

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

LEEDS DIOCESAN BOARD OF FINANCE

Company number - 8823593

Registered charity number – 1155876

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TRUSTEES REPORT 2018

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 2018.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

The Diocese of Leeds is one of 41 Dioceses which cover the whole of England. The Diocese covers West Yorkshire, the western part of North Yorkshire, and parts of South Yorkshire, Lancashire and County Durham. The Diocese comprises five Archdeaconries which form the Episcopal Areas. It covers an area of around 2,425 square miles, housing a population of around 2,642,400. The Diocese has 656 church buildings in 460 parishes with 356 stipendiary clergy, 115 self-supporting clergy and 423 clergy with Permission To Officiate ("PTO") along with 241 Readers, 97 authorised lay pastoral ministers and 50 chaplains. The Diocese also has 242 Church schools and academies.

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

The LDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

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

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

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

Diocese of Leeds Strategy

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

Sharing a vision for:

Confident Christians
Growing churches
Transforming communities

Characterised by:

Loving
Living
Learning

Enabled by:

Clergy and lay together
Purposeful resourcing
Dynamic partnerships

Achieved by:

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

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

LEEDS DIOCESAN BOARD OF FINANCE

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

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

Goal 2: Reimagining ministry

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

Goal 3: Nurturing lay discipleship

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

Goal 4: Building leadership pathways

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

Goal 5: Growing young people as Christians

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

To view the full strategy documents please visit: www.leeds.anglican.org/strategy

OBJECTIVES FOR THE YEAR

In response to the above strategic aims the following objectives were set for 2018:

- To ensure an Anglican presence in every parish;
- To provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith;
- To promote the use of every church building for worship and other community activities;
- To support parishes to identify the areas of need within their community and work together with other organisations to deliver a positive contribution to the spiritual and physical health;
- To finalise and deliver the Diocese of Leeds strategy for 2019-2024, including identifying and implementing a range of actions to balance the budget;
- To develop the Resource Church model in Leeds and, where appropriate, other areas in the Diocese;
- To develop a pipeline of young leaders, including the launch of a new internship scheme;
- To host the inaugural Lay Conference;
- To pilot, monitor and review the Parish Resources and Parish Giving Schemes for financial sustainability, benefit to parishes and future income generation;
- To develop an on-line learning portal;
- To actively support all Church schools and academies to be deeply Christian places of learning, with strong, transformational relationships between parish and school community.

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

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

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

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

The following sections set out a number of key areas where the LDBF has seen significant development in the last year.

Financial Sustainability

In 2017 the LDBF ran a cash deficit of over £2m before the payment of pension deficit contributions, which required a further £1.2m of cash contributions. Early in 2018 it was agreed that such a level of deficit funding was not sustainable from the liquid reserves available to the LDBF and therefore cash expenditure needed to be reduced immediately. Additionally, it was agreed that action was required to materially reduce the ongoing deficit and sustainability plan put in place to balance the budget.

As a result of the above, new spending controls were implemented from April 2018 and proposals taken to the Board in July 2018. The proposals agreed included the closure of the Church Workers Defined Benefit Pension Schemes at 31 December 2018, a comprehensive salary and job evaluation review and, regrettably, the offer of voluntary redundancy for lay employees. As a result of this, eleven members of staff were accepted for voluntary redundancy, all of whom left the LDBF by 31 January 2019. The LDBF wishes to thank these members of staff for their many years of loyal and dedicated service.

Overall, the plan to balance the budget is based on the principle of "everyone having a part to play". The Plan presented to the Board in September 2018 and Diocesan Synod sets the objective of increasing income by £1m by 2022, reducing expenditure of property by £1m by 2020 and reducing the level of support costs back to the 2017 level (£1.25m below the 2018 budget). Actions taken to date have largely delivered the latter two points, however, significant work is required to achieve the first objective.

Strategic Development Funding

As part of a rolling strategy to promote church growth, the Diocese of Leeds was awarded a £3.9m grant from the Church of England Strategic Development Fund ('SDF') for new church projects in Bradford and Leeds city centres.

A new Resource Church in Bradford's City Park will be a friendly Christian worship centre that will reach out and embrace the whole community – welcoming the large resident student and business

population in particular, alongside those who call the city centre their home.

The project has been developed by the Bradford Episcopal Area, supported by a £3.1m SDF grant. The funding will be spread over the next six years and pay for necessary building works, plus the establishment of a strong, energetic church team who will develop a centre of real influence.

A new-style church to suit the needs of city workers will open at Holy Trinity, Boar Lane, Leeds, thanks to a £0.8m SDF grant. Holy Trinity Church will offer special weekday services at times tailored to people's busy lives and already has the backing of business leaders and Leeds City Council. The much-loved landmark on Boar Lane had faded as a spiritual presence in the city, with almost all its religious activity ceasing in 2017. However, it will be reborn in 2019 as a place of weekday ministry designed to reach out and welcome city centre professionals. Some 80,000 people work within ten minutes walk of the church, which stands beside the Trinity Shopping Centre and 60,000 people walk past its doors every day.

Lay Conference

Over 900 delegates attended the first ever Diocese of Leeds Lay Conference, Together in Faith, at the Harrogate Convention Centre on Saturday 9 June 2018. The day was packed with inspirational talks and workshops with a team of national speakers travelling to Harrogate to lead around 24 different. Leading the main sessions were inspiring key-note speakers, Mark Russell, CEO of the Church Army, and the Bishop of Dorking, the Rt Revd Jo Bailey Wells who talked on 'God's call' in the morning and 'Prayer for all seasons' in the afternoon.

A new online learning portal was unveiled at the event. The Digital Learning Platform is a website that provides online access to learning for people in the Diocese of Leeds. Through its three main strands of Courses, Events and Resources, it seeks to train and equip people those involved in or with links to the life of the church, helping everyone realise who God has called them to be.

<https://learning.leeds.anglican.org/>

Parish Share

In 2017 the new parish share system was implemented. 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 Parish Share covers the cost of our clergy stipends, pension and housing. The main features of the revised share are:

- 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 10% and a decrease to 5%.

In 2018 the total parish share received decreased by £80,399 and the payment rate decreased from 88% in 2017 to 86% in 2018.

Diocesan Board of Education (“DBE”)

The DBE witnessed a substantial increase in the number of schools working with the education team through the service level agreement, with more than 75% accessing support by the end of the year. Training and other CPD events saw unprecedented growth with most schools having attended at least one training opportunity, including the statutory focus on the new SIAMS inspection schedule. The annual school leaders’ conference also attracted over 150 delegates. All these activities contributed to an above expectation generation of income.

The establishment of networks for various school leader groups including heads, academy trust CEOs, school chaplains, and Religious Education co-ordinators provided effective, professional support. The education team also visited deanery synods and Area Bishop’s Staff meetings to support clergy and laity in their understanding of the benefit to mission and ministry of working with schools.

Volunteers

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

FUTURE PLANS

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

As detailed on page 4 above, the 2019-2024 strategy has been approved and this includes the objective to balance the budget by the end of 2022. Achieving this will require both reductions in expenditure and increases in income.

In addition to the day-to-day activities of the LDBF, the following will be a key focus for the Diocese and the LDBF in 2019:

- The roll out of the Diocesan Strategy for 2019-2024;
- The further development of the financial sustainability plan to achieve the objective of balancing the budget by the end of 2022.
- The completion of a governance review at the fifth anniversary of the formation of the Diocese of Leeds;
- The development of the Resource Church model in Leeds and Bradford;
- Developing a pipeline of young leaders, including extending the mission apprentices scheme launched in 2018;
- Pilot, monitor and review the Parish Giving Schemes for financial sustainability, benefit to parishes and future income generation; and
- To actively support all Church schools and academies to be deeply Christian places of learning, with strong, transformational relationships between parish and school community.

FINANCIAL REVIEW

Financial Performance

During 2018, LDBF incurred a net deficit before investment gains of £720,000 on unrestricted funds. This was significantly better than the prior year outturn (2017: £4,109,000; and £2,453,000 excluding one-off pension charges) and the 2018 budget.

The 2018 deficit was driven by a shortfall in Parish Share of £2,114,000, which was partly offset by significant savings in property and support costs, plus some vacancies in clergy roles.

The Parish Share request for 2018 was £15,545,000 (2017: £15,461,000), of which it was budgeted that £14,460,000 would be received. Actual receipts relating to the 2018 Parish Share request amounted to £13,413,000 (2017: £13,573,000), representing a collection rate of 86.4% (2017: 87.8%). In addition, Parish Share receipts of £221,000 were received against the historic share outstanding from previous years (2017: £147,000) and voluntary contributions of £160,000 were made (2017: £91,000). Note 2 to the financial statements has been prepared in accordance with the guidance agreed nationally to show the total receipt of income from parishes including receipts for a previous year. The Trustees are grateful to all parishes for their Parish Share payments and especially to those parishes that make their Parish Share payments by monthly instalments, which is essential in controlling the Diocese's cash flow.

Expenditure on charitable activities reduced by £2,872,000 to £22,245,000 (2017: 25,117,000). This was driven by £1,530,000 lower pension deficit accruals, £930,000 lower property expenditure; £293,000 lower clergy costs and £240,000 lower support for parish ministry costs.

The Trustees have prepared a budget for 2019 applying a freeze on stipend and some salary costs following a job evaluation and salary harmonisation process and targeting a share collection rate of 90%. The Church Workers Defined Benefit pension schemes were closed on 31 December 2018 and all members transferred the Pension Builder Classic scheme. In addition, eleven members of staff took voluntary redundancy in 2018, whose roles have either not been replaced or filled using revised roles. As a result, the deficit is budgeted to fall to £54,000, excluding payments to already accrued pension deficits (£1,439,000).

The 2019 budget includes £641,000 Restructuring Funds from the National Church, which is the final instalment of funds granted in 2016. Therefore, the underlying deficit remains above that which the Trustees are satisfied with and activity continues to review options to reduce this and ensure a balanced budget is achieved by the target date of 2022. The key financial challenge for the year will be receiving Parish Share contributions much closer to the budgeted figure than in previous years.

Across all the funds, the capital values of investments increased by £628,000 in 2018 (2017: £1,891,000). In addition, the quinquennial revaluation of property as at 31 December 2018 resulted in net gains of £12,775,000 across all funds.

As a result of the above, there was an overall funds increase of £14,236,000 (2017: £1,935,000 overall decrease).

External factors affecting performance

The Parish Share, which is contributed by PCCs towards the ministry and other costs of the Diocese, is a voluntary contribution and is budgeted to provide 65% of the Diocesan income in 2019. In addition, the Diocese has significant payments to the clergy and staff pension schemes in order to contribute towards covering pension fund deficits.

General Fund Position in 2018

The deficit of incoming resources against resources expended on the general fund in 2018 was £720,000. The deficit was due to the shortfall in Parish Share collection being partly offset by savings arising from reduced property expenditure, vacancies in both clergy and staff posts and lower support for parish ministry costs. Significant actions were undertaken in the year to further reduce costs and the Trustees will continue to review future income and expenditure commitments, with the aim of achieving a breakeven position by 2022.

Principal funding sources

In 2018 around 62% of unrestricted income of the LDBF came from the Parish Share and 21% from the National Church.

Financial sustainability

LDBF has sound financial management, however, the Trustees remain conscious of the risks associated with the Parish Share fund collection and therefore its ability to adequately resource Diocesan activity.

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 net expenditure for the year and cash flows as set out in the Statement of Financial Activities and Cash Flow Statement highlight the current financial challenges faced by the LDBF. However, the LDBF is developing a balanced budget plan and has significant tangible assets, some of which, if necessary, will be used to bridge the gap to achieving that balanced budget. As a consequence, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Key Management remuneration policy

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

Significant Property Transactions

Land and buildings purchased and disposed of during the year totalled £1,034,000 and £2,177,000 respectively. The Leeds Board's policy is to:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to dispose of properties for which there is no ministry need and which do not provide reasonable investment returns; and
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

During the year a total of four houses were purchased to accommodate the changing geographical deployment of clergy, which included two replacement vicarages and two houses for curates. Where required, curates' houses are purchased each year to be available for the start of the curates' training during July. The Leeds Board's policy is to regularly review the housing stock and sell houses surplus to requirements. During 2018 six properties and one glebe investment was sold. Of the properties sold one was an unrequired vicarage, and the remaining were surplus curate houses.

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 £191.4m (2017: £177.1m), it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £162.5m (2017: £154.4m). 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 2019. 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 2018 the amount required under this policy totalled £5.7m (2017: £6.3m). Actual free reserves as at 31 December totalled £4.9m (2017: £4.5m). The Trustees are aware of the ongoing budget deficit being run by the LDBF and the shortfall against the policy level of free reserves. A balanced budget plan is being developed, which continues to be reviewed and refined.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £42.6m of which £41.4m relates to tangible fixed assets, £2.1m investments and £2.5m net current assets, offset by long-term liabilities of -£3.4m.

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 2018 total designated reserves were £10,000 (2017: £14,000).

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 2018 restricted funds totalled £15.0m (2017: £15.2m) and endowment funds totalled £133.7m (2017: £130.3m). These funds are not available for the general purposes of the LDBF.

Grant making policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 8 to the financial statements). Grants are paid to other connected charities and to other charitable projects, which support the furtherance of LDBF's objectives.

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. During 2018 these reviews were undertaken by management. Note 22 provides details of the assets of each fund, together with the related purposes, and note 16 summarises the movements in investments during the year.

The CCLA investments total return performance against the benchmarks in 2018 were:

	Fund	Benchmark
CBF Church of England Investment Fund	+2.42%	-3.50%
CBF Church of England Global Equity Income Fund	+2.50%	-3.04%
CBF Church of England Property Fund	+8.49%	+7.43%
CBF Church of England Fixed Interest Securities Fund	-0.28%	-0.47%

The five year performance against the benchmark and the benchmark composites are available from the CCLA and can be found on their website¹.

Fundraising

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

¹ <https://www.ccla.co.uk/sites/default/files/CBF%20Quarterly%20Bulletin%20Report%20December%202018.pdf>

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this a risk register is maintained, which includes all risks identified, along with owners, mitigating actions and review dates. The register is maintained by management on an ongoing basis and is subject to review by the Trustees on an annual basis, with the responsibility for delivery of the mitigation strategies identified by it being delegated to the Diocesan Secretary.

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

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

- Accurate budgeting of parish share receipts to enabled expenditure to be appropriately aligned;
- 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; and
- Develop a comprehensive Parish Share Strategy including how action plan on how non-payment of share is approached.

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

- The Diocese employs three safeguarding advisers;
- Policies are aligned with those of the national church;
- All parishes are instructed to adopt and implement the National Church's safeguarding policy;
- Training is compulsory for all relevant staff and volunteers; and
- The Diocesan Safeguarding policies and systems were independently audited in 2016, receiving a positive response and endorsement of policy and processes and system with some recommendations.

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

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

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese. It agrees and lays before Parliament measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Each Diocese is episcopally lead and synodically governed. The Diocese itself is divided into 25 deaneries, each with its own Deanery Synod. Within each parish there is a parochial church council, which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

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

Parochial Church Council ("PCC")

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

Parishes

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

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

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

Organisational structure

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

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

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

Governance and policy of the Diocesan Board of Finance is the responsibility of the Diocesan Synod members, who are also members of the company. Following the changes in governance approved in March 2015, the Bishop of Leeds is the ex-officio Chair of the Diocesan Board of Finance. The trustees are the Diocesan Bishop, the Area Bishops, one Archdeacon, one Dean, the Chair of the House of Clergy of the Diocesan Synod, the Chair of the House of Laity of the Diocesan Synod, two Clergy and four lay people elected from and by the members of Diocesan Synod every three years, along with five people nominated by the trustees of the Diocesan Board of Finance and ratified by the Diocesan Synod. The most recent elections were held in September 2018 and the most recent trustee nomination were ratified in March 2019. The details of Trustees who served during the year are set out on page 20.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Leeds Board. The Diocesan Synod membership is elected every three years, the last general elections having been in July 2018. The Synod elects six of the 21 Trustees of the Diocesan Board of Finance, and ratifies the nomination of a further five members. The LDBF is a separate legal entity with a governing memorandum and articles of association and has clear responsibilities under both company and charity law. Additionally, the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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

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

Decision-making structure

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

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

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

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

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

Diocesan Synod has delegated the following functions to the LDBF:

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

Committee structure

Leeds Diocesan Board of Finance

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

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

Diocesan Board of Education ("DBE")

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

Diocesan Advisory Committee ("DAC")

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

Audit Committee

The Audit Committee consists of two Board members and three nominated appointments. The Audit Committee responsibilities include the appointment of the external auditor, the review and approval of the annual report and accounts before submission to the Board and the review of the effectiveness of internal control systems.

Diocesan Mission & Pastoral Committee ("DMPC")

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

Strategic Safeguarding Group

The Group includes an independent chairperson, the Diocesan Bishop, an Area Bishop, a Cathedral Dean, an Archdeacon, the Lead Officer responsible for safeguarding, the Diocesan Secretary, the

LEEDS DIOCESAN BOARD OF FINANCE

Registrar, the Bishop's Chaplain, individuals representing external agencies involved in safeguarding and the Director of Ministry and Mission.

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

Finance, Assets and Investments Committee ('FAIC')

FAIC replaced the Finance Advisory Group during the year and first met in May 2018. During the period, the FAIC consisted of four Board members and three nominated appointments. The FAIC monitored the monthly management accounts, the preparation of the 2019 budget and a sustainability plan, the retender of investment management services exercised and the progress of major property sales.

Delegation of day to day delivery

The Trustees and the committees and advisory and scrutiny groups which assist them in the fulfilment of their responsibilities, rely upon the Diocesan 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 manage the business of the LDBF in accordance with the policies framed by the Trustees.

On 13 April 2018 Ashley Ellis, Joint Diocesan Secretary and Company Secretary, left the LDBF. From this point Deborah Child became the sole Diocesan Secretary of the LDBF. Deborah became Company Secretary with effect from 30 March 2018.

Funds held as Custodian Trustee

The LDBF is the custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £10,613,000 at 31 December 2018 (2017: £13,780,000), 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

Related parties include:

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

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in 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.
- 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
- Leeds Diocese Charitable Society Trust – relieving the need among clergy, deaconesses and licensed lay workers who are resident in or have served in the Diocese of Leeds and among persons who are dependent relatives of any members of the clergy
- North Rigton School House Fund – provision of special benefits and education in the school
- Stewart's Charity – support to specified schools in Leeds
- Romalldkirk & Cotherstone Fund – upkeep of churches in Romalldkirk and Cotherstone
- Whitkirk Deanery Curacy Houses Fund – upkeep of curacy houses in Whitkirk
- Wray Bequest – ecclesiastical purposes the parish of St Anne's Catterick
- Rachel Dixon Charity – support of widows or unmarried daughters of the clergy

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

- Bishop's Development Fund, Church House, 1 South Parade, Wakefield, West Yorkshire, WF1 1LP (Charity number 700588)
- Bradford Diocesan Council for Social Aid, Kadugli House, Elmsley Street, Steeton, Keighley, BD20 6SE (Charity number 226436)
- Faithful Neighbours, Church House, 17-19 York Place, Leeds, West Yorkshire, LS1 2EX (Charity number 1110761, Company number 5401165)
- Near Neighbours, Church House, 27 Great Smith Street, London, SW1P 3AZ (Charity number 1142426, Company number 07603317)
- Wellsprings Together, Church House, 17-19 York Place, Leeds, West Yorkshire, LS1 2EX (Charity Number 1179481, Company Number 11423641)
- Wellsprings Together Bradford, 11 Broad Street, Manor Row, Bradford, BD1 4QT (Charity number 1139674, Company number 6633154)

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 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; and
- 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 on 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.

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2018. The following Trustees were in post either during the year and at the date of this report:

Chairman:

The Right Revd Nicholas Baines – Bishop of Leeds

Ex-officio:

The Right Revd Anthony Robinson – Area Bishop of Wakefield

The Right Revd Helen-Ann Hartley – Area Bishop of Ripon (from 4 February 2018)

The Right Revd Paul Slater – Bishop of Kirkstall

The Right Revd Toby Howarth – Area Bishop of Bradford

The Right Revd Jonathan Gibbs – Area Bishop of Huddersfield

The Revd Canon Anthony Macpherson – Chair of House of Clergy of the Diocesan Synod (to 1 August 2018)

Canon Ann Nicholl – Chair of House of Laity of the Diocesan Synod (to 1 August 2018)

The Revd Canon Samuel Corley – Chair of the House of Clergy of the Diocesan Synod (from 27 September 2018)

Mr Matthew Ambler - Chair of the House of Laity of the Diocesan Synod (from 28 August 2018)

Elected by the Deans:

The Very Revd John Dobson – Dean of Ripon Cathedral

Elected by the Archdeacons:

The Ven Dr Anne Dawtry – Archdeacon of Halifax (to 11 September 2018)

The Ven Andrew Jolley (from 11 September 2018)

Elected by Synod House of Clergy:

The Revd Canon Simon Cowling (to 20 August 2018)

The Revd Nigel Wright

Elected by Synod House of Laity:

Major Geoffrey Berry (to 1 August 2018)

Ms Kay Brown

Mr Andrew Maude

Mrs Anita Jane Wardman

Canon Ann Nicholl (from 20 August 2018)

Nominated by the Board:

Canon Simon Baldwin

Mrs Marilyn Banister

Canon Jane Evans

Canon Irving Warnett (from 13 October 2018)

The Revd Canon Kathryn Fitzsimons (from 16 March 2019)

LEEDS DIOCESAN BOARD OF FINANCE

Senior staff and advisers

Diocesan Secretary	Mrs Deborah A Child
Joint Diocesan Secretary	Mr Ashley W Ellis (to 13 April 2018)
Chief Financial Officer	Mr Geoff Park (from 12 February 2018)
Director of Ministry and Mission	The Revd Canon Andrew Norman
Director of Education	Canon Richard Noake

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

Principal Bankers 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 LLP, 10 Queen Street Place, London, EC4R 1AG

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

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

Glebe Agents Dacre Son & Hartley, Station Road, Otley, LS21 3DR
Stephenson & Son, York Auction Centre, Murton, York, YO19 5GF

Insurers EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 13 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES

The Right Revd Nicholas Baines
Chairman
7 May 2019

Deborah A Child
Secretary
7 May 2019

Opinion

We have audited the financial statements of Leeds Diocesan Board of Finance for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 19, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which 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 strategic report and the directors' report, which are included in the Trustees' Annual Report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the 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.

Use of our report

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

STATEMENT OF THE FINANCIAL ACTIVITIES
 For the year ended 31 December 2018

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	funds	funds
		£'000	£'000	£'000	£'000	2018	2017
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations	2						
Parish contributions		13,812	-	-	-	13,812	13,811
Archbishop's Council		4,700	-	-	-	4,700	4,028
Other donations		391	-	18	648	1,057	551
Charitable activities	3	1,648	-	-	-	1,648	1,553
Other activities	4	980	-	1	-	981	804
Investments	5	634	-	372	28	1,034	1,083
Other	6	-	-	606	-	606	128
Total		22,165	-	997	676	23,838	21,958
Expenditure on:							
Raising funds	7	92	-	-	-	92	98
Charitable activities	8	22,135	4	103	3	22,245	25,117
Other	9	658	-	90	131	879	569
Total		22,885	4	193	134	23,216	25,784
Net income/(expenditure) before investment gains		(720)	(4)	804	542	622	(3,826)
Net gains/ (losses) on investments		10	-	(102)	931	839	1,891
Net income/(expenditure)		(710)	(4)	702	1,473	1,461	(1,935)
Transfers between funds	14	9,989	-	(968)	(9,021)	-	-
Net gains on revaluation of property fixed assets		1,845	-	-	10,930	12,775	-
Net movement in funds		11,124	(4)	(266)	3,382	14,236	(1,935)
Total funds brought forward		31,514	14	15,247	130,350	177,125	179,060
Total funds carried forward	21	42,638	10	14,981	133,732	191,361	177,125

All activities derive from continuing activities. The notes on pages 28 to 56 form part of the financial statements

INCOME AND EXPENDITURE ACCOUNT
 For the year ended 31 December 2018

	Total 2018 £'000	Total 2017 £'000
Total Income	23,162	21,929
Expenditure	(23,082)	(25,710)
Operating surplus/(deficit) for the year	<u>80</u>	<u>(3,781)</u>
Net gains on investments	(92)	1,057
Net(expenditure)/ income for the year	(12)	(2,724)
Other comprehensive income:		
Revaluation of fixed assets	1,845	-
Net assets transferred (to)/ from endowments	9,021	784
Total comprehensive income	<u><u>10,854</u></u>	<u><u>(1,940)</u></u>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

BALANCE SHEET
At 31 December 2018

Company Number – 8823593		2018		2017	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	16		162,489		154,129
Investments	17		31,294		30,393
			193,783		184,522
CURRENT ASSETS					
Assets held for resale		3,510		335	
Debtors	18	736		857	
Cash on deposit		2,051		2,395	
Cash at bank and in hand		4,711		4,248	
			11,008		7,835
CREDITORS: amounts falling due within one year	19	(4,715)		(5,061)	
NET CURRENT ASSETS			6,293		2,774
TOTAL ASSETS LESS CURRENT LIABILITIES			200,076		187,296
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	20		(6,642)		(7,678)
Other creditors	20		(2,073)		(2,493)
NET ASSETS			191,361		177,125
FUNDS					
Endowment funds			133,732		130,350
Restricted income funds			14,981		15,247
Unrestricted income funds:			42,638		31,514
Designated funds			10		14
TOTAL FUNDS	22		191,361		177,125

The Notes (pages 28 to 56) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 2 May 2019 and signed on behalf of the Board by:

THE RIGHT REV'D NICHOLAS BAINES

CASH FLOW STATEMENT

For the year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
Net cash from operating activities		(2,080)		(4,535)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,035		1,083	
Interest paid	(81)		(91)	
Proceeds from the sale of:				
Tangible fixed assets	2,594		3,470	
Fixed asset investments	1,875		1,382	
Purchase of:				
Tangible fixed assets for the use of the LDBF	(1,203)		(1,253)	
Fixed asset investments	(1,541)		-	
Net cash provided by/ (used in) investing activities		2,679		4,591
Cash flows from financing activities				
Loans repaid by the LDBF	(522)		(220)	
Loans repaid to LDBF	41		6	
Net cash provided by/ (used in) financing activities		(481)		(214)
Change in cash and cash equivalents in the reporting period		118		(158)
Cash and cash equivalents at 1 January		6,644		6,801
Cash and cash equivalents at 31 December		6,762		6,643
Reconciliation of net income/ (expenditure) before investment gains				
Net income before investment gains 31 December		622		(3,826)
Adjustments for:				
Depreciation charges		287		289
Dividends, interest and rent from investments		(1,035)		(1,083)
Interest paid		81		-
Loss on sale of fixed assets		253		148
Profit on sale of fixed assets		(606)		-
Trust funds recognition income		(395)		-
Decrease/ (increase) in debtors		80		(192)
(Decrease)/Increase in creditors		(1,367)		129
Net cash provided by/ (used in) operating activities		(2,080)		(4,535)
Analysis of cash and cash equivalents				
Cash in hand		4,711		4,248
Notice deposits (less than 3 months)		2,051		2,395
		6,762		6,643

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. ACCOUNTING POLICIES

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

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in e), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

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

The principal accounting policies and estimation techniques are as follows.

a) Income

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

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

b) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the Diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018**1. ACCOUNTING POLICIES (continued)****e) Key judgements**

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

- 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

- Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- 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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

2. DONATIONS

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

Parish contributions

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Apportionment	15,545	-	-	-	15,545	15,461
Shortfall in receipts	(2,114)	-	-	-	(2,114)	(1,888)
	<u>13,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,431</u>	<u>13,573</u>
Previous years share	221	-	-	-	221	147
Voluntary share	160	-	-	-	160	91
	<u>13,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,812</u>	<u>13,811</u>

Current year parish share receipts represent 86.4% of the total apportioned (2017 – 87.8%), or, when other voluntary contributions and receipts for previous years are included, 88.9% of the total apportioned (2017 – 89.3%). 2017 comparatives are for the general fund only.

Archbishops' Council

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Parish Mission	3,378	-	-	-	3,378	3,467
Selective Allocation	741	-	-	-	741	516
Reorganisation Grant	329	-	-	-	329	45
RME Grant	195	-	-	-	195	-
SDF Grant	57	-	-	-	57	-
	<u>4,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>4,028</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 RME ('Resourcing Ministerial Education') Grant is the funds provided by the Church Commissioners for the training of ordinands. The SDF ('Strategic Development Funding') Grant is funding allocated by the Church Commissioners Strategic Development Unit towards specific strategic projects – all the funding for 2018 relates to the Leeds Resource Church project. 2017 comparatives are for the general fund only.

Other donations

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

Other donations (continued)

	Unrestricted funds		Restricted	Endowment	Total
	General £'000	Designated £'000	Funds £'000	Funds £'000	Funds £'000
2017					
All Churches Trust Grant	336	-	-	-	336
Property Grants	22	-	-	-	22
Other Grants	37	-	27	-	64
Donations	5	-	124	-	129
	<u>400</u>	<u>-</u>	<u>151</u>	<u>-</u>	<u>551</u>

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2018 £'000	2017 £'000
Statutory fees	1,153	-	-	-	1,153	1,106
Church Commissioners' Legal & Professional	71	-	-	-	71	91
School Services	179	-	-	-	179	96
Retreat Centre	245	-	-	-	245	260
	<u>1,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,648</u>	<u>1,553</u>

2017 comparatives are for the general fund only.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2018 £'000	2017 £'000
Housing income	636	-	-	-	636	603
Outside Funding	114	-	-	-	114	81
School income	-	-	1	-	1	-
Training income	3	-	-	-	3	3
Miscellaneous	227	-	-	-	227	117
	<u>980</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>981</u>	<u>804</u>

2017 comparatives are for the general fund only.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
2018					
Dividends receivable	632	-	339	53	1,024
Interest receivable	2	-	6	2	10
	<u>634</u>	<u>-</u>	<u>345</u>	<u>55</u>	<u>1,034</u>
2017	£'000	£'000	£'000	£'000	£'000
Dividends receivable	664	-	378	28	1,070
Interest receivable	2	-	10	1	13
	<u>666</u>	<u>-</u>	<u>388</u>	<u>29</u>	<u>1,083</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2018 £'000	Total funds 2017 £000
	General £'000	Designated £'000				
Gain on sale of properties	-	-	606	-	606	128
	<u>-</u>	<u>-</u>	<u>606</u>	<u>-</u>	<u>606</u>	<u>128</u>

2017 comparatives are for the general fund only.

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
	General £'000	Designated £'000				
Glebe agent's fee	-	-	-	-	-	1
Maintenance of Glebe	92	-	-	-	92	97
	<u>92</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92</u>	<u>98</u>

2017 comparatives are for the general fund only.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

8. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
	General £'000	Designated £'000				
Contributions to						
Archbishops' Council						
Training for Ministry	487	-	-	-	487	476
National Church Responsibilities	387	-	-	-	387	379
Mission agency pension costs	47	-	-	-	47	46
Retired clergy housing costs	164	-	-	-	164	157
Pooling of ordinands maintenance grants	36	-	-	-	36	9
	<u>1,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,121</u>	<u>1,067</u>
Resourcing Ministry and Mission						
Stipends and national insurance	8,797	-	-	-	8,797	9,049
Pension contributions	1,883	-	-	-	1,883	1,924
Housing costs	3,187	-	-	-	3,187	4,117
Removal, resettlement and grants	259	-	-	-	259	291
Other expenses	260	-	-	-	260	213
	<u>14,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,386</u>	<u>15,594</u>
Support for parish ministry	5,454	4	10	3	5,471	7,241
Retreat Centre	304	-	-	-	304	247
	<u>20,144</u>	<u>4</u>	<u>10</u>	<u>3</u>	<u>20,161</u>	<u>23,082</u>
Expenditure on Education						
Church Schools	870	-	93	-	963	968
Educational Development	-	-	-	-	-	-
	<u>870</u>	<u>-</u>	<u>93</u>	<u>-</u>	<u>963</u>	<u>968</u>
	<u>22,135</u>	<u>4</u>	<u>103</u>	<u>3</u>	<u>22,245</u>	<u>25,117</u>

2017 comparatives are for the general fund only, except:

- Support for parish ministry expenditure includes £48k Restricted and £74k Endowment Funds expenditure.
- Church Schools expenditure includes £163k Restricted expenditure

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

9. OTHER RESOURCES EXPENDED

2018	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on Sale of Properties	168	-	-	131	299
Funds returned to parishes	-	-	90	-	90
Reorganisation Costs	490	-	-	-	490
	<u>658</u>	<u>-</u>	<u>90</u>	<u>131</u>	<u>879</u>
2017	£'000	£'000	£'000	£'000	£'000
Loss on Sale of Properties	276	-	-	-	276
Funds returned to parishes	-	-	-	-	-
Reorganisation Costs	293	-	-	-	293
	<u>569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>569</u>

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2018	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs £'000
	Raising funds	92	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,121	-	1,121
Resourcing parish ministry	18,088	720	1,049	19,857
Education	767	-	196	963
Retreat Centre	304	-	-	304
Other	879	-	-	879
	<u>20,130</u>	<u>1,841</u>	<u>1,245</u>	<u>23,216</u>
2017	£'000	£'000	£'000	£'000
Raising funds	98	-	-	98
Charitable activities:				
Contributions to Archbishops' Council	-	1,067	-	1,067
Resourcing parish ministry	19,092	822	1,264	21,178
Accrual of Lay Pension Deficit Contributions	1,656	-	-	1,656
Education	600	-	369	969
Retreat Centre	247	-	-	247
Other	569	-	-	569
	<u>22,262</u>	<u>1,889</u>	<u>1,633</u>	<u>25,784</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2018 £'000	2017 £000
Central administration	773	-	-	-	773	990
Support for Schools	196	-	-	-	196	369
Governance:						
External audit	29	-	-	-	29	30
Registrar and Chancellor	245	-	-	-	245	242
Synodical costs	2	-	-	-	2	2
	<u>1,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,245</u>	<u>1,633</u>

2017 comparatives are for the general fund only

12. ANALYSIS OF GRANTS MADE

2018	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	6	-	1,121	1,121
From unrestricted funds:				
Ecumenical/ Churches Together organisations	2	-	12	12
Clergy Training	313	68	-	68
Clergy Grants (Removal, First appointment, resettlement)	155	259	-	259
Ordination	41	40	-	40
Vocation grants	344	119	-	119
Mission Grants	45	-	79	79
Youth	5	1	-	1
	<u>905</u>	<u>487</u>	<u>91</u>	<u>578</u>
From restricted funds for various purposes within resourcing parish ministry:				
PCCs' Building Grants	3	-	3	3
Widows and dependants of clergy	10	10	-	10
	<u>13</u>	<u>10</u>	<u>3</u>	<u>13</u>
	<u>924</u>	<u>497</u>	<u>1,215</u>	<u>1,712</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

12. ANALYSIS OF GRANTS MADE (continued)

2017	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities:				
Contributions to Archbishops' Council	6	-	1,067	1,067
From unrestricted funds:				
Ecumenical/ Churches Together organisations	15	-	11	11
Clergy Training	115	49	-	49
Clergy Grants (Removal, First appointment, resettlement)	184	326	-	326
Ordination	55	19	-	19
Vocation grants	232	197	-	197
Education (S554)	-	-	-	-
Mission Grants	17	-	102	102
Youth	3	5	-	5
	<u>621</u>	<u>596</u>	<u>113</u>	<u>709</u>
From restricted funds for various purposes within resourcing parish ministry:				
PCCs' Building Grants	11	-	91	91
Widows and dependants of clergy	23	22	-	22
	<u>34</u>	<u>22</u>	<u>91</u>	<u>113</u>
Total	<u><u>661</u></u>	<u><u>618</u></u>	<u><u>1,127</u></u>	<u><u>1,889</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2018

13. STAFF COSTS

	2018	2017
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	3,423	2,791
Apprentice Levy	16	12
National insurance contributions	316	308
Pension costs – current year	566	516
Accrual of Lay Pension deficit contributions	126	1,656
Deficit reduction	0	214
	<u>4,447</u>	<u>5,497</u>

Wages and salaries includes £376,000 of redundancy costs (2017: £99,000) made to 15 employees (2017: 4 employees). Of this £32,000 was accrued at the year end.

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

	Number	Number
Support for Ministry	86	83
Education	13	11
Retreat House	9	10
	<u>108</u>	<u>104</u>

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

	Number	Number
Support for Ministry	70	70
Education	12	10
Retreat House	5	6
	<u>87</u>	<u>86</u>

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

	Number	Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	2
£80,001 - £90,000	7	3
£90,000 - £100,000	2	-
£100,001 - £110,000	1	-
	<u>13</u>	<u>7</u>

In 2018, redundancy payments funded by the National Church were made to 9 of these employees. Excluding these redundancy payments, there were 3 employees in the £60,000 - £70,000 remuneration bracket and 3 employees in the £80,000 - £90,000 remuneration bracket.

Pension payments of £239,000 were made for these 13 employees (2017: 7 employees £135,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

13. STAFF COSTS (continued)**2018** **2017****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 2018 they were:

Diocesan Secretary	Mrs Debbie Child
Joint Diocesan Secretary (left 13/4/2018)	Mr Ashley Ellis
Chief Finance Officer	Mr Geoff Park
Director of Ministry & Mission	The Revd Canon Andrew Norman
Director of Education	Canon Richard Noake

Remuneration, pensions and expenses for these 5 employees amounted to £384,000 (2017: 3 employees £315,000)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £Nil (2017 - £1,733) in respect of Trustee duties.

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

	Stipend	Housing
The Right Revd Nicholas Baines	No	No
The Right Revd Anthony Robinson	No	Yes
The Right Revd Helen-Ann Hartley	No	Yes
The Right Revd Paul Slater	No	Yes
The Right Revd Toby Howarth	No	Yes
The Right Revd Jonathan Gibbs	No	Yes
The Very Revd John Dobson	No	No
The Ven Anne Dawtry	Yes	Yes
The Revd Canon Simon Cowling	Yes	Yes
The Revd Nigel Wright	Yes	Yes
Revd Canon Anthony Macpherson	No	No
The Revd Canon Samuel Corley	Yes	Yes
The Ven Andy Jolley	Yes	Yes

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

13. STAFF COSTS (continued)

The LDBF paid an average of 321 (2017 – 319) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2018	2017
	£'000	£'000
Stipends	8,152	8,333
Apprentice Levy	38	29
National insurance contributions	673	702
Pension costs - current year	1,943	1,996
- deficit reduction	1,039	1,084
	<u>11,845</u>	<u>12,144</u>

The stipends of the five Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Area Bishops are funded by the Church Commissioners and are in the range £36,210 - £44,380 (2017: £35,500 - £43,510). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2018 was £35,394 (2017: £34,700) and other clergy who were Trustees were paid in the range £24,930 - £28,367 (2017: £24,440 – £27,811).

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
Historic reclassification of property	7,997	-	-	(7,997)
Pastoral Schemes transfer	1,963	-	-	(1,963)
From General fund to Stipends endowment for reduction of pension deficit	(1,039)	-	-	1,039
Transfer of S554 funds to General Funds to support Board of Education expenditure	600	-	(600)	-
Transfer of Training for Ministry funds to General Funds to support ordinands training	119	-	(119)	-
Transfer of Pastoral funds to General Funds to support Mission and Pastoral activities	122	-	(122)	-
Transfer of Inglefield funds to General Funds to support Lay and Clergy education	127	-	(127)	-
Transfer of Pension funds to General Funds to support clergy pensions	100	-	-	(100)
	<u>9,989</u>	<u>-</u>	<u>(968)</u>	<u>(9,021)</u>

A comparison of the classification of property in the statutory accounts as at December 2017 with Diocesan property records identified an £8m difference between freehold and benefice property in the statutory accounts, which has been corrected in this accounting period. In addition, pastoral scheme reorganisations during 2018 released seven benefice properties worth £2m, which are now classified as freehold property.

During 2018, £1m of general funds were used to pay the deficit on the clergy pension scheme. A total of £1.1m was also transferred from restricted and endowment funds to general funds in to support education work, ordinands training, missions and pastoral activities, education and clergy pensions, in line with the approved budget.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

15. FINANCIAL INSTRUMENTS

	2018	2017
	£'000	£'000
Financial assets measured at fair value	26,678	26,583
Financial assets measured at amortised cost	7,498	7,500
	<u> </u>	<u> </u>
Financial liabilities measured at amortised cost	12,128	13,686
Financial liabilities measured at fair value	1,433	1,410
	<u> </u>	<u> </u>

Financial assets measured at fair value comprise unlisted investments and value linked loans to parishes. Financial assets measured at amortised cost comprise trade debtors, other debtors, other loans to parishes and schools and other receivables. Financial liabilities measured at fair value comprise Church Commissioners' value linked loans. Financial liabilities measured at amortised cost comprise pension scheme liabilities, other creditors and amounts held for other bodies and Church Commissioners' other loans.

16. TANGIBLE FIXED ASSETS

	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 2018	32,767	178	821	103,201	308	-	17,444	154,719
Additions	502	-	-	579	-	-	121	1,202
Disposals	(1,906)	-	-	-	-	-	-	(1,906)
Reclassified – historic	7,997	-	-	(7,132)	-	-	(865)	-
Reclassified – in period	1,962	-	-	(1,962)	-	-	-	-
Transfer to held for sale	(2,045)	-	-	(940)	-	-	(525)	(3,510)
Transfer	178	(178)	-	-	-	-	-	-
Revaluation	1,931	-	-	10,420	-	-	510	12,861
At 31 December 2018	41,386	-	821	104,166	308	-	16,685	163,366
Depreciation								
At 1 January 2018	-	-	546	-	44	-	-	590
Disposals	-	-	-	-	-	-	-	-
Charge for the year	-	-	275	-	12	-	-	287
At 31 December 2018	-	-	821	-	56	-	-	877
Net Book Value								
At 31 December 2018	41,386	-	-	104,166	252	-	16,685	162,489
At 31 December 2017	32,767	178	275	103,201	264	-	17,444	154,129

All of the properties in the balance sheet are freehold and are vested in the LDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of permanent and/or value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties (included in the above) amounts to £7,015,000 (2017: £7,137,500). Of the total land and buildings at 31 December 2018, £ nil are valued at cost (2017: £nil), but all at valuation.

Properties are subject to a five-year cycle of survey and consequent revaluation, with the last market valuation being as at 31st December 2018 by David Chary BSc FRICS of Sanderson Weatherall, 6th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

17. FIXED ASSETS INVESTMENTS

	At 1 January 2018 £'000	Additions £'000	Disposals £'000	Transfers Value £'000	Change in Market Value £'000	At 31 December 2018 £'000
Unrestricted funds						
Unlisted investments	1,808	254	-	-	11	2,073
Designated funds						
Unlisted investments	14	-	(3)	-	-	11
Restricted funds						
Unlisted investments	10,890	1,084	(1,251)	-	(115)	10,608
Endowment funds						
Investment property	3,810	14	(1)	-	793	4,616
Unlisted investments	13,871	189	(409)	395	(60)	13,986
	17,681	203	(410)	395	733	18,602
Total	<u>30,393</u>	<u>1,541</u>	<u>(1664)</u>	<u>395</u>	<u>629</u>	<u>31,294</u>

18. DEBTORS

	2018 £'000	2017 £'000
Due within one year		
Loans to parishes	13	51
Loans to schools	27	28
Other debtors and prepayments	631	666
	<u>671</u>	<u>745</u>
Due after more than one year		
Loans to parishes	65	66
Other debtors	-	46
	<u>65</u>	<u>112</u>
Total debtors	<u>736</u>	<u>857</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

19. CREDITORS: amount falling due within one year

	2018	2017
	£'000	£'000
Loan repayment instalments due in one year		
Church Commissioners other loans	130	145
Other taxes and social security	180	86
Educational Development Limited	-	-
Other creditors and accruals	3,189	3,424
Pension scheme liabilities:		
Lay Defined Benefit Scheme	308	313
Clergy Pension Scheme	908	1,093
	<u>4,715</u>	<u>5,061</u>
Total creditors: amounts falling due within one year	<u><u>4,715</u></u>	<u><u>5,061</u></u>

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

	2018	2017
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	1,303	1,267
Church Commissioners other loans	770	1,028
Other loans	-	199
Pension scheme liabilities:		
Lay Defined Benefit Scheme	1,296	1,478
Clergy Pension Scheme	5,346	6,199
	<u>8,715</u>	<u>10,171</u>
Total creditors: amounts falling due after more than one year	<u><u>8,715</u></u>	<u><u>10,171</u></u>
The maturity of the above loans may be analysed as follows:		
Between one and two years	130	145
Between two and five years	390	421
In five years or more	1,553	1,927
	<u>2,073</u>	<u>2,493</u>
	<u><u>2,073</u></u>	<u><u>2,493</u></u>

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; of the amount falling due after more than one year £292k (2017 - £273k) relates to the Benefice Property Fund, £932k to the General Fund (2017 - £900k). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments and bear interest rates between 6.1% and 7.7%, which is borne by the LDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the LDBF.

Value-linked loans (VLLs) represent amounts advanced to the LDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2018 the Board had no intention of disposing of any of those properties funded via VLLs.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

21. SUMMARY OF FUND MOVEMENTS

2018	Balances at 1 January 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2018 £'000
UNRESTRICTED FUNDS						
General	31,514	22,165	(22,885)	9,989	1,855	42,638
DESIGNATED FUNDS						
Archdeacons Discretionary	14	-	(4)	-	-	10
RESTRICTED FUNDS						
Section 554 Education	6,514	436	(93)	(600)	(28)	6,229
Clergy & Dependants hardship funds	135	25	(100)	-	(1)	59
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	27	2	-	-	-	29
Retreat House support funds	31	-	-	-	-	31
Local Parochial purposes funds	2	10	-	-	-	12
Appeal funds & other specific purposes	72	-	-	-	-	72
Church building repair funds	384	1	-	-	(5)	380
Pastoral Account	5,783	451	-	(122)	(61)	6,051
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,454	48	-	(127)	(7)	1,368
Training for ministry funds	793	24	-	(119)	-	698
	<u>15,247</u>	<u>997</u>	<u>(193)</u>	<u>(968)</u>	<u>(102)</u>	<u>14,981</u>
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	8,495	-	-	1,039	4	9,538
Expendable						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	887	-	-	-	(13)	874
Pensions	328	-	-	(100)	(3)	225
Training for ministry funds	91	2	-	-	(8)	85
Clergy & dependants hardship funds	319	652	-	-	(4)	967
Local Parochial purposes funds	525	-	-	-	(14)	511
Glebe Land	3,810	-	-	-	981	4,791
Church building repair funds	504	22	(2)	-	(9)	515
Glebe Properties	17,654	-	(132)	(865)	510	17,167
Benefice Properties	97,282	-	-	(9,095)	10,420	98,607
Religious Education support	201	-	-	-	(3)	198
Appeal funds & other specific purposes	42	-	-	-	-	42
	<u>130,350</u>	<u>676</u>	<u>(134)</u>	<u>(9,021)</u>	<u>11,861</u>	<u>133,732</u>
Total funds	<u><u>177,125</u></u>	<u><u>23,838</u></u>	<u><u>(23,216)</u></u>	<u><u>-</u></u>	<u><u>13,614</u></u>	<u><u>191,361</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

21. SUMMARY OF FUND MOVEMENTS (continued)

2017	Balances at 1 January 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2017 £'000
UNRESTRICTED FUNDS						
General	34,680	21,390	(25,499)	750	193	31,514
DESIGNATED FUNDS						
Archdeacons Discretionary	13	-	-	-	1	14
RESTRICTED FUNDS						
Section 554 Education	5,951	337	(163)	-	389	6,514
Clergy & Dependants hardship funds	155	28	(20)	(31)	3	135
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	25	2	-	-	-	27
Retreat House support funds	31	-	-	-	-	31
Local Parochial purposes funds	5	10	(13)	-	-	2
Appeal funds & other specific purposes	72	9	(9)	-	-	72
Church building repair funds	291	1	(1)	65	28	384
Pastoral Account	5,429	82	(5)	-	277	5,783
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,309	45	-	-	100	1,454
Training for ministry funds	702	25	-	-	66	793
	<u>14,022</u>	<u>539</u>	<u>(211)</u>	<u>34</u>	<u>863</u>	<u>15,247</u>
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	8,061	1	(4)	(292)	729	8,495
Expendable						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	811	-	-	-	76	887
Pensions	300	-	-	-	28	328
Training for ministry funds	81	3	-	-	7	91
Clergy & dependants hardship funds	289	4	-	-	26	319
Funds for church building repair loans	274	-	(40)	-	-	234
Local Parochial purposes funds	498	-	-	-	27	525
Glebe Land	3,912	-	-	-	(102)	3,810
Church building repair funds	280	21	(30)	(27)	26	270
Glebe Properties	18,119	-	-	(465)	-	17,654
Benefice Properties	97,282	-	-	-	-	97,282
Religious Education support	184	-	-	-	17	201
Appeal funds & other specific purposes	42	-	-	-	-	42
	<u>130,345</u>	<u>29</u>	<u>(74)</u>	<u>(784)</u>	<u>834</u>	<u>130,350</u>
Total funds	<u><u>179,060</u></u>	<u><u>21,958</u></u>	<u><u>(25,784)</u></u>	<u><u>-</u></u>	<u><u>1,891</u></u>	<u><u>177,125</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

22. SUMMARY OF ASSETS BY FUND

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

22. SUMMARY OF ASSETS BY FUND (continued)

2017	Fixed assets Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Unrestricted funds – General	32,225	1,809	3,086	(5,606)	31,514
Unrestricted - designated					
Archdeacons Discretionary Funds	-	13	1	-	14
Restricted					
Section 554 Education	264	5,391	859	-	6,514
Clergy & Dependants hardship funds	-	39	96	-	135
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	11	16	-	27
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	2	-	2
Appeal funds & other specific purposes	-	-	72	-	72
Church building repair funds	-	361	23	-	384
Pastoral Account	2,415	3,037	331	-	5,783
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,259	195	-	1,454
Training for ministry funds	-	793	-	-	793
Schools LCVAP Building Programme	-	-	2,334	(2,334)	-
	<u>2,679</u>	<u>10,891</u>	<u>4,011</u>	<u>(2,334)</u>	<u>15,247</u>
Endowment					
Permanent					
Stipends fund capital	6,124	11,262	236	(7,292)	10,330
Expendable					
Benefice houses	95,657	-	-	-	95,657
Maintenance of Ministry	-	887	-	-	887
Glebe Property	17,444	-	-	-	17,444
General purposes	-	-	212	-	212
Pensions	-	328	-	-	328
Training for Ministry	-	64	28	-	92
Clergy & Dependants hardship funds	-	303	16	-	319
Local Educational Funds	-	78	-	-	78
Local Parochial purposes funds	-	525	-	-	525
Glebe Land	-	3,810	-	-	3,810
Church building repair funds	-	299	204	-	503
Religious Education support funds	-	123	-	-	123
Appeal funds & other specific purposes	-	1	41	-	42
	<u>119,225</u>	<u>17,680</u>	<u>737</u>	<u>(7,292)</u>	<u>130,350</u>
Total funds	<u><u>154,129</u></u>	<u><u>30,393</u></u>	<u><u>7,835</u></u>	<u><u>(15,232)</u></u>	<u><u>177,125</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

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, Leeds Diocese Charitable Society Trust, Aid to Parish Clergy, Widows, Clergy Retirement, Education Grants
Bradford Summer Camps Bursary	Funds to provide support to children & youths to enable them to attend summer camps in cases of financial hardship.	
Local educational funds	For educational purposes in the areas named	ShIPLEY cum HEATON District CofE School Trust, Keighley St Peter Educational Trust
Retreat House support funds	Support towards the Diocesan Retreat House	Friends of Parcevall Hall, Parcevall Hall Bursary
Local Parochial purposes funds	For general parochial purposes in the area named.	North Wing Mission, Guiseley Carleton, Keighley All Saints McNish
Appeals and special purposes funds	Funds comprise donations received for specific appeals and purposes, including work in Links Dioceses.	Interfaith fund, Youth Evangelism, Special Appeals, Northern Sudan, Kadugli Appeal, Church in the World, TM Wright Sudan 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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

23. DESCRIPTION OF FUNDS (continued)

Fund category	Purpose	Funds included in this category
Pastoral Account	This fund includes the proceeds of buildings closed for regular public worship, parsonages and land sales. The purpose for which this account may be used are laid down in Section 94 of the Pastoral Measure 2011.	
Inglefield	Created from sale of Diocesan Retreat House at Barrowby, and assets transferred from the Booker Bequest. Income used to aid Diocesan Synod, conferences and theological courses.	
Training for ministry	Income used towards cost of training ordinands.	
General purposes and administration	Funds from bequests to be used to support administration and general purposes	
Maintenance of ministry	Funds from bequests to be used to support stipends in specific parishes	
Pensions	Funds from bequests to be used in supporting clergy pensions.	
Funds to provide church building repair loans	Funds to support the provision of loans to assist major works to be carried out on church buildings.	Loan fund, Kiddle Bequest
Stipends Fund Capital	The income of the fund can only be used for clergy stipends (but since 1993 capital can be used for improvements to parsonage houses) and is governed by the Diocesan Stipends Measure 1953.	
Glebe Land	This fund is governed by the Endowments and Glebe Measure 1976; It represents the value of agricultural or commercial land in the Diocese, primarily held to generate sustainable income to support clergy stipends.	
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 2018 the LDBF had capital expenditure commitments authorised but not contracted £NIL (2017 - £NIL), and contracted for but not yet due of £NIL (2017 - £NIL).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

25. OPERATING LEASES

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

	2018	2017
	£'000	£'000
Land and buildings		
Within one year of the balance sheet date	30	28
In the second to fifth year of the balance sheet date	119	110
After the fifth year of the balance sheet date	176	163
	<u> </u>	<u> </u>

26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

27. PENSIONS

During 2018 the LDBF participated in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the LDBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

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

Church of England Funded Pension Scheme

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (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 2018	December 2017
Number of members	324	332

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

27. PENSIONS (continued)

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 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.; and
- 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.

% of pensionable stipends	January 2016 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

The deficit recovery contributions under the recovery plan in force as at 31st December 2016, 31st December 2017 and 31st December 2018 were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and 2018 is set out in the table below.

	2018	2017
Balance sheet liability at 1 January	7,293,000	8,377,000
Deficit contribution paid	(908,000)	(1,093,000)
Interest cost (recognised in SoFA)	96,000	117,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(227,000)	(108,000)
Balance sheet liability at 31 December	6,254,000	7,293,000

* 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 2018

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 2018	December 2017	December 2016
Discount rate	2.1% pa	1.4% pa	1.5% pa
Price inflation	3.1% pa	3.0% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.5% pa	1.6% 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

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

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

Defined Benefits Scheme

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions are shown in Note 13 (see also below).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

27. PENSIONS (continued)

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

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

Leeds DBF (Bradford) DBS

From April 2018 to pay a contribution rate of 37.5% of pensionable salary and expenses of £5,100 pa. In addition, deficit payments of £56,213 until 1 April 2023 have been agreed in respect of the shortfall in the Employer sub-pool.

Leeds DBF (Ripon & Leeds) DBS

From April 2018 to pay a contribution rate of 58.1% of pensionable salary and expenses of £9,200 pa. In addition, deficit payments of £199,114 until 1 April 2023 have been agreed in respect of the shortfall in the Employer sub-pool.

Leeds DBF (Ripon & Leeds Education Team) DBS

From April 2018 to pay a contribution rate of 58.9% of pensionable salary and expenses of £1,800 pa. In addition, deficit payments of £21,645 until 1 April 2023 have been agreed in respect of the shortfall in the Employer sub-pool.

Leeds DBF (Wakefield) DBS

From April 2018 to pay a contribution rate of 41.0% of pensionable salary and expenses of £11,400 pa. In addition, deficit payments of £119,444 until 1 April 2023 have been agreed in respect of the shortfall in the Employer sub-pool.

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

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

	2018	2017
Balance sheet liability at 1 January	1,791,400	197,000
Deficit contribution paid	(313,123)	(63,000)
Interest cost (recognised in SoFA)	-	1,000
Remaining change to balance sheet liability*(recognised in SoFA)	125,723	1,656,000
Balance sheet liability at 31 December	1,604,000	1,791,000

* 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 2018

27. PENSIONS (continued)

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

Discount rate	December 2018	December 2017	December 2016
Leeds DBF (Bradford) DBS	1.90%	0.00%	0.00%
Leeds DBF (Bradford & Ripon Education Team) DBS	1.90%	0.00%	0.00%
Leeds DBF (Wakefield) DBS	1.90%	0.00%	0.00%
Leeds DBF (Ripon & Leeds) DBS	1.90%	1.00%	0.90%

Pension Builder Scheme

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (see Note 13 and above).

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

For the Pension Builder 2014 section, the 31 December 2018 valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

From 1 January 2019 all lay staff employed by the LDBF are enrolled in the Pension Builder Classic scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

27. PRIOR PERIOD COMPARATIVE SOFA

		Unrestricted funds		Restricted	Endowment	Total funds	Total funds
		General	Designated	Funds	Funds	2017	2016
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations	2						
Parish contributions		13,811	-	-	-	13,811	13,552
Archbishop's Council		4,028	-	-	-	4,028	4,932
Other donations		400	-	151	-	551	501
Charitable activities	3	1,553	-	-	-	1,553	1,656
Other activities	4	804	-	-	-	804	901
Investments	5	666	-	388	29	1,083	1,117
Other	6	128	-	-	-	128	497
		<u>21,390</u>	<u>-</u>	<u>539</u>	<u>29</u>	<u>21,958</u>	<u>23,156</u>
Expenditure on							
Raising funds	7	98	-	-	-	98	63
Charitable activities	8	24,832	-	211	74	25,117	22,253
Other	9	569	-	-	-	569	741
		<u>25,499</u>	<u>-</u>	<u>211</u>	<u>74</u>	<u>25,784</u>	<u>23,057</u>
Net income/(expenditure) before investment gains		<u>(4,109)</u>	<u>-</u>	<u>328</u>	<u>(45)</u>	<u>(3,826)</u>	<u>99</u>
Net gains on investments		193	1	863	834	1,891	1,369
Net income/(expenditure)		<u>(3,916)</u>	<u>1</u>	<u>1,191</u>	<u>789</u>	<u>(1,935)</u>	<u>1,468</u>
Transfers between funds	14	750	-	34	(784)	-	-
Net movement in funds		<u>(3,166)</u>	<u>1</u>	<u>1,225</u>	<u>5</u>	<u>(1,935)</u>	<u>1,468</u>
Total funds brought forward		<u>34,680</u>	<u>13</u>	<u>14,022</u>	<u>130,345</u>	<u>179,060</u>	<u>177,592</u>
Total funds carried forward	21	<u>31,514</u>	<u>14</u>	<u>15,247</u>	<u>130,350</u>	<u>177,125</u>	<u>179,060</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

28. RELATED PARTY TRANSACTIONS

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

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

29. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDBF acts as Diocesan Authority or custodian trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the LDBF does not control them. The financial assets held in this way may be summarised as follows:

	2018	2017
	£000	£000
CBF Church of England Investment Fund income shares	8,160	9,754
CBF Church of England Investment Fund accumulation shares	34	34
CBF Church of England UK Equity shares	57	62
CBF Church of Global Equity shares	341	348
CBF Church of England Fixed Interest Securities Fund shares	354	441
CBF Church of England Property Fund shares	231	255
Other common investment fund holdings	471	597
Direct holdings in UK equities	369	217
CBF Church of England Deposit Fund	596	2,072
	<hr/>	<hr/>
Total assets held as custodian trustee	<u>10,613</u>	<u>13,780</u>