted figure than in previous years. The budget is a deficit budget of £1,869,000. The Trustees consider that this is achievable.

The capital values of investments increased £1,369,000 (2015: £1,027,000), resulting in an overall increase in funds of £1,468,000 (2015: £2,007,000).

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 67% of the Diocesan income. A large part of the costs are clergy costs and building maintenance costs, which both tend to increase at a rate in excess of the Retail Price Index. In addition, the Diocese has to increase payments to the clergy and staff pension schemes in order to contribute towards covering pension fund deficits.

General Fund Position in 2016

The deficit of incoming resources against resources expended on the general fund in 2016 was

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£353,000. The deficit was due the shortfall in parish share collection being partly offset by savings arising from vacancies in both clergy staff posts as well as the related expenditure in the parish ministry and support services. The Trustees are reviewing through the budget process the future income and expenditure commitments and expect to produce breakeven by 2020.

Principal funding sources

Around 61% of the income of the LDBF came from the Parish Share and 22% from the National Church. This included £1m one-off funding in addition to the Selective Allocations.

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.

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. The financial position of the Company, its surplus for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement demonstrate the overall net cash position of the Company and the strength of its reserves. As a consequence the Trustees believe that the Company is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook.

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 during the year totalled £6,538,000. The Leeds Board's policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

The remainder of the expenditure was on housing purchased to accommodate the changing geographical deployment of clergy; this totalled eleven houses. These included two replacement

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vicarages, and the remaining nine houses were houses for curates. Curates' houses are purchased each year at the start of the curates' training during July. It is the Leeds Board's policy to provide a house within the parish where the curate is in training. Inevitably this requires a purchase of a house to accommodate the new trainee. The Leeds Board's policy is to review the housing stock and sell houses surplus to requirements following the curacy training.

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 £179,060,000 (2015: £177,592,000) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £124 million (2015: £117 million). 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

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 3 months budgeted unrestricted expenditure for 2017. The Trustees define the free reserves as the Net Current Assets Less the Assets Held for resale plus the unrestricted unlisted investments. At 31 December 2016 the amount required under this policy totalled £6.3m (2015: £5.9m). Actual free reserves as at 31 December totalled £4.9m (2015: £7.4m). The Trustees are aware of the deficit against the policy level of free reserves and are content to maintain this level of reserves over the next two years as identified in its projected budget plan.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £34.6m of which £32.7m is tied up in tangible fixed assets.

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 2016 total designated reserves were £13,000 (2015: £12,000).

Restricted and endowment funds

As set out in note 22 LDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2016 restricted funds totalled £14m (2015: £11.3m) and endowment funds totalled £130.3m (2015: £131.2m). These funds are not available for the general purposes of the LDBF.

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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 9 to the financial statements). Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of LDBF's objectives.

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. These reviews are to be undertaken by the advisory groups to be formed during 2017. Note 21 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 underperformed against the benchmark in 2016 between 6% and 1% lower depending on the class of asset. In the medium term and long term the performance is an average 2% and 3% better than the benchmark.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy will be formed during 2017. This will be subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

The risk register identifies four 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:

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

- Collection statistics are produced and circulated on a monthly basis
- 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
- The Board is working to reduce expenditure which will impact of the share request.

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 3 safeguarding advisers,
- Policies are aligned with those of the national church
- All parishes are recommended to review, endorse and implement the Diocesan safeguarding policy
- Training is compulsory for all relevant staff and volunteers
- 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.

Communications: Adverse local or national publicity, including failure to keep pace with media developments.

- The LDBF employs 3 Communications officers to handle all matters that come into the public arena
- Staff are regularly reminded that they are not to speak to the press on any matters of a sensitive nature.

IT: System failure

- Backups are made on a regular basis
- The disaster recovery plan is reviewed on an annual basis
- Insurance is in place.

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

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Synod and 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 excepted 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 the benefit of free occupation 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 and Trustees for the purposes of charity law. Following the changes in governance approved in March 2015, the Bishop of Leeds is the ex-officio chairman of the Diocesan Board of Finance, The board membership is the Diocesan Bishop, the Area Bishops, one Archdeacon, one Dean, the chairpersons of the Synodical House of Clergy, the Synodical House of Laity, two Clergy and 4 lay people elected from and by the members of

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Diocesan Synod every three years, along with 5 people nominated by the Board of Finance and ratified by Synod, with the most recent elections held in January 2016. The details of Trustees who served during the year are set out on page 21.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Board. The Synod membership is elected every three years, the last elections having been in June 2015. The Synod elects six of the twenty one Trustees of the Diocesan Board of Finance, and ratifies the nomination of a further five members. Whilst the LDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing memorandum and articles of association, by virtue of the National Institutions Measure 2000 the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

The Diocesan Synod approved a governance model which it began implementing during 2016. The main features of the governance model are:

- Diocesan Synod members are the Members of the DBF company
- Synod members to form a scrutiny pool of around 50 that in small groups scrutinise areas of Diocesan work; identified by the Diocesan Bishop, the Chairperson of the Scrutiny Panel and the Diocesan Secretary.
- There is a single Board that combines the functions of the Standing Committee of Synod, the DBF, 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 Board delegates' significant responsibilities relating to mission and pastoral activities to Area Mission & Pastoral Sub-Committees, thereby enabling the Area Bishops with local representatives to formulate local priorities. Deanery Synods are represented on Area Mission & Pastoral Sub-Committees and these are reflected in the Mission & Pastoral Constitution.

The Diocesan Advisory Committee and the Safeguarding Board 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

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measures.

The Diocesan Secretaries are 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;
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it.

Committee structure

Diocesan Advisory Committee, which advises on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

Safeguarding and Inclusion, the Diocesan Safeguarding Team is responsible for the effective management of allegations, the provision of risk assessments and the delivery of appropriate training at a variety of levels.

Bishop's Council/Leeds Diocesan Board of Finance/Diocesan Mission and Pastoral Committee

The Leeds Diocesan Board is the formal Bishop's Council, Diocesan Board of Finance and the Diocesan Mission and Pastoral Committee; its membership is set out on Page 21.

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 Mission & Pastoral Committee

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.

Audit Committee

The Audit Committee consists of two Board members and three nominated appointments.

Review Groups

Finance Advisory Group: monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the LDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets)).

Delegation of day to day delivery

LEEDS DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2016

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

Funds held as Custodian Trustee

The LDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £8,712,000 at 31 December 2016 (2015: £8,629,000), are available from the LDBF on request, and are summarised in note 31. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

Related parties include:

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

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in notes 29 and 30 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.

LEEDS DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2016

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 Riding Clergy Charity	(Support to Diocesan clergy and dependant relatives)
North Rigton School House Fund	(Provision of special benefits and education in the school)
Stewart's Charity	(Support to specified schools in Leeds)
Romaldkirk & Cotherstone Fund	(Upkeep of churches in Romaldkirk and Cotherstone)
West Riding Charitable Society Trust	(Clergy and dependants relief serving in the West Riding)
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:-

Faithful Neighbours, 11 Broad Street, Manor Row, Bradford, BD1 4QT
(Charity number 1110761, Company number 5401165)

Wellsprings Together Bradford, 11 Broad Street, Manor Row, Bradford, BD1 4QT
(Charity number 1139674, Company number 6633154)

Bradford Diocesan Council for Social Aid, Kadugli House, Elmsley Street, Steeton, Keighley,
BD20 6SE (Charity number 226436)

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 are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of

ANNUAL REPORT

For the year ended 31 December 2016

the LDBF and of the surplus or deficit of the LDBF for that period. In preparing these financial statements the Trustees are required to:

- **Select suitable accounting policies and apply them consistently**
- **Observe methods and principles in the Charities SORP**
- **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**
- **Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation**

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the LDBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

- a) **there is no relevant audit information of which the charitable company's auditors are unaware, and**
- b) **they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.**

APPOINTMENT OF AUDITORS

The re-appointment of Haysmacintyre as auditors to the LDBF will be proposed at the Leeds Board meeting 4th July 2017.

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For the year ended 31 December 2016

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2016. The following Trustees were in post 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 James Bell – Area Bishop of Ripon
The Right Revd Paul Slater – Bishop of Richmond
The Right Revd Toby Howarth – Area Bishop of Bradford
The Right Revd Jonathan Gibbs – Area Bishop of Huddersfield
Revd Canon Anthony Macpherson – Chair of the House of Clergy
Canon Ann Nicholl – Chair of the House of Laity

Elected by the Deans:

The Very Revd John Dobson – Dean of Ripon Cathedral

Elected by the Archdeacons:

The Ven Anne Dawtry – Archdeacon of Halifax

Elected by:

Synod House of Clergy

The Revd Canon Simon Cowling
The Revd Canon Paul Ayers

Synod House of Laity

Major Geoffrey Berry
Ms Kay Brown
Mr Andrew Maude
Mrs Anita Jane Wardman

Nominated by the Board

The Revd Martin Macdonald
Canon Simon Baldwin
Mrs Marilyn Banister
Mrs Jane Evans

Senior staff and advisers

Joint Diocesan Secretary

Ashley W Ellis
Deborah A Child
Richard Noake

Director of Education

LEEDS DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2016

Registered Office: Church House, 17-19 York Place, Leeds, LS1 2EX

Principal Bankers 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
Santander, 44 Merrion Street, Leeds, LS2 8JQ

Auditors haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

Diocesan Registrar Peter W Foskett, Lupton Fawcett Denison Till
Yorkshire House, East Parade, LS1 5BD

Investment advisers CCLA Investment Management Ltd
Senator House, 85 Queen Victoria Street, London, EC4V 4ET

Stephenson Wroe
25 Ledgate Lane, Burton Salmon, Leeds, LS25 5JY

Sanderson Wetherill
25 Wellington Street, Leeds, LS1 4WG

Investec Wealth and Investment
Quayside House, Canal Wharfe, Leeds, LS11 5PU

Glebe Agents Dacre Son & Hartley, Station Road, Otley, LS21 3DR

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 5 – 12 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



The Right Rev'd Nicholas Baines
Chairman
8 May 2017



Ashley W Ellis
Secretary
8 May 2017

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

We have audited the financial statements of Leeds Diocesan Board of Finance for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on pages 20, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2016 and of the group's net movement in funds, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

In the light of our 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 Annual Report (which incorporates the strategic report and the directors' report).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company and group have not kept adequate and sufficient accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated charitable company 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.



Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

8 MAY 2017

26 Red Lion Square
London
WC1A 4AG

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

LEEDS DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2016

	Note	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
		General	Designated	Funds	Funds	2016	2015
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations	2						
Parish contributions		13,552				13,552	13,992
Archbishop's Council		4,932				4,932	3,890
Other donations		425		76		501	543
Charitable activities	3	1,656				1,656	1,753
Other activities	4	895		6		901	1,146
Investments	5	337		764	16	1,117	1,278
Other	6	497		-		497	19
		<u>22,294</u>	<u>-</u>	<u>846</u>	<u>16</u>	<u>23,156</u>	<u>22,621</u>
Expenditure on							
Raising funds	7	63			-	63	45
Charitable activities	8	22,435		131	100	22,666	21,279
Other	9	328				328	317
		<u>22,826</u>	<u>-</u>	<u>131</u>	<u>100</u>	<u>23,057</u>	<u>21,641</u>
Net Income/(expenditure) before investment gains		(532)		715	(84)	99	980
Net gains on investments		229	1	621	518	1,369	1,027
Net Income/(expenditure)		<u>(303)</u>	<u>1</u>	<u>1,336</u>	<u>434</u>	<u>1,468</u>	<u>2,007</u>
Transfers between funds	14	(50)		1,356	(1,306)	-	-
Net movement in funds		<u>(353)</u>	<u>1</u>	<u>2,692</u>	<u>(872)</u>	<u>1,468</u>	<u>2,007</u>
Total funds brought forward		<u>35,033</u>	<u>12</u>	<u>11,330</u>	<u>131,217</u>	<u>177,592</u>	<u>175,585</u>
Total funds carried forward	21	<u>34,680</u>	<u>13</u>	<u>14,022</u>	<u>130,345</u>	<u>179,060</u>	<u>177,592</u>

All activities derive from continuing activities. The notes on pages 28 to 55 form part of the financial statements

LEEDS DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2016

	Total 2016 £'000	Total 2015 £'000
Total Income	23,140	22,621
Expenditure	(22,957)	(21,582)
Operating surplus/(deficit) for the year	183	1,039
Net gains on investments	851	491
Net income for the year	<u>1,034</u>	<u>1,530</u>
Other comprehensive income:		
Revaluation of fixed assets		
Net assets transferred (to)/ from endowments	1,306	(1,853)
Total comprehensive income	<u><u>2,340</u></u>	<u><u>(323)</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.

LEEDS DIOCESAN BOARD OF FINANCE

CONSOLIDATED BALANCE SHEET

At 31 December 2016

Company Number – 8823593

	Note	2016		2015	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	16		155,597		152,446
Investments	17		29,819		30,987
			<u>185,416</u>		<u>183,433</u>
CURRENT ASSETS					
Assets held for resale		1,281		1,900	
Debtors	18	665		613	
Cash on deposit		4,490		4,861	
Cash at bank and in hand		2,311		3,734	
		<u>8,747</u>		<u>11,108</u>	
CREDITORS: amounts falling due within one year	19	<u>(4,936)</u>		<u>(4,870)</u>	
NET CURRENT ASSETS			<u>3,811</u>		<u>6,238</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>189,227</u>		<u>189,671</u>
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	20		(7,453)		(8,838)
Other creditors	20		(2,714)		(3,241)
NET ASSETS			<u>179,060</u>		<u>177,592</u>
FUNDS					
Endowment funds			130,345		131,217
Restricted income funds			14,022		11,330
Unrestricted income funds:			34,680		35,033
Designated funds			13		12
TOTAL FUNDS	22		<u>179,060</u>		<u>177,592</u>

The Notes (pages 28 to 55) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 8 May 2017 and signed on behalf of the Board by:



THE RIGHT REV'D NICHOLAS BAINES

LEEDS DIOCESAN BOARD OF FINANCE

CHARITY BALANCE SHEET

At 31 December 2016

Company Number – 8823593

	Note	2016		2015	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	16		155,597		152,446
Investments	17		29,819		30,987
			<u>185,416</u>		<u>183,433</u>
CURRENT ASSETS					
Assets held for resale		1,282		1,900	
Debtors	18	670		633	
Cash on deposit		2,060		4,861	
Cash at bank and in hand		2,311		1,512	
		<u>6,323</u>		<u>8,906</u>	
CREDITORS: amounts falling due within one year	19	(2,512)		(2,668)	
NET CURRENT ASSETS			<u>3,811</u>		<u>6,238</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>189,227</u>		<u>189,671</u>
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	20		(7,453)		(8,838)
Other creditors	20		(2,714)		(3,241)
NET ASSETS			<u>179,060</u>		<u>177,592</u>
FUNDS					
Endowment funds			130,345		131,217
Restricted income funds			14,022		11,330
Unrestricted income funds:			34,680		35,033
Designated funds			13		12
TOTAL FUNDS	22		<u>179,060</u>		<u>177,592</u>

The 2016 Net Income for the Charity as a single entity was £1,468,000 (2015: £2,007,000)

The Notes (pages 28 to 55 form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 8 May 2017 and signed on behalf of the Board by:

+ N. Baines Leeds

THE RIGHT REV'D NICHOLAS BAINES

LEEDS DIOCESAN BOARD OF FINANCE

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2016

	2016		2015	
	£'000	£'000	£'000	£'000
Net cash from operating activities		(2,635)		(2,812)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,118		1,866	
Interest paid	(94)		(94)	
Proceeds from the sale of:				
Tangible fixed assets	3,685		2,905	
Fixed asset investments	2,814		4,523	
Purchase of:				
Tangible fixed assets for the use of the LDBF	(6,538)		(6,101)	
Fixed asset investments	-		-	
Net cash provided by/ (used in) investing activities		985		3,099
Cash flows from financing activities				
Loans repaid by the LDBF	(150)		(150)	
Loans repaid to LDBF	6		2	
Net cash provided by/ (used in) financing activities		(144)		(148)
Change in cash and cash equivalents in the reporting period		(1,794)		139
Cash and cash equivalents at 1 January		8,595		8,456
Cash and cash equivalents at 31 December		6,801		8,595
Reconciliation of net income/ (expenditure) before investment gains				
Net income before investment gains 31 December		99		980
Adjustments for:				
Depreciation charges		281		56
Dividends, interest and rent from investments		(1,117)		(1,866)
Decrease/ (increase) in debtors		(52)		403
(Decrease)/increase in creditors		(1,846)		(2,385)
Net cash provided by/ (used in) operating activities		(2,635)		(2,812)
Analysis of cash and cash equivalents				
Cash in hand		2,311		3,734
Notice deposits (less than 3 months)		4,490		4,861
		6,801		8,595

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of 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 2016), the Companies Act 2006 and applicable accounting standards (FRS102).

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.

Parish Share income - Credit is only taken for parish share income which was received within the time scales laid down by the Board.

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.

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.

1. ACCOUNTING POLICIES (continued)

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 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 26). 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.

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

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 (£12,000 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.

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:

1. ACCOUNTING POLICIES (continued)

- The useful economic lives of the tangible fixed assets are:

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 26.

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.

- **Unrestricted funds** are the LDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the LDBF. There are two types of unrestricted funds:
 - **General funds** which the LDBF intends to use for the general purposes of the LDBF and
 - **Designated funds** set aside out of unrestricted funds by the LDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

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.

“Special trusts” (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company’s own financial statements as charity branches. Trusts where the LDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2. DONATIONS

Parish Contributions

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

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Current year						
apportionment	15,420	-	-	-	15,420	15,175
Shortfall in contributions	(2,051)	-	-	-	(2,051)	(1,766)
	<u>13,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,369</u>	<u>13,409</u>
Receipts for previous years	183	-	-	-	183	583
Total Income	<u>13,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,552</u>	<u>13,992</u>

Current year parish share receipts represent 86.7% of the total apportioned (2015 – 88.3%), or, when receipts for previous years are included, 87.9% of the total apportioned (2015 – 92.2%).

Archbishop’s Council

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Parish Mission	3,562	-	-	-	3,562	3,520
Selective Allocation	370	-	-	-	370	370
Transformation Grant	1,000	-	-	-	1,000	370
Total Income	<u>4,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,932</u>	<u>3,890</u>

The Parish Mission and Selective Allocation 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 Transformation Grant is a non-recurring grant to assist in the costs of reorganising the Diocese.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

Other donations	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
All Churches Trust Grant	336	-	-	-	336	408
Property Grants	22	-	-	-	22	24
Other Grants	57	-	33	-	90	67
Donations	10	-	43	-	53	44
	<u>425</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>501</u>	<u>543</u>
3. CHARITABLE ACTIVITIES						
	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Statutory fees	1,151	-	-	-	1,151	1,245
Church Commissioners' Legal & Professional	61	-	-	-	61	85
Educational Development Ltd	168	-	-	-	168	145
Retreat Centre	276	-	-	-	276	278
	<u>1,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,656</u>	<u>1,753</u>
4. OTHER TRADING ACTIVITIES						
	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Housing Income	677	-	-	-	677	613
Outside Funding	209	-	-	-	209	216
Training income	5	-	-	-	5	8
Miscellaneous	4	-	6	-	10	309
	<u>895</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>901</u>	<u>1,146</u>
5. INVESTMENT INCOME						
	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Dividends receivable	245	-	747	14	1,006	1,197
Interest receivable	92	-	17	2	111	81
	<u>337</u>	<u>-</u>	<u>764</u>	<u>16</u>	<u>1,117</u>	<u>1,278</u>
6. OTHER INCOMING RESOURCES						
	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Gain on sale of properties	497	-	-	-	497	19

LEEDS DIOCESAN BOARD OF FINANCE

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

7. FUND RAISING COSTS	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Glebe agent's fee	3	-	-	-	3	10
Maintenance of Glebe	60	-	-	-	60	35
	<u>63</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63</u>	<u>45</u>
8. CHARITABLE ACTIVITIES	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Contributions to Archbishops' Council						
Training for Ministry National Church Responsibilities	460	-	-	-	460	436
Mission agency pension costs	347	-	-	-	347	335
Retired clergy housing costs	71	-	-	-	71	32
Pooling of ordinands maintenance grants	150	-	-	-	150	170
	(29)	-	-	-	(29)	(46)
	<u>999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>999</u>	<u>927</u>
Resourcing Ministry and Mission						
Stipends and national insurance	8,764	-	-	-	8,764	8,589
Pension contributions	1,521	-	-	-	1,521	1,699
Housing costs	3,991	-	-	-	3,991	3,719
Removal, resettlement and grants	321	-	-	-	321	198
Other expenses	249	-	-	-	249	414
	<u>14,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,846</u>	<u>14,619</u>
Support for parish ministry	5,487	-	124	100	5,711	4,778
Retreat Centre	242	-	-	-	242	272
	<u>20,575</u>	<u>-</u>	<u>124</u>	<u>100</u>	<u>20,799</u>	<u>19,669</u>
Expenditure on Education						
Church Schools	731	-	7	-	738	618
Retreat Centre	130	-	-	-	130	66
	<u>861</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>868</u>	<u>684</u>
	<u>22,435</u>	<u>-</u>	<u>131</u>	<u>100</u>	<u>22,666</u>	<u>21,279</u>
9. OTHER RESOURCES EXPENDED	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
	General £'000	Designated £'000				
Reorganisation Costs	328	-	-	-	328	317

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2016 £'000
Raising funds	63	-	-	63
Charitable activities:				
Contributions to Archbishop's Council	-	999	-	999
Resourcing parish ministry	18,162	1,035	1,360	20,557
Education	555	-	313	868
Retreat Centre	242	-	-	242
Other	328	-	-	328
	<u>19,350</u>	<u>2,034</u>	<u>1,673</u>	<u>23,057</u>

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000
	General £'000	Designated £'000			
Central administration	1,090	-	-	-	1,090
Support for Schools	313	-	-	-	313
Governance:					
External audit	27	-	-	-	27
Registrar and Chancellor	242	-	-	-	242
Synodical costs	1	-	-	-	1
	<u>1,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,673</u>

12. ANALYSIS OF GRANTS MADE

	Nbr.	Individuals £'000	Institutions £'000	2016
				Total £'000
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishop's Council	6	-	999	999
From unrestricted funds:				
Ecumenical/ Churches Together organisations	15	-	57	57
Clergy Training	115	35	-	35
Clergy Grants (Removal, First appointment, resettlement)	229	315	-	315
Ordination	94	91	-	91
Vocation grants	320	306	-	306
Education (S554)	3	-	17	17
Mission Grants	22	-	91	91
Youth	19	3	-	3
	<u>817</u>	<u>750</u>	<u>165</u>	<u>915</u>

LEEDS DIOCESAN BOARD OF FINANCE

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

12. ANALYSIS OF GRANTS MADE (continued)

	Nbr.	Individuals £'000	2016 Institutions £'000	Total £'000
From restricted funds for various purposes within resourcing parish ministry:				
PCC's Building Grants	17		101	101
Clergy training	2	1	-	1
Inglefield	2	1	-	1
Local Parochial	1	-	3	3
Clergy Retreat	2	2	-	2
Widows and dependants of clergy	16	12	-	12
Total	40	16	104	120
Total	863	766	1,268	2,034

13. STAFF COSTS

	2016 £'000	2015 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,436	2,328
National insurance contributions	235	195
Pension costs – current year	526	456
Deficit reduction	214	149
	3,411	3,128

The average number of persons employed by the group during the year:

	Number	Number
Support for Ministry	80	80
Education	8	10
Retreat House	9	7
	97	97

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

	Number	Number
Support for Ministry	57	72
Education	8	10
Retreat House	9	4
	74	86

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

13. STAFF COSTS (continued)	2016 Number	2015 Number
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		
£60,001 - £70,000	2	2
£70,001 - £80,000	3	1

Pension payments of £83,000 were made for these employees (2015: 2 employees £41,000).

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2016 they were:

Joint Diocesan Secretary	Ashley Ellis
Joint Diocesan Secretary	Debbie Child
Director of Education	Richard Noake

Remuneration, pensions and expenses for these 3 employees amounted to £295,000 (2015: 3 employees £258,000)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £351 (2015 - £1,594) in respect of General Synod duties.

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

	Stipend	Housing
The Right Revd Nicholas Baines	No	No
The Right Revd Anthony Robinson	No	Yes
The Right Revd James Bell	No	Yes
The Right Revd Paul Slater	No	Yes
The Right Revd Toby Howarth	No	Yes
The Right Revd Jonathan Gibbs	No	Yes
The Very Revd John Dobson	No	No
The Ven Anne Dawtry	Yes	Yes
The Revd Canon Simon Cowling	Yes	Yes
The Revd Canon Paul Ayers	Yes	Yes
Revd Canon Anthony Macpherson	No	No

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.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

13. STAFF COSTS (continued)

The LDBF paid an average of 318 (2015 – 321) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2016 £'000	2015 £'000
Stipends	8,193	8,136
National insurance contributions	674	642
Pension costs - current year	1,641	1,763
- deficit reduction	1,338	1,168
	<u>11,846</u>	<u>11,709</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 £52,000 - £57,000 (2015 range £50,000 - £55,000). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2016 was £33,670 (2015 £33,010) and other clergy who were Trustees were paid in the range £24,604 - £27,604 (2015 range £23,050 - £27,790). The Archbishops' Council has estimated the value to the occupant in the Diocese of Leeds, gross of income tax and national insurance, of church provided housing in 2016 at £9,308 per head. The value of housing provided to the Bishops is £12,590.

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000
	General £'000	Designated £'000		
Pastoral Schemes transfer	3,652	-	-	(3,652)
Reclassification of buildings & investments	(2,364)	-	1,356	1,008
From General fund to Stipends endowment for reduction of pensions deficit	(1,338)	-	-	1,338
	<u>(50)</u>	<u>-</u>	<u>1,356</u>	<u>(1,306)</u>

15. FINANCIAL INSTRUMENTS

	Consolidated Balance Sheet		Charity Balance Sheet	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Financial assets measured at fair value	25,907	27,076	25,907	27,076
Financial assets measured at amortised cost	7,466	9,208	5,040	7,006
Financial liabilities measured at amortised cost	13,307	15,294	10,884	13,092
Financial liabilities measured at fair value	1,487	1,304	1,487	1,304

LEEDS DIOCESAN BOARD OF FINANCE

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

Financial assets measured at fair value comprise unlisted investments and value linked loans to parishes.

Financial assets measured at amortised cost comprise [e.g. trade debtors, other debtors, other loans to parishes and other receivables].

Financial liabilities measured at amortised cost comprise [e.g. pension scheme liabilities, other creditors and amounts held for other bodies].

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

16. TANGIBLE FIXED ASSETS (GROUP and CHARITY)

	Freehold properties	Properties under construction	Office equipment	Benefice properties	School House	Endowment properties	Glebe properties	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	34,257	184	69	100,438	308	210	17,069	152,535
Additions	4,630	-	812	1,096	-	-	-	6,538
Disposals	(1,040)	(6)	(69)	(425)	-	-	(579)	(2,119)
Reclassified	(4,849)	-	-	3,430	-	-	1,419	-
Transfer to/from property for resale	(1,056)	-	-	-	-	-	-	(1,056)
At 31 December 2016	31,942	178	812	104,539	308	210	17,909	155,898
Depreciation								
At 1 January 2016	-	-	69	-	20	-	-	89
Disposals	-	-	(69)	-	-	-	-	(69)
Charge for the year	-	-	269	-	12	-	-	281
At 31 December 2016	-	-	269	-	32	-	-	301
Net Book Value								
At 31 December 2016	31,942	178	543	104,539	276	210	17,909	155,597
At 31 December 2015	34,257	184	-	100,438	288	210	17,069	152,446

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 £7,375,000 (2015: £7,375,000). Of the total land and buildings at 31 December 2016, £ nil are valued at cost (2015: £nil), but all at valuation. Properties are subject to a five-year cycle of survey and consequent revaluation.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

17. FIXED ASSETS INVESTMENTS (GROUP and CHARITY)

	At 1 January		Disposals £'000	Transfers Value £'000	Change in Market Value £'000	At 31 December 2016 £'000
	2016 £'000	Additions £'000				
Unrestricted funds						
Unlisted investments	3,018	-	(304)	(442)	50	2,322
Designated funds						
Unlisted investments	12	-	-	-	1	13
Restricted funds						
Unlisted investments	9,694	-	(989)	684	574	9,963
Endowment funds						
Investment property	3,912	-	-	-	-	3,912
Unlisted investments	14,352	-	(1,039)	(242)	538	13,609
	18,264	-	(1,039)	(242)	538	17,521
Total	30,988	-	(2,332)	-	1,163	29,819

18. DEBTORS

	Consolidated Balance Sheet		Charity Balance Sheet	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Due within one year				
Educational Development Ltd	32	59	-	59
Loans to parishes	3	38	3	38
Loans to schools	29	7	29	7
Other debtors and prepayments	475	386	512	406
	539	490	544	510
Due after more than one year				
Loans to parishes	79	84	79	84
Other debtors	47	39	47	39
	126	123	126	123
Total debtors	665	613	670	633

LEEDS DIOCESAN BOARD OF FINANCE

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

19. CREDITORS: amount falling due within one year

	Consolidated Balance Sheet		Charity Balance Sheet	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Loan repayment instalments due in one year				
Church Commissioners other loans	145	146	145	146
Other taxes and social security	79	65	79	65
Educational Development Limited	2,424	2,202	-	-
Other creditors and accruals	1,167	1,250	1,167	1,250
Pension scheme liabilities				
Lay Defined Benefit Scheme	63	143	63	143
Clergy Pension Scheme	1,058	1,064	1,058	1,064
Total creditors: amounts falling due within one year	4,936	4,870	2,512	2,668

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

Loan repayment instalments due after more than one year				
Clergy Stipend Account		420	-	420
Church Commissioners value-linked loans	1,342	1,158	1,342	1,158
Church Commissioners other loans	1,173	1,464	1,173	1,464
Other loans	199	199	199	199
Pension scheme liabilities				
Lay Defined Benefit Scheme	134	187	134	187
Clergy Pension Scheme	7,319	8,651	7,319	8,651
Total creditors: amounts falling due after more than one year	10,167	12,079	10,167	12,079
The maturity of the above loans may be analysed as follows:				
Between one and two years	145	145	145	145
Between two and five years	421	220	421	220
In five years or more	2,148	2,876	2,148	2,876
	2,714	3,241	2,714	3,241

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 £314,000 (2015 - £389,000) relates to the Benefice Property Fund, £1,004,000 to the General Fund (2015 - £1,075,000). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, and bear interest at varying rates, 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 DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2016 the Board had no intention of disposing of any of those properties funded via VLLs.

LEEDS DIOCESAN BOARD OF FINANCE

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

21. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2016 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2016 £'000
UNRESTRICTED FUNDS						
General	35,033	22,294	(22,826)	(50)	229	34,680
DESIGNATED FUNDS						
Archdeacons Discretionary	12	-	-	-	1	13
RESTRICTED FUNDS						
Section 554 Education	5,741	94	(23)	(91)	230	5,951
Clergy & Dependants hardship funds	233	37	(12)	(106)	3	155
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	10	2	-	6	7	25
Retreat House support funds	31	-	-	-	-	31
Local Parochial purposes funds	2	4	(3)	2	-	5
Appeal funds & other specific purposes	57	-	-	15	-	72
Church building repair funds	259	1	(5)	11	25	291
Pastoral Account	3,172	668	(87)	1,421	255	5,429
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,176	40	(1)	6	88	1,309
Training for ministry funds	597	-	-	92	13	702
	11,330	846	(131)	1,356	621	14,022
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	6,849	-	-	859	353	8,061
Expendable						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	723	-	-	11	77	811
Pensions	272	-	-	-	28	300
Training for ministry funds	98	-	-	-	(17)	81
Clergy & dependants hardship funds	309	1	-	(46)	25	289
Funds for church building repair loans	243	-	-	7	24	274
Local Parochial purposes funds	554	-	-	(73)	17	498
Glebe Land	3,912	-	-	-	-	3,912
Church building repair funds	339	15	(100)	26	-	280
Glebe Properties	17,070	-	-	1,049	-	18,119
Benefice Properties	100,438	-	-	(3,156)	-	97,282
Religious Education support	148	-	-	25	11	184
Appeal funds & other specific purposes	50	-	-	(8)	-	42
	131,217	16	(100)	(1,306)	518	130,345
Total funds	177,592	23,156	(23,057)	-	1,369	179,060

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

22. SUMMARY OF ASSETS BY FUND	Fixed assets		Current	Creditors	Net
	Tangible	Investments	Assets		Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds – General	32,489	2,322	6,595	(6,726)	34,680
Unrestricted - designated					
Archdeacons Discretionary Funds	-	13	-	-	13
Restricted					
Section 554 Education	276	5,001	674	-	5,951
Clergy & Dependants hardship funds	-	36	119	-	155
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	11	14	-	25
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	5	-	5
Appeal funds & other specific purposes	-	-	72	-	72
Church building repair funds	-	269	22	-	291
Pastoral Account	2,416	2,785	228	-	5,429
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,159	150	-	1,309
Training for ministry funds	-	702	-	-	702
	2,692	9,963	1,367	-	14,022
Endowment					
Permanent					
Stipends fund capital	5,015	11,183	240	(8,377)	8,061
Expendable					
Benefice houses	97,282	-	-	-	97,282
Maintenance of Ministry	-	811	-	-	811
Glebe Property	18,119	-	-	-	18,119
General purposes	-	-	212	-	212
Pensions	-	300	-	-	300
Training for Ministry	-	81	-	-	81
Clergy & Dependants hardship funds	-	277	12	-	289
Local Educational Funds	-	71	-	-	71
Local Parochial purposes funds	-	498	-	-	498
Glebe Land	-	3,912	-	-	3,912
Church building repair funds	-	274	280	-	554
Religious Education support funds	-	113	-	-	113
Appeal funds & other specific purposes	-	1	41	-	42
	120,416	17,521	785	(8,377)	130,345
Total funds	155,597	29,819	8,747	(15,103)	179,060

LEEDS DIOCESAN BOARD OF FINANCE

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

23. DESCRIPTION OF FUNDS

Fund category	Purpose	Funds included in this category
General fund	The general fund is the LDBF's unrestricted undesignated fund available for any of the LDBF's purposes without restriction.	
Archdeacons Discretionary Fund	Represents grants received set aside to be used at the discretion of Archdeacons.	
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, Bradford West Riding 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	ShIPLEY cum HEATON District CofE School Trust, Keighley St Peter Educational Trust
Retreat House support funds	Support towards the Diocesan Retreat House	Friends of Parceval Hall, Parceval Hall Bursary
Local Parochial purposes funds	For general parochial purposes in the area named.	North Wing Mission, Guiseley Carleton, Keighley All Saints McNish

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

23. DESCRIPTION OF FUNDS (continued)

Fund category	Purpose	Funds included in this category
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 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
Pastoral Account	This fund includes the proceeds of redundant churches, parsonages and land sales. The purpose for which this account may be used are laid down in Section 78 of the Pastoral Measure 1983.	
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.	
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	Is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends (but since 1993 capital can be used for improvements to parsonage houses)	

LEEDS DIOCESAN BOARD OF FINANCE

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

23. DESCRIPTION OF FUNDS (continued)

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

24. CAPITAL COMMITMENTS

At 31 December 2016 the LDBF had capital expenditure commitments authorised but not contracted of £2m (2015 - £2.9m), and contracted for but not yet due of £NIL (2015 - £NIL).

25. OPERATING LEASES

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

	2016	2015
	£'000	£'000
Land and buildings		
Within one year of the balance sheet date	4	33
In the second to fifth year of the balance sheet date	110	20
After the fifth year of the balance sheet date	-	-
Other operating leases where the lease expires:		
Within one year of the balance sheet date	-	1
In the second to fifth year of the balance sheet date	-	3
After the fifth year of the balance sheet date	-	-
	=====	=====

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

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2015.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

With effect from 1 January 1998, Diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (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.

	December 2016	December 2015
Number of members	341	333

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 Employer and the other participating employers.

Each participating employer 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 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 towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. The 2015 valuation revealed a

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

27. PENSIONS (continued)

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

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

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

% of pensionable stipends	1 January 2015 to 31 December 2017	1 January 2018 to 31 December 2025
Deficit repair contributions	14.1%	12.4%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

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 provision is set out in the table below.

	2016	2015
Balance sheet liability at 1 January	9,715,000	10,883,000
Deficit contribution paid	(1,058,000)	(1,064,000)
Interest cost (recognised in SoFA)	230,000	238,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(510,000)	(342,000)
Balance sheet liability at 31 December	8,377,000	9,715,000

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

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

27. PENSIONS (continued)

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

	December 2016	December 2015	December 2014
Discount rate	1.5% pa	2.5% pa	2.3% pa
Price inflation	3.1% pa	2.4% pa	2.7% pa
Increase to total pensionable payroll	1.6% pa	0.9% pa	1.2% pa

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

Church Workers Pension Fund – Defined Benefits Scheme

Leeds DBF (Bradford) (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The 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.

27. PENSIONS (continued)

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The 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 and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

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

To pay a contribution rate of 29.7% of pensionable salary and expenses of £5,400 per year.

Leeds DBF (Ripon & Leeds) DBS

To pay a contribution rate of 41.4% of pensionable salary and expenses of £6,500 per year. In addition deficit payments of £63,245 per year have been agreed for 4.92 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool.

Leeds DBF (Ripon & Leeds Education Team) DBS

To pay a contribution rate of 41.2% of pensionable salary and expenses of £1,200 per year.

Leeds DBF (Wakefield) DBS

To pay a contribution rate of 28.6% of pensionable salary and expenses of £8,900 per year. In addition deficit payments of £106,156 per year have been agreed for 1.50 years from 1 April 2015 in respect of the shortfall in the Employer sub-pool.

These obligations have been recognised as a liability within the financial statements and is nil at December 2016.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

26. PENSIONS (continued)

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:

	2016	2015
Balance sheet liability at 1 January	330,000	585,000
Deficit contribution paid	(143,000)	(192,000)
Interest cost (recognised in SoFA)	4,000	6,000
Remaining change to the balance sheet liability*(recognised in SoFA)	6,000	(69,000)
Balance sheet liability at 31 December	197,000	330,000

* 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:

Discount rate	December 2016	December 2015	December 2013
Leeds DBF (Bradford) DBS	0.00%	0.00%	1.10%
Leeds DBF (Ripon & Leeds Education Team) DBS			
Leeds DBF (Wakefield) DBS			
Leeds DBF (Ripon & Leeds) DBS	0.90%	2.00%	1.10%

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

26. PENSIONS (continued)

Leeds DBF (PB Classic) participates in the Pension Builder Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The 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.

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 (2016: £82,239, 2015: £19,769).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time. Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age.

There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPF valuation date, 31 December 2016.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

27. PRIOR PERIOD COMPARATIVE SOFA

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015	Total funds 2014
		General	Designated				
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations	2						
Parish contributions		13,992				13,992	9,604
Archbishop's Council		3,890				3,890	2,564
Other donations		471		72		543	433
Charitable activities	3	1,753		-		1,753	1,096
Other activities	4	1,144		2		1,146	877
Investments	5	886		392		1,278	1,062
Other	6	19				19	
		<u>22,155</u>		<u>466</u>		<u>22,621</u>	<u>15,636</u>
Expenditure on							
Raising funds	7	45		-	-	45	25
Charitable activities	8	20,926	1	292	60	21,279	15,359
Other	9	317			-	317	491
		<u>21,288</u>	<u>1</u>	<u>292</u>	<u>60</u>	<u>21,641</u>	<u>15,875</u>
Net income/(expenditure) before investment gains		<u>867</u>	<u>(1)</u>	<u>174</u>	<u>(60)</u>	<u>980</u>	<u>(239)</u>
Net gains on investments		234	-	256	537	1,027	2,020
Net income/(expenditure)		<u>1,101</u>	<u>(1)</u>	<u>430</u>	<u>477</u>	<u>2,007</u>	<u>1,781</u>
Transfers between funds	14	200		(2,054)	1,854		
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets		-	-	-	-		10,735
Net movement in funds		<u>1,301</u>	<u>(1)</u>	<u>(1,624)</u>	<u>2,331</u>	<u>2,007</u>	<u>12,516</u>
Total funds brought forward		<u>33,732</u>	<u>13</u>	<u>12,954</u>	<u>128,886</u>	<u>175,585</u>	<u>163,069</u>
Total funds carried forward	20	<u>35,033</u>	<u>12</u>	<u>11,330</u>	<u>131,217</u>	<u>177,592</u>	<u>175,585</u>

The figures for 2014 are for thirteen months December 2013 to December 2014. There were no costs between December 2013 and March 2014. The 2014 income and expenditure relate to the activity of the DBF from 20 April 2014 to 31 December 2014,

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

28. SUBSIDIARY COMPANY

The Diocese owns 100 shares in Educational Development Limited; this is the whole of the issued share capital

The financial information for this subsidiary is as follows

	2016 £000s	2015 £000s
Income	168	145
Expenditure	(131)	(66)
Surplus gift aided to the Diocese	(37)	(79)
Net funds	<u>-</u>	<u>-</u>
Balance sheet		
Debtors	31	59
Cash and deposits	2,430	2,222
Creditors	(2,461)	(2,281)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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.

Of the connected charities listed in the Trustees Report, the following related party transactions have taken place during the period.

Bradford Cathedral paid the Diocese £5,256.

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:

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

	2016 £,000	2015 £,000
CBF Church of England Investment Fund income shares	8,773	5,693
CBF Church of England Investment Fund accumulation shares	30	16
CBF Church of England UK Equity shares	57	-
CBF Church of Global Equity shares	329	-
CBF Church of England Fixed Interest Securities Fund shares	441	424
CBF Church of England Property Fund shares	245	258
COIF income and accumulation shares	-	1
Other common investment fund holdings	555	433
Direct holdings in UK equities	199	122
CBF Church of England Deposit Fund	2,062	1,765
Cash at Bank	2	-
Total assets held as custodian trustee	<u>12,693</u>	<u>8,712</u>

