

LEEDS DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 1155876

Details

Status Registered

Legal form Charitable company

Company number [08823593](#)

Registered 2014-02-20

Register [View on the Charity Commission register](#)

Contact

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Activities

Objects: THE OBJECTS ARE FOR THE PUBLIC BENEFIT TO ASSIST, PROMOTE AND FURTHER THE RELIGIOUS AND OTHER CHARITABLE WORK (INCLUDING, BUT NOT LIMITED TO, THE EDUCATIONAL WORK) OF THE CHURCH OF ENGLAND IN THE DIOCESE OF LEEDS, AND ANY OTHER DIOCESE WHICH SHALL AT ANY TIME BE FORMED, WHOLLY OR IN PART OUT OF TE DIOCESE, EITHER WITH OR WITHOUT THE ADDITION OF ANY PART OR PARTS OF OTHER DIOCESES.

Activities: Promote the work and purposes of the Church of England in the Diocese of Leeds. The Diocese of Leeds covers the area of West Yorkshire and the Dales and Barnsley in South Yorkshire.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Religious Activities, Other Charitable Purposes
- **Who:** Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Geography

- Bradford City
- City Of Wakefield
- Lancashire
- Leeds City
- North Yorkshire

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£23,458,172	£23,407,290	£221,838,079	99
2023-12-31	£24,071,221	£24,315,850	£221,275,580	98
2022-12-31	£22,812,230	£24,434,327	£198,265,340	98
2021-12-31	£22,434,000	£22,886,000	£204,085,000	400
2020-12-31	£22,995,000	£22,802,000	£200,059,000	396

Trustees

Name	Role	Appointed
ANDREW ALEXANDER MAUDE TD		2016-01-28
Bishop Anna Eltringham		2023-06-22
James Edward Meredith		2024-11-01
Jan Ali		2025-03-22
John Irving WARNETT		2024-10-19
MARILYN BANISTER		2024-10-19
MATTHEW JOHN AMBLER		2018-08-28
RICHARD ANTHONY PATTINSON		2023-04-18
Rev Eve Rebecca Ridgeway		2022-03-01
Rev Gary Richard Waddington BTh MA SSC		2023-04-18
Rev Ian Bullock BA Hons		2025-04-07
Roger Andrew Lazenby		2025-04-30
Rt Revd Arun Arora		2022-07-15
THE RT REVD DR TOBY MATTHEW HOWARTH		2016-01-28
The Revd Canon Rachel Naomi Firth		2021-09-09
The Right Reverend Malcolm Leslie Chamberlain		2025-06-11
The Rt Revd Madhu Smitha Prasadam		2023-06-22
The Venerable Paul Nicholas Ayers		2020-01-16
The Very Revd John Dobson		2016-01-28

LEEDS DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 1155876

Accounts

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2024

LEEDS DIOCESAN BOARD OF FINANCE

Company number - 8823593

Registered charity number – 1155876

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TRUSTEES REPORT 2024

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 2024.

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 598 church buildings in 440 parishes with 302 stipendiary clergy, 82 self-supporting clergy and 447 clergy with Permission To Officiate ("PTO") along with 354 Readers, 85 authorised lay pastoral ministers and 41 chaplains. There are also 237 Church of England schools and 11 Multi-Academy Trusts serving some 64,000 pupils within the Diocese.

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

The LDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

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

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

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

Diocese of Leeds Strategy

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

As Christians living and worshipping in the Diocese of Leeds we want to be faithful to our calling to be good news, share the Gospel and serve with steadfast purpose the communities in which we live.

Over the next 10 years our strategic aim is to be a Diocese:

- Confident in our mission - supporting churches to become confident in their purpose, and able to use their building, financial and time resources to achieve this.
- Confident in our future - ensuring the Diocese becomes sustainable, building on the work of the last few years to be efficient as well as effective.
- Confident in our leadership - giving support around leadership for everyone involved in serving in our churches.
- Confident in our witness - encouraging support for all to be confident in living and telling the good news of Jesus in a rapidly changing world, particularly reaching children and young people.

These four strategic pillars provide a structure and a focus for our vision. The pillars ensure we can align efforts through effective communication and implementation of our priorities.

In delivering the diocesan vision, teams are focusing on **Encouraging Confidence** as a simple way of defining our purpose and offer. It is a shorthand way of saying we are here to help parishes. Our collective purpose in every team is to encourage confidence in our parishes and schools in our mission, our future, our leadership and our witness.

Over time that will mean we adjust, start and also stop activities and areas of work. Taking advantage of future opportunities, whether through the provision of funding or through a reallocation of resources, we will ensure that it fits within this wider strategic framework.

We recognise that further intentional action is also required that goes beyond established work to make this strategy a reality. This is where **Barnabas: Encouraging Confidence the programme** gives new, funded resources to help churches move forward in mission.

Barnabas the programme is a specific programme of work. It has set objectives which are nationally funded with a defined programme team in place to deliver. The Barnabas programme team oversee the roll out of new initiatives as well as supporting churches in identifying needs. They will work closely with other diocesan teams as to how needs can be met as part of the wider Encouraging Confidence strategic approach. A number of programme outcomes can only be delivered through cross working with teams across the Diocese.

OBJECTIVES FOR THE YEAR

The objectives that were set for 2024 were:

- Seek to implement Barnabas, identifying emerging themes and expanding the offer, whilst ensuring there continues to be robust reporting systems in place;
- Refine plans for further projects in Episcopal Areas and beginning to pilot/test in advance of bids in 2025;
- Focus on continued improvement of training provision for parishes in relation to safeguarding as well as encouraging increased use of the Safeguarding Dashboard and Hub;
- Review all employee policies and look further at clergy wellbeing related policies;
- Develop a communications strategy with detailed stakeholder grid and accessible annual report;
- Support the development of distinctive Christian vision and leadership in our church schools and Trusts with a key focus on effective governance at all levels as a form of discipleship and vocation;
- Implement key system changes in Finance, Property and IT to ensure sustainable, secure and robust systems in place;
- Roll out Stock Condition Surveys across the entire property portfolio;
- Support the ongoing delivery of the multi-year land development plan, which will see the first sites brought to market and contracts exchanged;
- Promote ethnic diversity, combat racial injustice and enable widening participation in ministry and missional engagement;
- Continue to focus on the implementation of the Net Zero Carbon ('NZC') Action plan;
- Improve the use of data to drive decision making across all aspects of the LDBF's work;
- Continue to develop plans to drive up parish engagement with best stewardship practice and implement a new deployment process which reflects the financial reality; and
- We will mark and celebrate 10 years of the Diocese of Leeds. This will give us the opportunity to recognise all that has been achieved and to evaluate the wider benefits realised since the creation of the Diocese in 2014.

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

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

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

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

These objectives have been met in 2024. Key achievements include:

- Some 50% of our parishes had meaningful engagement with Barnabas. A further 77 people from 13 parishes took part in the Personal Growth and Leadership Course which encourages lay people and clergy to work together.
- 40 clergy engaged with leadership development work through a second cohort of the Confident Leadership for Missional Churches course and a further course called Reconciling Mission, and through various learning communities.
- A Rural Change Enabler joined the team, ensuring that the Barnabas offering is suitable across all our contexts and Compass: a tool to help any church, parish or benefice determine their next steps in mission was developed in 2024.
- Safeguarding support for parishes increased in 2024 with a restructuring and augmenting of the Safeguarding Team to improve both the service offered to parishes and the training given to clergy and laity.
- A new Communications Strategy was produced in 2024, including a detailed stakeholder grid. The use of the Communications Grid was expanded to enable better strategic planning and communications management.
- Relationships with our 236 schools and 10 multi-academy trusts continued to be the foundation of the Education Team. Supporting school leaders, including through the highly successful Pathway programmes, was a key priority and the Team continued its broad offer of training, visits and advice.
- Stock condition surveys of the whole property portfolio took place in 2024, giving a much clearer indication of what property improvements need to be made and what budget is required.
- Properties not required for clergy purposes were actively rented out on the open market and 2024 recorded our highest rental income at £1.3m compared with £1.1m in the previous year.
- Working towards NZC, interventions were made to a selected vicarage which included insulation, solar PV and a heat pump installation. We will learn from this pilot on how to approach other pilots during 2025.
- Saving Creation: A NZC Action Plan continued to be implemented across the Diocese. Key achievements included receiving Heat Decarbonisation Plans for 47 of 49 Voluntary Aided schools.
- The Diocese achieved an Eco Office Silver Award and we celebrated more individual Eco Church awards being achieved across the Diocese, with Bolton Abbey securing a Gold Award.
- The Treasurer Forum initiative began in June 2024 – quarterly advice meetings for treasurers from across the Diocese, which is co-planned and delivered by our Treasurer Ambassadors. There are 9 Treasurer Ambassadors with a presence in each EA, plus 8 additional treasurers offering support to other treasurers. Each Treasurer Forum meeting has attracted 50 + attendees.
- Give to Go Green ('GTGG') - the Diocese participated in 2 rounds of GTGG pilot scheme in 2024 which shows the benefits of digital giving. 11 parishes from our Diocese took part in each round and most reached or surpassed their fundraising targets using digital giving.
- The 10th Anniversary of the Diocese of Leeds was marked by the production of a commemorative booklet which celebrated the achievements of parishes and their communities. Printed copies were distributed to all parishes in sufficient numbers for it to be available throughout the year. The Leeds@10 booklet received very positive feedback and was produced at no expense to the Diocese.
- The Church Buildings and Pastoral Reorganisation team supported many parishes with developing plans for their buildings and ensured good governance structures for smooth day-to-day operation. The team's offer to parishes was enhanced by the addition of a nationally-funded Church Buildings Support Officer, who gave bespoke support to 45 churches and secured funding of £121,500 for a maintenance collective initiative which will be piloted in 2025.

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. We do not include an estimate of the financial value of volunteering time in these accounts.

FUTURE PLANS

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

In addition to the day-to-day activities of the LDBF, during 2025 we will:

- Continue to provide support to parishes as part of our Barnabas strategy. This includes rolling out courses and wider support initiatives, with detailed reporting supporting effective delivery;
- Prepare bids for further National Church strategic funding to support targeted work in Episcopal Areas;
- Work closely with National Church partners to seek additional funding which can be used to support parish ministry;
- Pilot alternative ways to support churches in meeting the maintenance challenges of looking after historical buildings;
- Provide additional support for Parish Safeguarding Officers whilst continuing to provide timely responses, manage risks and deliver safeguarding training;
- Offer training in every deanery, run events, provide parish support, and develop Growing Faith hubs;
- Deliver lay training with a specific focus on widening access. We will also support curate and Licensed Lay Ministry formation and provide community-specific training;
- Support the development of distinctive Christian vision and leadership in our church schools and Trusts with a key focus on effective governance at all levels as a form of discipleship and vocation;
- Implement a planned maintenance programme using the Stock Condition Survey outcomes;
- Continue to support the ongoing delivery of the multi-year land development plan, which will see the first sites brought to market and contracts exchanged;
- Commence a rolling three-year programme of Parish Share engagement with parishes; and
- Further promote ethnic diversity, combat racial injustice and enable widening participation in ministry and missional engagement.

These plans are a snapshot of our focus for the coming year. In delivery of our work we hold our values – and commit to acting in the following ways:

- **Loving** – we will celebrate success and appreciate the commitment of colleagues. Leaders will remain accessible and visible.
- **Living** – we will be present and personally engaged in our work and the work of others in Church House.
- **Learning** – we will be open to exploring new ideas, to listening to feedback and to learning from things which go well, and not so well.

FINANCIAL REVIEW

Financial Performance

In 2024 the LDBF recorded a net deficit before investment gains of £907,000 on unrestricted funds. This was £611,000 better than the prior year (2023: £1,518,000 deficit). The 2024 deficit includes the recognition of a usable pension surplus, to be used against future costs, with a net present value at 31 December 2024 of £1,339,000, which is the primary driver behind the improvement. This surplus is expected to be utilised over the next 7-10 years.

Additionally, 2024 saw the adoption of Total Return Accounting ('TRA') which means £505,000 of investment income generated from Stipends Fund Capital investments is reported as endowed income, where previously this would have been shown as unrestricted. Under TRA this income was transferred to unrestricted funds, along with an additional £300,000, as part of fund transfers. Therefore, the comparable deficit on unrestricted funds was £1,741,000 in 2024 vs £1,518,000 in 2023.

The Parish Share request for 2024 was £15,259,000 (2023: £15,749,000) and receipts relating to the 2024 request amounted to £11,760,000 (2023: £11,792,000), representing a collection rate of 77.1% (2023: 74.9%). In addition, Parish Share receipts of £211,000 were received against the historical share outstanding from previous years (2023: £181,000) and voluntary contributions of £175,000 were made (2023: £97,000).

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

Expenditure from unrestricted funds on charitable activities decreased by £1,704,000 to £20,028,000 (2023: £21,732,000). This was largely due to a reduction in pension contributions following favourable valuations of both lay and clergy pension schemes, together with the recognition of the remaining usable surplus as noted above.

Across all the funds, the capital value of investments increased by £607,000 (2023: £1,838,000). Of the increase, £61,000 related to unrestricted investments (2023: £233,000).

In order to support the unrestricted position, fund transfers were made from restricted funds where expenditure was incurred within the general fund that was eligible for those funds.

Five properties with a combined value of £1,995,000 were transferred from Benefice Housing to unrestricted funds during the year following the completion of Pastoral Schemes. The properties will continue to be used to provide clergy housing if required but sold or rented out if no ministerial need exists. One property with a value of £650,000 was transferred from unrestricted funds to Benefice Housing as a replacement parsonage following a pastoral scheme, whilst another, was transferred to the pastoral fund at a value of £595,000 and is currently being marketed for sale. Following an impairment review, this property has been revalued to £500,000.

As noted above, following the adoption of TRA on 1 January 2024, £805,000 of unapplied total return was transferred from the Stipends Capital Fund to Unrestricted Funds.

As a result of the above, there was an overall funds increase of £563,000 (2023: £23,010,000 increase) of which £1,605,000 (2023: £5,587,000 increase) related to unrestricted funds.

The Trustees have prepared a budget for 2025 based on a 3% increase in stipend and salary costs and

targeting Parish Share income of £12,313,000. Including the transfer of £1,150,000 from restricted reserves to fund applicable activities, the budget is for a deficit of £1,545,000. It is expected that property sales will be used to support the cash and free reserves position.

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 63% of the Diocesan income in 2025.

Principal funding sources

In 2024, 63.5% (2023: 59.7%) of unrestricted income of the LDBF came from the Parish Share and 13.0% (2023: 13.2%) from the National Church.

Financial sustainability

LDBF has sound financial management, however, the Trustees remain conscious of the risks associated with the Parish Share fund collection and inflating costs and therefore its ability to adequately resource diocesan activity. It is now clear Parish Share is unlikely to return to pre Covid-19 levels and budgets have been adjusted accordingly. Whilst operating deficits are expected to continue for some time, the Trustees are confident these can be absorbed through carefully managing expenditure; the appropriate utilisation of both unrestricted and restricted reserves (e.g. Pastoral Fund and Stipends Fund); and the time-limited sale of surplus property. Alongside this, funding from the Archbishops' Council continues to be used to invest in growing missional and financial strength in the Diocese. The Trustees are also monitoring the outcome of the ongoing National Diocesan Funding Review.

Going concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. As noted above, operating deficits are expected to continue for some time but the Trustees are confident that the Balance Sheet remains strong and is sufficient to absorb deficits that may arise over the near term. This will be done by carefully managing expenditure; the appropriate utilisation of both unrestricted and restricted reserves (e.g. Pastoral Fund and Stipends Fund); and the time-limited sale of surplus property. As a consequence, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Key Management remuneration policy

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

Significant Property Transactions

The net book value of land and buildings purchased and disposed of during the year totalled £1,839,000 and £2,505,000 respectively. The Leeds Board's policy is:

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

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

During the year three properties were purchased, two as replacement parsonage properties and one glebe property.

Also during the year, eight properties were sold. Of the properties sold, five were DBF properties (either being surplus curates' properties or former vicarages transferred to the DBF as part of pastoral schemes), two were parsonage properties where replacement properties had been, or will be, purchased and one was a glebe property.

Balance Sheet position

The Trustees consider that the Balance Sheet together with details in note 24 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 £221.8m (2023: £221.3m), it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £172.7m (2023: £173.6m). Much of the remainder of the assets shown in the Balance Sheet are held in restricted and endowed funds, and cannot necessarily be used for the general purposes of the LDBF.

Reserves policy

Free reserves

The Reserves Policy sets a target free reserves range of £4.1m to £5.5m. The lower bound is based on an analysis of income sources and their potential vulnerability against budgeted performance – the largest portion of this relating to Parish Share (£2.5m). The upper bound remains based on 3 months budgeted unrestricted expenditure for the following financial year. The Trustees define the free reserves as the Unrestricted Net Current Assets plus the unrestricted unlisted investments. Actual free reserves as at 31 December 2024 totalled £5.7m (2023: £5.9m). The decrease from 2023 is due to the operating deficit (excluding the pension surplus to be utilised in more than one year), partly offset by unrestricted property sales and the increase in investment valuations.

Unrestricted general funds

The general fund comprises net assets amounting to £57.4m of which £52.8m relates to tangible fixed assets, £2.7m investments and £4.5m current assets, partly offset by long-term liabilities of £2.7m.

Unrestricted 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 24. At 31 December 2024 total designated reserves were £782,000 (2023: £794,000).

Restricted and endowment funds

As set out in note 23 LDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2024 restricted funds totalled £18.7m (2023: £17.8m) and endowment funds totalled £145.0m (2023: £146.9m). These funds are not available for the general purposes of the LDBF.

Grant making policy

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

Fundraising

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

Investment policy

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

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

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

The LDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 24 provides details of the assets of each fund, together with the related purposes, and Note 17 summarises the movements in investments during the year.

During the year the LDBF divested its holdings in the CBF Church of England Property Fund and reinvested the proceeds in the CBF Church of England Investment Fund, on the basis that the long-term total return of the Investment Fund is expected to exceed that of the Property Fund. This follows the adoption of TRA on 1 January 2024, which allows for the utilisation of excess capital growth - £300k was accessed under TRA in 2024 (see note 18).

The CCLA investments total return performance against the benchmarks in 2024 were:

	Fund	Benchmark
CBF Church of England Investment Fund	5.09%	15.31%
CBF Church of England Property Fund	6.14%	5.39%

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

¹<https://www.ccla.co.uk/documents/cbf-church-england-funds-quarterly-bulletin-31-december-2024/download?inline>

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

- The financial position is closely monitored at department level, with regular reports circulated and regular meetings held with budget holders by the CFO and/or Finance Manager;
- Regular reporting to FAIC and the LDBF;
- A Cost Review exercise was presented to the Board in February 2021, which identified three levels of cost savings and are being implemented as required;
- A clear purchase authorisation process is in place: and
- The implementation of Total Return Accounting from 1 January 2024 in order to enable some of the capital growth in the Stipends Capital Fund to be used to support the operational budget.

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

- The Diocese employs a strong safeguarding team that includes specialist training support;
- Policies are aligned with those of the national church;
- All parishes are instructed to adopt and implement the National Church's safeguarding policy;
- Training is compulsory for all relevant staff and volunteers - failure to complete the training results in the removal of the ability to undertake roles and functions;
- A new safeguarding case management system has been implemented, along with a safeguarding dashboard for all parishes to use; and
- The Diocesan Safeguarding Advisory Panel, with an independent chair, continues to provide oversight on policy and practice.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese. It agrees and lays before Parliament measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Each Diocese is episcopally lead and synodically governed. The Diocese itself is divided into 21 deaneries, each with its own Deanery Synod. Within each parish there is a parochial church council, which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

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

Parochial Church Council ("PCC")

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

Parishes

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

A deanery is a group of parishes over which an Area Dean has oversight and an archdeaconry is a group of deaneries for which an Archdeacon is responsible.

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

Organisational structure

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

The company's principal activity is to assist, promote and further the religious and other charitable work of the Church of England within the Diocese of Leeds. It was incorporated 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 October 2024. The details of Trustees who served during the year are set out on page 19.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Leeds Board. The Diocesan Synod membership is elected every three years, the last general elections having been April – June 2024. The Synod elects six of the 21 Trustees of the Diocesan Board of Finance, and ratifies the nomination of a further five members. The appropriate House of the Synod elects the Chair of their House. The Chair of the House of Clergy and the Chair of the House of Laity of the Diocesan Synod are ex-officio members of the Leeds DBF. The LDBF is a separate legal entity with a governing memorandum and articles of association and has clear responsibilities under both company and charity law. Additionally, the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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

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

Decision-making structure

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

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

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

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

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

Diocesan Synod has delegated the following functions to the LDBF:

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

Committee structure

Leeds Diocesan Board of Finance

The Leeds Diocesan Board is the formal Bishop's Council, Diocesan Board of Finance, the Diocesan Mission and Pastoral Committee and Parsonage Board; its membership is set out on page 19.

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

Diocesan Board of Education ("DBE")

The DBE consists of the diocesan bishop, four members appointed by the diocesan bishop (to include: an area bishop, an archdeacon, two members of the Leeds DBF), two members elected by the Diocesan Synod, at least four but no more than six members co-opted by the DBE and up to two members co-opted by the DBE to fill any casual vacancies in those elected by the Diocesan Synod. The DBE oversees the setting of education strategy and reviews progress on an ongoing basis against this. The DBE has sub-committees with particular responsibility for Finance and Education Buildings.

Diocesan Advisory Committee ("DAC")

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

Audit Committee

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

Diocesan Mission & Pastoral Committee ("DMPC")

The membership of the Diocesan Mission and Pastoral Committee is the Leeds Board members with the exception of the five Area Bishops. The four Archdeacons who are non-Leeds Board members are ex officio members of the DMPC. The DMPC is a statutory body as set out in the Mission and Pastoral Measure 2011. The DMPC has delegated its functions, with the exception of those which may not be delegated under the Mission and Pastoral Measure, to five Episcopal Area Mission and Pastoral Committees.

Diocesan Safeguarding Advisory Panel (“DSAP”)

The Panel includes an independent chairperson, the Diocesan Bishop, a Cathedral Dean, the Lead Officer responsible for safeguarding, the Diocesan Secretary, the Registrar and individuals representing external agencies involved in safeguarding.

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

Finance, Assets and Investments Committee (“FAIC”)

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

Property Committee

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

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

Barnabas Portfolio Board

The Barnabas Portfolio Board is responsible for oversight of the delivery of strategic programmes in the Diocese. This includes monitoring performance against outcomes for the Barnabas Programme as well as oversight of the existing strategic development fund programmes which are well established. This Board reports to the Leeds Board and contains four Leeds Board members as well as nominated individuals by the Board who have relevant expertise and perspective on resource church, urban, rural and children and youth ministry.

Delegation of day to day delivery

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

Funds held as Custodian Trustee

The LDBF is the custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF’s own assets by means of a separate bank account and accounting system. Further details of financial trust

assets, whose market value amounted to £15,943,000 at 31 December 2024 (2023: £15,931,000), are available from the LDBF on request, and are summarised in Note 30. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

Related Parties

The Board enters into transactions, on a regular basis, with other autonomous organisations within the Church of England:-

- 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.

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.

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

Connected charities

The Trustees consider the following to be connected charities:

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

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

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

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

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

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

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

TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

In so far as the trustees are aware:

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

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2024. The following Trustees were in post either during the year and/or at the date of this report:

Chairman:

The Right Revd Nicholas Baines – Bishop of Leeds

Ex-officio:

The Right Revd Anthony Robinson – Area Bishop of Wakefield (to 31 August 2024)

The Right Revd Anna Eltringham – Area Bishop of Ripon

The Right Revd Arun Arora – Bishop of Kirkstall

The Right Revd Toby Howarth – Area Bishop of Bradford

The Right Revd Smitha Prasadam – Area Bishop of Huddersfield

The Revd Canon Rachel Firth – Chair of the House of Clergy of the Diocesan Synod

Canon Mr Matthew Ambler – Chair of the House of Laity of the Diocesan Synod

Elected by the Deans:

The Very Revd John Dobson – Dean of Ripon Cathedral

Elected by the Archdeacons:

The Ven Paul Ayers – Archdeacon of Leeds

Elected by:

Synod House of Clergy:

The Revd Ian Bullock (from 07 April 2025)

The Revd Eve Ridgeway (to 31 October 2024)

The Revd Gary Waddington

Synod House of Laity:

Mr Andrew Maude

Mr Christopher Thompson (to 06 January 2025)

Mr Richard Pattinson

Mr Roger Lazenby (to 31 October 2024 and from 30 April 2025)

Mr James Meredith (from 01 November 2024)

Nominated by the Board:

The Revd Eve Ridgeway (from 1 November 2024)

Canon Mr Irving Warnett

Mrs Marilyn Banister

Canon Mrs Jane Evans (to 16 October 2024)

Mrs Jan Ali

Senior staff and advisers

Diocesan Secretary

Chief Finance Officer

Director of Ministry & Mission

Director of Education

Director of Business Planning & Head of Property

Director of People and Engagement

Director of Church Revitalisation

Director of Communications

Head of Safeguarding

Head of Safeguarding

Jonathan Wood

Geoff Park

The Revd Canon Andrew Norman

Simone Bennett

John Knox

Anna Earnshaw

The Revd Jude Smith

Chris Tate

Sofia McGreavy (until 21.07.2024)

Juliette McLellan (from 22.07.2024)

LEEDS DIOCESAN BOARD OF FINANCE

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

Principal Bankers Santander, 44 Merrion Street, Leeds, LS2 8JQ
Virgin Money plc, 94 Briggate, Leeds LS1 6NP
NatWest Bank plc, Leeds City Office, 8 Park Row, Leeds, LS1 1QS
Barclays Bank plc, PO Box245, 10 Market Street, Bradford, BD1 1XW

Auditors Saffery LLP, 10 Wellington Place, Leeds, LS1 4AP

Diocesan Registrar David Whitaker, Lupton Fawcett LLP
2 The Embankment, Sovereign St, Leeds, LS1 4BA

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

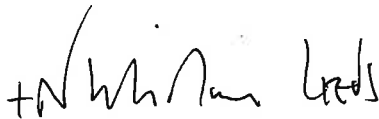
Glebe Agents Cartar Jonas, 9 Bond Street, Leeds LS1 2JZ

Insurance Brokers PIB Insurance Brokers, Poppleton Grange, York, YO26 6GZ

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

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 3 – 12 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



The Right Revd Nicholas Baines
Chairman
12 May 2025



Jonathan Wood
Secretary
12 May 2025

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2024

	Note	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
		General	Designated	Funds	Funds	2024	2023
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations	2						
Parish contributions		12,146	-	-	-	12,146	12,070
Archbishop's Council		2,483	-	2,599	-	5,082	4,376
Other donations		302	-	271	310	883	557
Charitable activities	3	1,704	-	-	-	1,704	1,725
Other activities	4	1,442	-	34	-	1,476	1,206
Investments	5	392	1	503	581	1,477	1,435
Other	6	652	-	5	33	690	2,702
Total		19,121	1	3,412	924	23,458	24,071
Expenditure on:							
Raising funds	7	-	-	-	197	197	161
Charitable activities	8	21,367	13	2,955	89	24,424	23,634
Pension surplus recognition	28	(1,339)	-	-	-	(1,339)	-
Other	9	-	-	4	121	125	521
Total		20,028	13	2,959	407	23,407	24,316
Net (expenditure)/income before investment gains		(907)	(12)	453	517	51	(245)
Net gain on investments		61	-	263	283	607	1,838
Net (expenditure)/income		(846)	(12)	716	800	658	1,593
Transfers between funds	14	2,451	-	295	(2,746)	-	-
(Losses)/gains on revaluation of fixed assets		-	-	(95)	-	(95)	21,417
Net movement in funds		1,605	(12)	916	(1,946)	563	23,010
Total funds brought forward	22	55,808	794	17,764	146,909	221,275	198,265
Total funds carried forward	23	57,413	782	18,680	144,963	221,838	221,275

All activities derive from continuing activities. The notes on pages 28 to 57 form part of the financial statements.

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2024

	Total 2024 £'000	Total 2023 £'000
Total Income	22,534	23,292
Expenditure	(23,000)	(23,584)
Operating surplus/(deficit) for the year	<u>(466)</u>	<u>(292)</u>
Net gains on investments	324	1,074
Net income for the year	<u>(142)</u>	<u>782</u>
Other comprehensive income:		
Net assets transferred from/(to) endowments	2,745	670
(Loss)/gain on revaluation of fixed assets	(95)	5,320
Total comprehensive income	<u><u>2,508</u></u>	<u><u>6,772</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 2024

Company Number – 8823593		2024		2023	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	16		172,748		173,567
Investments	17		41,533		41,549
			<u>214,281</u>		<u>215,116</u>
CURRENT ASSETS					
Debtors	19	1,917		958	
Cash on deposit		6,728		7,119	
Cash at bank and in hand		1,823		1,667	
Agency cash		2,977		3,170	
		<u>13,445</u>		<u>12,914</u>	
CREDITORS: amounts falling due within one year	20	(4,426)		(4,582)	
NET CURRENT ASSETS			<u>9,019</u>		<u>8,332</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>223,300</u>		<u>223,448</u>
CREDITORS: amounts falling due after more than one year					
Other creditors	21		(1,462)		(2,173)
NET ASSETS			<u>221,838</u>		<u>221,275</u>
FUNDS					
Endowment funds			144,963		146,909
Restricted income funds			18,680		17,764
Unrestricted income funds:			57,413		55,808
Designated funds			782		794
TOTAL FUNDS	22		<u>221,838</u>		<u>221,275</u>

The Notes (pages 28 to 57) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 12 May 2025 and signed on behalf of the Board by:



THE RIGHT REV'D NICHOLAS BAINES

CASH FLOW STATEMENT

For the year ended 31 December 2024

	2024		2023	
	£'000	£'000	£'000	£'000
Net cash outflow from operating activities		(3,055)		(3,428)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,476		1,435	
Interest paid	(75)		(79)	
Proceeds from the sale of:-				
Tangible fixed assets	2,749		4,740	
Fixed asset investments	7,769		554	
Purchase of:-				
Tangible fixed assets for the use of the LDBF	(1,839)		(1,646)	
Fixed asset investments	(7,156)		(220)	
Net cash provided by investing activities		2,924		4,784
Cash flows from financing activities				
Loans repaid to / (issued by) the LDBF	93		(132)	
VLLs repaid due to property disposal	(290)		(324)	
Permanent loans repaid	(100)		(100)	
Net cash used in financing activities		(297)		(556)
Change in cash and cash equivalents in the reporting period		(428)		800
Cash and cash equivalents at 1 January		11,956		11,156
Cash and cash equivalents at 31 December		11,528		11,956
Reconciliation of net income before investment gains / losses				
Net movement before investment gains at 31 December		51		(245)
Adjustments for:				
Depreciation charges		58		32
Dividends, interest and rent from investments		(1,476)		(1,435)
Interest paid		75		79
Loss on sale of fixed assets		125		521
Profit on sale of fixed assets		(361)		(1,839)
Pension surplus recognition		(1,339)		-
Decrease in debtors		288		202
Decrease in creditors		(476)		(465)
Value-Linked Loans revaluation		-		(278)
Net cash used in operating activities		(3,055)		(3,428)
Analysis of cash and cash equivalents				
Cash in hand		4,800		4,837
Notice deposits (less than 3 months)		6,728		7,119
		11,528		11,956

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. ACCOUNTING POLICIES

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

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

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. As noted above, operating deficits are expected to continue for some time but the Trustees are confident that the Balance Sheet remains strong and is sufficient to absorb deficits that may arise over the near term. This will be done by carefully managing expenditure; the appropriate utilisation of both unrestricted and restricted reserves (e.g. Pastoral Fund and Stipends Fund); and the time-limited sale of surplus property. 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.

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 LDBF 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 Leeds 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 SOFA 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

1. ACCOUNTING POLICIES (continued)

- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the Diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund ('CWPF') or TPT's Flexible Retirement Plan and Clergy are members of the Church of England Funded Pensions Scheme (see note 28). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at present value in creditors distinguished between contributions falling due within one year and after more than one year. However, the CWPF scheme is in surplus so no contributions were made in the year. Rather, this scheme's usable surplus has been recognised in the year at net present value and will be released in future years to offset employer contributions for current participating employees.

c) **Tangible fixed assets and depreciation**

Capitalisation of property expenditure

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

Freehold properties

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

Properties subject to value linked loans

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

Investment properties

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

Parsonage houses

The LDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The LDBF is formally responsible for the maintenance and repair of such

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

1. ACCOUNTING POLICIES (continued)

properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent.

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

Schools

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

d) Other tangible fixed assets

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

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

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

e) Key judgements

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

- Land & Buildings are deemed to have unlimited useful lives. All other tangible fixed assets are considered to have three-year useful economic lives.
- Land and Buildings are not depreciated because of the high residual value based on current prices and any depreciation charge and the accumulated depreciation are regarded as not material. These assets are considered to have a long unexpired life due to a policy and practice of regular structural maintenance and a policy and practice of disposing of similar properties well before the end of their useful life.
- The assumptions underlying the valuation of the pension scheme assets / liabilities are set out in note 28.

f) Other accounting policies

- i) **Fixed asset investments** are included in the Balance Sheet at market value and the gain or loss taken to the SOFA.
- ii) **Leases.** The LDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is amortised over the whole period of the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

1. ACCOUNTING POLICIES (continued)

g) Fund balances

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

- i) Unrestricted funds are the LDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the LDBF. There are two types of unrestricted funds:
- General funds which the LDBF intends to use for the general purposes of the LDBF; and
 - Designated funds set aside out of unrestricted funds by the LDBF for a purpose specified by the Trustees
- ii) Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- iii) Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.
- iv) In November 2023 the LDBF passed a resolution, under section 104A of the Charities Act 2011 as amended by the Trust (Capital and Income) Act 2013, to adopt Total Return Accounting and apply this to the Stipend Capital Fund within the endowment funds from 1 January 2024. See Note 18 for further details.
- v) "Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the LDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2. DONATIONS

The majority of donations are collected from parishes of the Diocese through the Parish Share system.

Parish contributions

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2024 £'000	2023 £'000
Apportionment	15,259	-	-	-	15,259	15,749
Shortfall in receipts	(3,499)	-	-	-	(3,499)	(3,957)
	<u>11,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,760</u>	<u>11,792</u>
Previous years share	211	-	-	-	211	181
Voluntary share	175	-	-	-	175	97
Total Income	<u>12,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,146</u>	<u>12,070</u>

Current year Parish Share receipts represent 77.1% of the total apportioned (2023 – 74.9%), or, when other voluntary contributions and receipts for previous years are included, 79.6% of the total apportioned (2023 – 76.6%). 2023 comparatives are for the general fund only.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

2. DONATIONS (continued)

Archbishops' Council

2024	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
	General £'000	Designated £'000			
Transition Funding and Lowest Income	2,483	-	-	-	2,483
Capacity Funding	-	-	178	-	178
MES Grant	-	-	5	-	5
RME Grant	-	-	(79)	-	(79)
DIP Grants	-	-	2,116	-	2,116
Other National Church Grants	-	-	379	-	379
Total Income	2,483	-	2,599	-	5,082

2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
Transition Funding and Lowest Income	2,667	-	-	-	2,667
Capacity Funding	-	-	141	-	141
MES Grant	-	-	9	-	9
RME Grant	-	-	319	-	319
DIP Grants	-	-	1,240	-	1,240
Total Income	2,667	-	1,709	-	4,376

The Lowest Income Communities Grant and Transition Funding are annual grants, 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 Archbishops' Council for the training of ordinands. In 2023 the Diocesan Investment Programme ('DIP') was created, which brought together previous funding streams including SDF ('Strategic Development Funding') and SMF ('Strategic Ministry Funding') grants, which were for specific strategic projects and growth in the number of clergy by funding curates respectively. In 2024 DIP grants were received principally in relation to developing Resourcing Churches in Leeds and Bradford, the Diocesan Intern Scheme, funding curates and the Barnabas programme. The MES grant ('Ministry Experience Scheme') is provided by the Archbishops' Council to help fund a scheme for those exploring ordination. In 2024 Other National Church Grants were received towards Net Zero Carbon work, a Church Buildings Support Officer, Buildings for Mission grants and Racial Justice initiatives.

Other donations

2024	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Benefact Trust Grant	202	-	-	-	202
Property Grants	46	-	-	-	46
Other Grants	-	-	40	-	40
Recognition of Trust Funds	-	-	178	310	488
Legacies	50	-	50	-	100
Other Donations	4	-	3	-	7
	302	-	271	310	883

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

2. DONATIONS (continued)

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
2023					
Benefact Trust Grant	245	-	-	-	245
Property Grants	14	-	-	-	14
Other Grants	-	-	42	-	42
Recognition of Trust Funds	-	-	50	170	220
Legacies	32	-	-	-	32
Other Donations	4	-	-	-	4
	<u>295</u>	<u>-</u>	<u>92</u>	<u>170</u>	<u>557</u>

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds	Total funds
	General £'000	Designated £'000			2024 £'000	2023 £'000
Statutory fees	889	-	-	-	889	922
Legal & Professional	89	-	-	-	89	103
School Services	419	-	-	-	419	439
Retreat Centre	307	-	-	-	307	261
	<u>1,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,704</u>	<u>1,725</u>

2023 comparatives are for the general fund only.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds
	General £'000	Designated £'000			2024 £'000
2024					
Housing income	1,288	-	7	-	1,295
Outside funding	31	-	-	-	31
Training income	33	-	-	-	33
Miscellaneous	90	-	27	-	117
	<u>1,442</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>1,476</u>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds
	General £'000	Designated £'000			2023 £'000
2023					
Housing income	1,055	-	6	-	1,061
Outside Funding	10	-	-	-	10
Training income	38	-	-	-	38
Miscellaneous	97	-	-	-	97
	<u>1,200</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>1,206</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
2024					
Dividends receivable	100	-	462	546	1,108
Interest receivable	292	1	41	35	369
	<u>392</u>	<u>1</u>	<u>503</u>	<u>581</u>	<u>1,477</u>
	<u><u>392</u></u>	<u><u>1</u></u>	<u><u>503</u></u>	<u><u>581</u></u>	<u><u>1,477</u></u>
2023	£'000	£'000	£'000	£'000	£'000
Dividends receivable	635	-	424	138	1,197
Interest receivable	188	-	22	28	238
	<u>823</u>	<u>-</u>	<u>446</u>	<u>166</u>	<u>1,435</u>
	<u><u>823</u></u>	<u><u>-</u></u>	<u><u>446</u></u>	<u><u>166</u></u>	<u><u>1,435</u></u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
	General £'000	Designated £'000			
2024					
Gain on sale of investments	10	-	5	8	23
Gain on sale of properties	312	-	-	25	337
Insurance and compensation claims	330	-	-	-	330
	<u>652</u>	<u>-</u>	<u>5</u>	<u>33</u>	<u>690</u>
	<u><u>652</u></u>	<u><u>-</u></u>	<u><u>5</u></u>	<u><u>33</u></u>	<u><u>690</u></u>
2023	£'000	£'000	£'000	£'000	£'000
Gain on sale of investments	-	-	-	218	218
Gain on sale of properties	571	-	825	225	1,621
Insurance and compensation claims	863	-	-	-	863
	<u>1,434</u>	<u>-</u>	<u>825</u>	<u>443</u>	<u>2,702</u>
	<u><u>1,434</u></u>	<u><u>-</u></u>	<u><u>825</u></u>	<u><u>443</u></u>	<u><u>2,702</u></u>

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
Maintenance of Glebe	-	-	-	197	197	161
	<u>-</u>	<u>-</u>	<u>-</u>	<u>197</u>	<u>197</u>	<u>161</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>197</u></u>	<u><u>197</u></u>	<u><u>161</u></u>

2023 comparatives are for the endowed fund only.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

8. CHARITABLE ACTIVITIES

2024	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
	General £'000	Designated £'000			
Contributions to					
Archbishops' Council					
Training for Ministry	496	-	-	-	496
National Church Responsibilities	347	-	-	-	347
Mission agency pension costs	-	-	-	-	-
Retired clergy housing costs	207	-	-	-	207
Pooling of ordinands' maintenance grants	94	-	-	-	94
	<u>1,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,144</u>
Resourcing Ministry and					
Mission					
Stipends and national insurance	9,194	-	437	-	9,631
Pension contributions	1,836	-	121	-	1,957
Housing costs	4,063	13	160	-	4,236
Removal, resettlement and grants	295	-	-	-	295
Other expenses	248	-	-	-	248
	<u>15,636</u>	<u>13</u>	<u>718</u>	<u>-</u>	<u>16,367</u>
Support for parish ministry	3,442	-	2,014	89	5,545
Retreat Centre	367	-	-	-	367
	<u>19,445</u>	<u>13</u>	<u>2,732</u>	<u>89</u>	<u>22,279</u>
Expenditure on Education					
Church Schools	778	-	223	-	1,001
	<u>21,367</u>	<u>13</u>	<u>2,955</u>	<u>89</u>	<u>24,424</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

8. CHARITABLE ACTIVITIES (continued)

2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
Contributions to					
Archbishops' Council					
Training for Ministry	500	-	-	-	500
National Church Responsibilities	344	-	-	-	344
Mission agency pension costs	16	-	-	-	16
Retired clergy housing costs	198	-	-	-	198
Pooling of ordinands maintenance grants	81	-	-	-	81
	<u>1,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,139</u>
Resourcing Ministry and					
Mission					
Stipends and national insurance	8,900	-	456	-	9,356
Pension contributions	1,995	-	115	-	2,110
Housing costs	4,108	1	128	-	4,237
Removal, resettlement and grants	289	-	-	-	289
Other expenses	242	-	-	-	242
	<u>15,534</u>	<u>1</u>	<u>699</u>	<u>-</u>	<u>16,234</u>
Support for parish ministry	3,929	-	962	76	4,967
Retreat Centre	301	-	-	-	301
	<u>19,764</u>	<u>1</u>	<u>1,661</u>	<u>76</u>	<u>21,502</u>
Expenditure on Education					
Church Schools	829	-	164	-	993
	<u>21,732</u>	<u>1</u>	<u>1,825</u>	<u>76</u>	<u>23,634</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

9. OTHER RESOURCES EXPENDED

2024	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on sale of investment	-	-	4	27	31
Loss on sale of properties	-	-	-	94	94
	<u>-</u>	<u>-</u>	<u>4</u>	<u>121</u>	<u>125</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4</u></u>	<u><u>121</u></u>	<u><u>125</u></u>
2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on sale of properties	-	-	26	-	26
Loss on transfer of properties	-	-	-	495	495
	<u>-</u>	<u>-</u>	<u>26</u>	<u>495</u>	<u>521</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>26</u></u>	<u><u>495</u></u>	<u><u>521</u></u>

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2024	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs £'000
	Raising funds	197	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,144	-	1,144
Resourcing parish ministry	20,106	861	945	21,912
Education	741	-	260	1,001
Retreat Centre	367	-	-	367
Other	125	-	-	125
	<u>21,536</u>	<u>2,005</u>	<u>1,205</u>	<u>24,746</u>
	<u><u>21,536</u></u>	<u><u>2,005</u></u>	<u><u>1,205</u></u>	<u><u>24,746</u></u>
2023	£'000	£'000	£'000	£'000
Raising funds	161	-	-	161
Charitable activities:				
Contributions to Archbishops' Council	-	1,139	-	1,139
Resourcing parish ministry	19,343	793	1,065	21,201
Education	681	-	312	993
Retreat Centre	301	-	-	301
Other	521	-	-	521
	<u>21,007</u>	<u>1,932</u>	<u>1,377</u>	<u>24,316</u>
	<u><u>21,007</u></u>	<u><u>1,932</u></u>	<u><u>1,377</u></u>	<u><u>24,316</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2024 £'000	2023 £000
Central administration	607	-	-	-	607	729
Support for Schools	260	-	-	-	260	312
Governance:						
External audit	34	-	-	-	34	32
Registrar and Chancellor	261	-	-	-	261	261
Synodical costs	43	-	-	-	43	43
	<u>1,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,205</u>	<u>1,377</u>

2023 comparatives are for the general fund only.

12. ANALYSIS OF GRANTS MADE

2024	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	12	-	1,144	1,144
From unrestricted funds:				
Clergy Training	690	80	-	80
Clergy Grants (Removal, First appointment, resettlement)	182	293	-	293
Ordination	43	30	-	30
Vocation grants	278	141	-	141
Mission Grants	41	-	58	58
	<u>1,234</u>	<u>544</u>	<u>58</u>	<u>602</u>
From restricted funds for various purposes within resourcing parish ministry:				
PCC Building Grants	54	-	112	112
PCC Energy Grants	1	-	1	1
PCC Other Grants	2	-	7	7
Education	2	-	79	79
Youth	21	-	2	2
Clergy and employed lay	35	44	-	44
	<u>115</u>	<u>44</u>	<u>201</u>	<u>245</u>
From endowment funds for various purposes within resourcing parish ministry:				
PCC Building Grants	6	-	14	14
Rural churches	1	-	1	1
	<u>7</u>	<u>-</u>	<u>15</u>	<u>15</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

12. ANALYSIS OF GRANTS MADE (continued)

2023	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	12	-	1,139	1,139
From unrestricted funds:				
Clergy Training	778	78	-	78
Clergy Grants (Removal, First appointment, resettlement)	189	292	-	292
Ordination	30	33	-	33
Vocation grants	272	133	-	133
Mission Grants	35	-	47	47
	<u>1,304</u>	<u>536</u>	<u>47</u>	<u>583</u>
From restricted funds for various purposes within resourcing parish ministry:				
PCC Building Grants	28	-	51	51
Education	1	-	90	90
Clergy properties	1	-	14	14
Youth	16	-	2	2
Clergy and employed lay	63	44	-	44
	<u>109</u>	<u>44</u>	<u>157</u>	<u>201</u>
From endowment funds for various purposes within resourcing parish ministry:				
PCC Building Grants	9	-	9	9
	<u>1,434</u>	<u>580</u>	<u>1,352</u>	<u>1,932</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

13. STAFF COSTS

	2024	2023
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	3,401	3,162
Apprenticeship levy	2	1
National insurance contributions	346	310
Pension contributions	324	294
Staff Costs	<u>4,073</u>	<u>3,767</u>
Pension asset release	<u>(223)</u>	<u>-</u>
Total Staff Costs	<u><u>3,850</u></u>	<u><u>3,767</u></u>

The pension asset release is the utilisation of the Church Workers Pension Fund surplus being used to offset the LDBF contributions to the scheme in the year. See Note 28 for further details.

The average number of persons employed by the LDBF during 2024 were:

	2024	2023
	Number	Number
Support for Ministry	76	75
Education	12	12
Retreat House	11	11
	<u>99</u>	<u>98</u>

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

	2024	2023
	Number	Number
Support for Ministry	63	62
Education	12	12
Retreat House	6	6
	<u>81</u>	<u>80</u>

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

	2024	2023
	Number	Number
£60,001 - £70,000	4	3
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
£90,001 - £100,000	1	1
	<u><u>8</u></u>	<u><u>6</u></u>

Pension payments of £47,000 were made for these 8 employees (2023: 6 employees £54,000). Included in the above is one employee who is employed by the LDBF but works as Chair of the Diocesan Secretaries Liaison Group. This role is fully funded by a grant from the National Church.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

13. STAFF COSTS (continued)**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2024 they were:

Diocesan Secretary	Jonathan Wood
Chief Finance Officer	Geoff Park
Director of Ministry & Mission	The Revd Canon Andrew Norman
Director of Education	Simone Bennett
Director of Business Planning & Head of Property	John Knox
Director of People and Engagement	Anna Earnshaw
Director of Church Revitalisation	The Revd Jude Smith
Director of Communications	Chris Tate
Head of Safeguarding	Sofia McGreavy (until 21.07.2024)
Head of Safeguarding	Juliette Mclellan (from 22.07.2024)

Remuneration, pensions and expenses for these 10 employees amounted to £649,000 (2023: 9 employees £659,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £Nil (2023 – £Nil) in respect of Trustee duties.

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

	Stipend	Housing
The Right Revd Anthony Robinson	No	Yes
The Right Revd Anna Eltringham	No	Yes
The Right Revd Toby Howarth	No	Yes
The Right Revd Smitha Prasadam	No	Yes
The Right Revd Arun Arora	No	Yes
The Ven Paul Ayers	Yes	Yes
The Revd Canon Rachel Firth	Yes	Yes
The Revd Eve Ridgeway	Yes	Yes
The Revd Garry Waddington	Yes	Yes

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

13. STAFF COSTS (continued)

The LDBF paid an average of 302 (2023 – 312) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2024	2023 (Restated)
	£'000	£'000
Stipends	8,874	8,637
Apprentice Levy	39	39
National insurance contributions	717	680
Pension contributions	1,957	2,110
Total	<u>11,587</u>	<u>11,466</u>

Stipends include £NIL redundancy payments (2023 – £39,000 to one clergy).

The stipends of the six 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 £42,350 - £51,910 (2023: £39,953 - £48,972). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2023 was £41,812 (2023: £39,445) and other clergy who were Trustees were paid in the range £29,333 - £31,093 (2023: £27,059 – £29,333).

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
Transfer Parsonage House to Pastoral Fund	-	-	595	(595)
Transfer of S554 funds to General Funds to support Board of Education expenditure	300	-	(300)	-
Total Return transfer from Stipends Capital to General Funds (Note 18)	805	-	-	(805)
Transfer of housing assets following Pastoral Schemes	1,346	-	-	(1,346)
	<u>2,451</u>	<u>-</u>	<u>295</u>	<u>(2,746)</u>

Transfers from restricted to unrestricted funds of £0.3m were undertaken to support the work of the Board of Education.

The transfer of six houses took place on the completion of Pastoral Schemes, resulting in transfers of £1.3m from benefice funds to unrestricted funds. Whilst one house was transferred from benefice funds to the Pastoral Fund with a value of £0.6m.

Within endowment funds (and therefore not visible above) £0.6m was transferred from glebe land to the stipends fund capital being the proceeds on sale of these assets, and £0.4m from the stipends fund capital to glebe housing on the purchase of a new property. Additionally, £0.2m was transferred from benefice housing to stipends fund capital following the swap of a parsonage property, which resulted in surplus funds. Also within endowment funds, is the transfer of £1.3m from the maintenance of ministry fund to the stipends fund capital.

Following the adoption of total return accounting in 2024, £0.8m has been transferred from the stipends fund capital to general, unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

15. FINANCIAL INSTRUMENTS

	2024	2023
	£'000	£'000
Financial assets measured at fair value	34,243	33,729
Financial assets measured at amortised cost	578	958
Financial liabilities measured at amortised cost	4,334	4,833
Financial liabilities measured at fair value	1,554	1,922

Financial assets measured at fair value comprise unlisted investments.

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

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

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

16. TANGIBLE FIXED ASSETS

	Freehold properties	Office equipment	Fixtures & Fittings	Benefice properties	Pastoral Fund	School House	Glebe properties	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2024	52,597	821	351	101,898	-	308	18,525	174,500
Additions	17	-	119	1,170	-	-	533	1,839
Disposals	(1,515)	-	-	(700)	-	-	(290)	(2,505)
Reclassified in period	1,346	-	-	(1,941)	595	-	-	-
Revaluation	-	-	-	-	(95)	-	-	(95)
At 31 December 2024	52,445	821	470	100,427	500	308	18,768	173,739
Depreciation								
At 1 January 2024	-	821	26	-	-	86	-	933
Charge for the year	-	-	52	-	-	6	-	58
At 31 December 2024	-	821	78	-	-	92	-	991
Net Book Value								
At 31 December 2024	52,445	-	392	100,427	500	216	18,768	172,748
At 31 December 2023	52,597	-	325	101,898	-	222	18,525	173,567

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 £4,500,000 (2023: £5,010,000). Of the total land and buildings at 31 December 2024, £NIL are valued at cost (2023: £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 2023 by Nigel Tapp BSc MRICS of Tapp Chartered Surveyors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

17. FIXED ASSETS INVESTMENTS

	At 1 January 2024 £'000	Additions £'000	Disposals £'000	Transfers Value £'000	Change in Market Value £'000	At 31 December 2024 £'000
Unrestricted funds						
Unlisted investments	2,679	-	-	-	61	2,740
Designated funds						
Unlisted investments	15	-	(15)	-	-	-
Restricted funds						
Unlisted investments	14,012	2,467	(2,466)	-	263	14,276
Endowment funds						
Investment property	7,820	-	(530)	-	-	7,290
Unlisted investments	17,023	4,687	(4,766)	-	283	17,227
	24,843	4,687	(5,296)	-	283	24,517
Total	41,549	7,154	(7,777)	-	607	41,533

18. Total Return Accounting

	Trust for Investment £'000	Unapplied Total Return £'000	Total £'000
As at 1 January 2024			
Base Value of Permanent Endowment	7,757	-	7,757
Unapplied Total Return	-	6,957	6,957
Total	7,757	6,957	14,714
Recognition of endowment funds	212	-	212
Investment returns: dividends received [^]	-	505	505
Investment returns: realised and unrealised gains	-	240	240
Unapplied total return applied to income during the year	-	(805)	(805)
Net movements in the year	212	(60)	152
As at 31 December 2024			
Base Value of Permanent Endowment	7,969	-	7,969
Unapplied Total Return	-	6,897	6,897
Total	7,969	6,897	14,866

[^] Dividends received are net of investment fees.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

18. Total Return Accounting (continued)

From 1 January 2024 the LDBF has adopted a total return approach to investments with regard to the Stipend Capital Fund, which, following the transfer of the maintenance of ministry funds, was valued at £14,714,000 at 1 January 2024. The initial base values for implementing total return were determined at 30 June 2009 and valued at £7,757,000. The unapplied total return was set at £6,957,000, as the increase in the value of these investments since the initial valuation.

As agreed by the LDBF Board in November 2023, the spending policy was set as the income generated from the Stipends Capital Fund plus £300,000, inflated by 2% per annum. This being the amount to be transferred to income. The Board also agreed that an internal Inflation Reserve should be set at a flat rate of 2% increase per annum. Both the increase in drawdown and the rate used for the Inflation Reserve will be reviewed and agreed by the Finance, Assets and Investments Committee each year.

During 2024, additional endowment funds of £212,000 were recognised, being parish stipends capital funds that have previously been held as custodian trustee investments but which, on review, can only be utilised by the LDBF. Investment gains were £240,000 in 2024. Dividends (net of fees) amounted to £505,000, and so together with the £300,000 drawdown agreed by the Leeds Board, total income transferred to unrestricted funds in the year was £805,000. The closing value of Stipends Capital Fund investments was £14,866,000 at 31 December 2024, an increase of £152,000 on the opening position.

19. DEBTORS

	2024	2023
	£'000	£'000
Due within one year		
Loans to parishes	52	144
Pension surplus	199	-
Other debtors and prepayments	487	775
	<u>738</u>	<u>919</u>
Due after more than one year		
Loans to parishes	39	39
Pension surplus	1,140	-
Total debtors	<u><u>1,179</u></u>	<u><u>958</u></u>

20. CREDITORS: amount falling due within one year

	2024	2023
	£'000	£'000
Loan repayment instalments due in one year		
Church Commissioners value-linked loans	243	-
Church Commissioners other loans	100	100
Other taxes and social security	87	82
Other creditors and accruals	3,996	4,400
Total creditors: amounts falling due within one year	<u><u>4,426</u></u>	<u><u>4,582</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

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

	2024	2023
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	1,311	1,922
Church Commissioners other loans	151	251
	<u>1,462</u>	<u>2,173</u>
Total creditors: amounts falling due after more than one year	<u><u>1,462</u></u>	<u><u>2,173</u></u>
The maturity of the above loans may be analysed as follows:		
Between one and two years	98	100
Between two and five years	53	151
In five years or more	1,311	1,922
	<u>1,462</u>	<u>2,173</u>
	<u><u>1,462</u></u>	<u><u>2,173</u></u>

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; the amount falling due after more than one year all relates to the General Fund. These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, with the final loan repayable in 2028. The loans bear interest rates between 7.7% and 10.34%, which is borne by the LDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the LDBF.

Value-linked loans (VLLs) are funds advanced to the LDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. The loans are held at fair value based on the latest valuations of the linked properties, with valuations taking place every 5 years. The latest valuation took place at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

22. SUMMARY OF FUND MOVEMENTS

2024	Balances at					Balances at
	1 January 2024 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	
UNRESTRICTED FUNDS						
General	55,808	19,121	(20,028)	2,451	61	57,413
DESIGNATED FUNDS						
Archdeacons Discretionary	14	1	-	-	-	15
Ingrow Fund	20	-	-	-	-	20
Mission Fund	621	-	-	-	-	621
Carbon Reduction Fund	139	-	(13)	-	-	126
	794	1	(13)	-	-	782
RESTRICTED FUNDS						
Section 554 Education	6,536	392	(226)	(300)	107	6,509
Clergy & Dependants hardship funds	121	24	(28)	-	1	118
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	41	3	-	-	-	44
Retreat House support funds	46	56	-	-	-	102
Local Parochial purposes	108	2	(6)	-	1	105
Appeals & specific purposes	73	44	(2)	-	-	115
Clergy & lay stipend augmentation	163	1	-	-	-	164
Church building repair funds	433	14	(53)	-	9	403
Housing repair funds	14	14	(8)	-	-	20
Pastoral Account	7,372	180	(103)	595	4	8,048
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,691	56	-	-	28	1,775
Training for ministry funds	979	(48)	(45)	-	18	904
NCI Diocesan Investment Programme	109	2,117	(2,162)	-	-	64
Other NCI Funding	16	557	(325)	-	-	248
Parish Energy Support Grants	10	-	(1)	-	-	9
	17,764	3,412	(2,959)	295	168	18,680
ENDOWMENT FUNDS						
Permanent						
Stipends Capital – investments	14,042	836	(205)	192	231	15,096
Glebe properties	18,525	-	-	243	-	18,768
Benefice properties	101,897	26	(94)	(1,402)	-	100,427
Glebe land	7,820	-	(19)	(511)	-	7,290
Expendable						
General purposes & administration	212	-	(1)	-	-	211
Maintenance of Ministry	1,268	-	-	(1,268)	-	-
Training for ministry funds	142	-	-	-	3	145
Clergy & dependants hardship funds	1,424	45	(15)	-	21	1,475
Local Parochial purposes	578	-	-	-	9	587
Church building repair funds	580	13	(73)	-	9	529
Housing repair funds	99	3	-	-	3	105
Local Education Funds	108	-	-	-	2	110
Funds to support Religious Education	171	-	-	-	3	174
Appeal funds & specific purposes	43	1	-	-	2	46
	146,909	924	(407)	(2,746)	283	144,963
	221,275	23,458	(23,407)	-	512	221,838

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

22. SUMMARY OF FUND MOVEMENTS (continued)

2023	Balances at				Gains and Losses £'000	Balances at 31 December 2023 £'000
	1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000		
UNRESTRICTED FUNDS						
General	50,221	20,214	(21,732)	1,553	5,552	55,808
DESIGNATED FUNDS						
Archdeacons Discretionary	11	-	-	-	1	12
Ingrow Fund	20	-	-	-	-	20
Mission Fund	621	-	-	-	-	621
Carbon Reduction Fund	142	-	(1)	-	-	141
	794	-	(1)	-	1	794
RESTRICTED FUNDS						
Section 554 Education	6,503	207	(164)	(325)	315	6,536
Clergy & Dependants hardship funds	114	35	(33)	-	5	121
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	37	3	-	-	1	41
Retreat House support funds	37	9	-	-	-	46
Local Parochial purposes	14	52	-	42	-	108
Appeals & specific purposes	70	6	(3)	-	-	73
Clergy & lay stipend augmentation	163	-	-	-	-	163
Church building repair funds	396	13	(11)	-	35	433
Housing repair funds	-	19	(5)	-	-	14
Pastoral Account	6,613	976	(26)	(500)	309	7,372
Managing Trustees funds	51	-	-	-	-	51
Ingfield funds	1,597	49	-	(50)	95	1,691
Training for ministry funds	891	327	(270)	(50)	81	979
NCI Diocesan Investment Programme	83	801	(775)	-	-	109
Other NCI Funding	-	581	(565)	-	-	16
Parish Energy Support Grants	9	-	1	-	-	10
	16,579	3,078	(1,851)	(883)	841	17,764
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	13,349	9	(161)	360	485	14,042
Glebe Properties	16,040	-	-	353	2,132	18,525
Benefice Properties	92,634	226	(495)	(829)	10,361	101,897
Glebe Land	4,552	218	-	(554)	3604	7,820
Expendable						
General purposes & administration	212	-	-	-	-	212
Maintenance of Ministry	1,121	41	-	-	106	1,268
Training for ministry funds	117	25	-	-	-	142
Clergy & dependants hardship funds	1,242	109	(11)	-	84	1,424
Local Parochial purposes	544	-	-	-	34	578
Church building repair funds	563	52	(65)	-	30	580
Housing repair funds	-	99	-	-	-	99
Local Education Funds	98	-	-	-	10	108
Religious Education support	156	-	-	-	15	171
Appeal funds & specific purposes	43	-	-	-	-	43
	130,671	779	(732)	(670)	16,861	146,909
	198,265	24,071	(24,316)	-	23,255	221,275

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

23. SUMMARY OF ASSETS BY FUND

2024	Fixed assets		Other	Creditors £'000	Net
	Tangible £'000	Investments £'000	Assets £'000		Assets £'000
Unrestricted funds – General	52,837	2,740	4,520	(2,684)	57,413
Unrestricted - designated					
Archdeacons Discretionary	-	-	15	-	15
Ingrow Fund	-	-	20	-	20
Mission Fund	-	-	621	-	621
Carbon Reduction Fund	-	-	126	-	126
	-	-	782	-	782
Restricted					
Section 554 Education	216	6,115	178	-	6,509
Clergy & Dependants hardship funds	-	55	63	-	118
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	13	31	-	44
Retreat House support funds	-	-	102	-	102
Local Parochial purposes funds	-	51	54	-	105
Appeals & specific purposes	-	-	339	(224)	115
Clergy & lay stipend augmentation	-	-	164	-	164
Church building repair funds	-	416	(13)	-	403
Housing repair funds	-	-	20	-	20
Pastoral Account	500	5,453	2,095	-	8,048
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,372	403	-	1,775
Training for ministry funds	-	801	103	-	904
NCI Diocesan Investment Programme	-	-	64	-	64
Other NCI Funds	-	-	248	-	248
Parish Energy Support Grants	-	-	9	-	9
Schools LCVAP Building Programme	-	-	2,977	(2,977)	-
	716	14,276	6,889	(3,201)	18,680
Endowment					
Permanent					
Stipends fund capital	-	14,866	230	-	15,096
Benefice houses	100,427	-	-	-	100,427
Glebe Land	-	7,290	-	-	7,290
Glebe Properties	18,768	-	-	-	18,768
Expendable					
General Purposes	-	-	211	-	211
Maintenance of Ministry	-	-	-	-	-
Appeal funds & other specific purposes	-	3	46	(3)	46
Church building repair funds	-	401	128	-	529
Housing repair funds	-	77	28	-	105
Training for Ministry	-	145	-	-	145
Clergy & Dependants hardship funds	-	1,052	423	-	1,475
Local Parochial purposes funds	-	399	188	-	587
Local Educational Funds	-	110	-	-	110
Religious Education support funds	-	174	-	-	174
	119,195	24,517	1,254	(3)	144,963
Total funds	172,748	41,533	13,445	(5,888)	221,838

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

23. SUMMARY OF ASSETS BY FUND

2023	Fixed assets		Other Assets £'000	Creditors £'000	Net Assets £'000
	Tangible £'000	Investments £'000			
Unrestricted funds – General	52,922	2,679	3,560	(3,353)	55,808
Unrestricted - designated					
Archdeacons Discretionary	-	15	1	(2)	14
Ingrow Fund	-	-	19	-	19
Mission Fund	-	-	621	-	621
Carbon Reduction Fund	-	-	140	-	140
	-	15	781	(2)	794
Restricted					
Section 554 Education	222	6,008	306	-	6,536
Clergy & Dependants hardship funds	-	54	67	-	121
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	13	28	-	41
Retreat House support funds	-	-	46	-	46
Local Parochial purposes funds	-	50	58	-	108
Appeals & specific purposes	-	-	301	(228)	73
Clergy & lay stipend augmentation	-	-	164	-	164
Church building repair funds	-	406	27	-	433
Housing repair funds	-	-	14	-	14
Pastoral Account	-	5,354	2,019	-	7,373
Managing Trustees	-	-	50	-	50
Inglefield funds	-	1,344	347	-	1,691
Training for ministry funds	-	783	196	-	979
NCI Diocesan Investment Programme	-	-	109	-	109
Other NCI Funds	-	-	15	-	15
Parish Energy Support Grants	-	-	10	-	10
Schools LCVAP Building Programme	-	-	3,170	(3,170)	-
	222	14,012	6,928	(3,398)	17,764
Endowment					
Permanent					
Stipends fund capital	-	13,448	594	-	14,042
Benefice houses	101,898	-	-	-	101,898
Glebe Land	-	7,820	-	-	7,820
Glebe Property	18,525	-	-	-	18,525
Expendable					
General Purposes	-	-	212	-	212
Maintenance of Ministry	-	1,266	2	-	1,268
Training for Ministry	-	143	-	-	143
Clergy & Dependants hardship funds	-	1,029	393	-	1,422
Local Educational Funds	-	108	-	-	108
Local Parochial purposes funds	-	390	188	-	578
Church building repair funds	-	393	188	-	581
Housing repair funds	-	74	25	-	99
Religious Education support funds	-	170	-	-	170
Appeal funds & other specific purposes	-	2	43	(2)	43
	120,423	24,843	1,645	(2)	146,909
Total funds	173,567	41,549	12,914	(6,755)	221,275

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

24. DESCRIPTION OF FUNDS

Fund category	Purpose	Funds included in this category
General fund	The general fund is the LDBF's unrestricted undesignated fund available for any of the LDBF's purposes without restriction.	
Archdeacons Discretionary Fund	Represents grants received set aside to be used at the discretion of Archdeacons.	
Ingrow Fund	Funds from the bequest of Nora Curry left for the benefit of the parish of Ingrow.	
Mission Fund	Funds to support future SDF projects and the creation of a Parish Growth Fund.	
Carbon Reduction Fund	Funds to enable adjustments to our buildings that reduce their carbon footprint	
Section 554	Established under S86 of the Education Act 1993. Capital monies to develop or build new or existing voluntary aided schools or maintain such schools or contribute to educational purposes.	
Clergy and dependents hardship funds	Funds to provide relief of clergy and their dependents in financial hardship.	Clergy Stipend Trust, Clergy Widow and Dependents, Queen Victoria Trust, Leeds Diocese Charitable Society Trust, Aid to Parish Clergy, Widows, Clergy Retirement, Education Grants, Birstall Deanery Fund
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, Samaritans Fund, 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)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

24. DESCRIPTION OF FUNDS (continued)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

24. DESCRIPTION OF FUNDS (continued)

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

25. CAPITAL COMMITMENTS

At 31 December 2024 the LDBF had capital expenditure commitments of £nil (2023 - £nil) which are contracted for but not provided for in these financial statements.

26. OPERATING LEASES

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

	2024 £'000	2023 £'000
Land and buildings		
Within one year of the balance sheet date	30	24
In the second to fifth year of the balance sheet date	120	95
After the fifth year of the balance sheet date	-	22
	<u>150</u>	<u>141</u>

27. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

28. PENSIONS

During 2024 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 Pension 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

28. PENSIONS (continued)**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 2024	December 2023
Number of members	317	310

Leeds DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies. Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

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

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030;
- Increase in pensionable stipends in line with CPIH; and
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

% of pensionable stipends	January 2021 to December 2022	January 2023 to December 2023
Deficit repair contributions	7.1%	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024**28. PENSIONS (continued)**

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 is nil.

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

Church Workers Pension Fund – Defined Benefits Scheme

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

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

Defined Benefits Scheme

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

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

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

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

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m. Of this, £1.8m was deemed by The Pensions Board to be a usable surplus by the LDBF. Of this £0.2m was utilised in 2024 and £1.6m has been recognised at the year-end at the net present value of the expected utilisation of that balance (i.e. £1.3m) and will be released in future years to offset employer contributions for current participating employees.

The next actuarial valuation is currently taking place as at 31 December 2025.

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2024

28. PENSIONS (continued)

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2023 or 31 December 2024.

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.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there were no deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 and 31 December 2024 is nil.

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, 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. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

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

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

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

28. PENSIONS (continued)

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

29. RELATED PARTY TRANSACTIONS

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

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

30. FUNDS HELD AS CUSTODIAN TRUSTEE

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

	2024	2023
	£000	£000
CBF Church of England Investment Fund income shares	11,784	11,794
CBF Church of England Investment Fund accumulation shares	40	38
CBF Church of England UK Equity shares	83	82
CBF Church of Global Equity shares	643	575
CBF Church of England Fixed Interest Securities Fund shares	303	299
CBF Church of England Property Fund shares	337	348
Other common investment fund holdings	471	559
Direct holdings in UK equities	383	375
CBF Church of England Deposit Fund	1,899	1,861
	<u>15,943</u>	<u>15,931</u>
Total assets held as custodian trustee	<u>15,943</u>	<u>15,931</u>

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

Opinion

We have audited the financial statements of Leeds Diocesan Board of Finance For the year ended 31 December 2024 which comprise the statement of financial activities, balance sheet and the cash flow statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Identifying and assessing risks related to irregularities:

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

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

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

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

Audit response to risks identified:

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

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

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

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

Use of our report

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

Saffery LLP

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Sally Appleton (Senior Statutory Auditor)
for and on behalf of Saffery LLP
10 Wellington Place, Leeds, LS1 4AP
Chartered Accountants
Statutory Auditors
Date: 28 May 2025

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

LEEDS DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 1155876

Accounts

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

LEEDS DIOCESAN BOARD OF FINANCE

Company number - 8823593

Registered charity number – 1155876

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TRUSTEES REPORT 2023

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 2023.

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 598 church buildings in 440 parishes with 310 stipendiary clergy, 55 self-supporting clergy and 390 clergy with Permission To Officiate ("PTO") along with 294 Readers, 76 authorised lay pastoral ministers and 42 chaplains. There are also 237 Church of England schools and 11 Multi-Academy Trusts serving some 64,000 pupils within the Diocese.

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

The LDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

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

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

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

Diocese of Leeds Strategy

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

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

We are seeking to bring our vision to life through following the example of the early church. Inspired by the Holy Spirit, the Apostles, Barnabas and other disciples prayed for, equipped, mentored, taught and encouraged the local church. We are seeking to learn from this as we give every church the chance of moving forward in mission, ministry and sustainability.

Drawing this strategy together into something tangible, *Barnabas: Encouraging Confidence* draws from existing programme structures and learning to determine how resourcing should be allocated and where gains in disciple-making and leadership pipelines can be most effective. It is encouraging purposeful investment in priority areas and targeted work in geographical, demographic or socio-economic areas that will bring benefit not only to those areas, but to surrounding communities as projects become established and learnings shared.

Barnabas has developed with clear underlying and intentional assumptions that inform the approach. The first is people want their churches to thrive, the second is that people are doing the best they can, the third is this work is a partnership between God through the agency of the Holy Spirit, and the church. *Barnabas* needs to offer parishes practical tools to turn desire into action in relation to church vitality, to celebrate what is good and encourage more, and to value and treasure the role of prayer as intrinsic to church vitality.

Our hope is that through appropriate interventions, individuals and churches will be supported to thrive, and to develop the capacity, and ultimately the confidence, to create missional sustainability.

The strategic outcomes

Barnabas: Encouraging Confidence has become the strategic priority for the Diocese of Leeds, acting as a unifying programme to drive forward activity. Whilst the majority of the important work within the Diocese sits outside of the small Barnabas programme team, all of the functions of the Diocesan Board of Finance are focused on delivering the strategic vision and therefore contribute to the delivery of the strategic outcomes below. This approach to change enables us to drive forward significant change in a number of places in a meaningful way which impacts on the Diocese of Leeds whilst maintaining progress to achieve the six bold calls of the Church of England vision and strategy.

As we seek to live as confident Christians, we want to:

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

A parish system revitalised for mission

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

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

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

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

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

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

OBJECTIVES FOR THE YEAR

The objectives that were set for 2023 were:

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

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

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

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

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

These objectives have been met in 2023. Key achievements include:

- All teams continued to meet the LDBF Key Performance Indicators and wider business plan objectives, many doing so whilst carrying vacancies at points in the year. This is testament to the commitment and hard work of the teams, who are incredibly dedicated and professional. All of the successes, of which only a small fraction are listed below, are only possible due to the quality and capability of our team.
- The LDBF received an initial commitment of £3.9m for the first stage of *Barnabas: Encouraging Confidence* (of which £88k was received in 2023, see accounts note 2 - Diocesan Investment Programme grants). This funding has enabled us to recruit the programme team and build capacity as we develop the programme. A core team is now in place and building the key components of the programme. Early roll out of courses around leadership, mentoring and personal growth have begun and wider support for churches is now being delivered;
- The initial bid contained £1m for 'Every Good Work' a project focused on increasing the number of young people engaged with our churches in Wakefield. Three workers have been recruited and the project is on track. The project seeks to grow links between schools and churches and focuses on engagement and leadership as young people grow in faith;
- *Barnabas* was also given funding to develop projects in Leeds, Huddersfield and Ripon as part of the wider indicative commitment to fund the delivery of the overall strategy over the next nine years. We anticipate further bids in 2025;
- A new portfolio structure was introduced to ensure effective governance of *Barnabas* and the wider Strategic Development Funding ("SDF") resource programmes. These all remain on track to deliver anticipated outcomes;
- We have recruited to the Children and Young Peoples team using *Barnabas* funding to build our schools engagement with Growing Faith. This will support increased join up with our diocesan education team to deliver on our commitment to growing younger as a church;

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- Work began on a Racial Justice strategy working collaboratively with the Global Minority Heritage reference group in the Diocese. Plans for a Racial Justice bid, which will include a Racial Justice Officer as well as a number of other important projects, are advanced with a bid in early 2024 being made;
- The NZC strategy was refreshed and endorsed again by the LDBF Board. We successfully applied for a small grant from the National Church to bring in consultant expertise to analyse funding opportunities and provide grant application training to staff. A further bid for resource from the National Church was successful, which has enabled an increase in capacity within the NZC team. Work has begun on demonstrator projects around churches and clergy property refits. Delivery remains a high priority although at present there remains wider funding challenges to deliver all the changes;
- The property team has made good progress in identifying sites across the Diocese that have potential for development. A number of sites have moved towards sale and contract and we anticipate that the income generated will exceed costs in 2024 and this will continue in future years;
- The property team procured new contracts for heating/plumbing and electrical work, which has driven consistency and price competitiveness;
- IT capacity and capability has been built which positions the DBF well in 2024 to retender a number of key systems and support contracts to ensure best value;
- Support for schools has continued to be high, with the Education team providing exceptional support. Satisfaction remains very high (97%) and can be demonstrated by both feedback and continued sign up rates to the Enhanced Support Programme, which is a paid for service;
- The safeguarding dashboard continues to see increased uptake in Parishes and further support has been offered through the recruitment hub; and
- DBF staff moved from the 2nd and 3rd floors of Church House to consolidate on the 1st floor. This has improved collaborative working as well as generating efficiency and revenue generating opportunities.

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. We do not include an estimate of the financial value of volunteering time in these accounts.

FUTURE PLANS

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

In addition to the day-to-day activities of the LDBF, during 2024 we will:

- Seek to implement Barnabas, identifying emerging themes and expanding the offer, whilst ensuring there continues to be robust reporting systems in place;
- Refine plans for further projects in episcopal areas and beginning to pilot/test in advance of bids in 2025;
- Focus on continued improvement of training provision for parishes in relation to safeguarding as well as encouraging increased use of the Safeguarding dashboard and hub;
- Review all employee policies and look further at clergy wellbeing related policies;

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- Develop a communications strategy with detailed stakeholder grid and accessible annual report;
- Support the development of distinctive Christian vision and leadership in our church schools and Trusts with a key focus on effective governance at all levels as a form of discipleship and vocation;
- Implement key system changes in Finance, Property and IT to ensure sustainable, secure and robust systems in place;
- Roll out Stock Condition Surveys across the entire property portfolio;
- Support the ongoing delivery of the multi-year land development plan, which will see the first sites brought to market and contracts exchanged;
- Promote ethnic diversity, combat racial injustice and enable widening participation in ministry and missional engagement;
- Continue to focus on the implementation of the NZC Action plan;
- Improve the use of data to drive decision making across all aspects of the LDBF's work;
- Continue to develop plans to drive up parish engagement with best stewardship practice and implement a new deployment process which reflects the financial reality; and
- We will mark and celebrate 10 years of the Diocese of Leeds. This will give us the opportunity to recognise all that has been achieved and to evaluate the wider benefits realised since the creation of the Diocese in 2014.

These plans are a snapshot of our focus for the coming year. In delivery of our work we hold our values – and commit to acting in the following ways:

- **Loving** – we will celebrate success and appreciate the commitment of colleagues. Leaders will remain accessible and visible.
- **Living** – we will be present and personally engaged in our work and the work of others in Church House.
- **Learning** – we will be open to exploring new ideas, to listening to feedback and to learning from things which go well, and not so well.

FINANCIAL REVIEW

Financial Performance

In 2023 the LDBF recorded a net deficit before investment gains of £1,518,000 on unrestricted funds. This was £746,000 better than the prior year (2022: £2,264,000 deficit). The 2023 deficit includes income from the proceeds of a legal settlement relating to the historic Linda Box fraud case which, together with a reduction in expenditure, has offset reductions in Parish Share and funding from the National Church.

The Parish Share request for 2023 was £15,749,000 (2022: £15,464,000) and receipts relating to the 2023 request amounted to £11,792,000 (2022: £12,082,000), representing a collection rate of 74.9% (2022: 78.1%). In addition, Parish Share receipts of £181,000 were received against the historical share outstanding from previous years (2022: £181,000) and voluntary contributions of £97,000 were made (2022: £166,000).

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

Expenditure from unrestricted funds on charitable activities decreased by £408,000 to £21,732,000 (2022: £22,141,000). This was largely due to a reduction in pension contributions following favourable valuations of the pension schemes.

Across all the funds, the capital value of investments increased by £1,838,000 (2022: £4,198,000 decrease). Of the increase, £233,000 related to unrestricted investments (2022: £317,000 decrease).

In order to support the unrestricted position, fund transfers were made from restricted funds where expenditure was incurred within the general fund that was eligible for those funds.

Two properties with a combined value of £670,000 were transferred from Benefice Housing to unrestricted funds during the year following the completion of Pastoral Schemes. The properties will continue to be used to provide clergy housing if required but sold or rented out if no ministerial need exists.

In line with the policy for five yearly revaluations, land and property has been revalued at 31 December 2023 resulting in increases on property values of £18,092,000 (including a £825,000 uplift to the value of Church House, Leeds) and land of £3,604,000. As a result, the value of associated value-linked loans has also increased by £279,000. The net impact on unrestricted funds is an increase of £5,320,000.

As a result of the above, there was an overall funds increase of £23,010,000 (2022: £5,820,000 decrease) of which £5,587,000 (2022: £1,993,000 decrease) related to unrestricted funds.

The Trustees have prepared a budget for 2024 based on a 4% increase in stipend and salary costs (albeit 6% has subsequently been awarded) and targeting a share collection rate of 81.4%. Including the transfer of £1,150,000 from restricted reserves to fund applicable activities, the budget is for a deficit of £823,000. However, given the ongoing financial pressures on churches and the Diocese alike, achieving the targeted share collection and maintaining costs within approved budgets will not be straightforward. It is expected that property sales will be used to support the cash and free reserves position.

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 63% of the Diocesan income in 2024.

Principal funding sources

In 2023, 59.7% (2022: 62.6%) of unrestricted income of the LDBF came from the Parish Share and 13.2% (2022: 15.0%) from the National Church.

Financial sustainability

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

Going concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. As noted above, the legacy of the Covid-19 pandemic and the high inflation experienced in 2022 and 2023 has created a number of financial challenges that continue to be navigated. The Trustees are confident that the Balance Sheet remains strong and is sufficient to absorb deficits that may arise over the near term. A Cost Review was completed in early 2021, which provided a structure to balance the budget over the longer term. Additionally, in autumn 2022 the Board agreed a higher level of restricted fund transfers (i.e. from the Pastoral Account, S554 Fund and Stipends Capital Fund where spending criteria is met) for up to five years to support the unrestricted position. In 2023 the Board approved the adoption of Total Return Accounting from 1 January 2024 in order to enable some of the capital growth in the Stipends Capital Fund to be used to support the operational 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

The net book value of land and buildings purchased and disposed of during the year totalled £1,645,000 and £3,976,000 respectively. The Leeds Board's policy is:

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

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

During the year three properties were purchased, one as a replacement parsonage property, one DBF property to replace an existing curate property and one glebe property.

Also during the year eight properties were sold. Of the properties sold, six were DBF properties (either being surplus curates' properties or former vicarages transferred to the DBF as part of pastoral schemes) and two were parsonage properties where replacement properties had been purchased.

Additionally, one property was transferred to the Diocese of Blackburn following pastoral reorganisation.

Balance Sheet position

The Trustees consider that the Balance Sheet together with details in note 23 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Balance Sheet date totalled £221.3m (2022: £198.3m), it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £173.6m (2022: £157.5m) following the revaluation at 31 December 2023. Much of the remainder of the assets shown in the Balance Sheet are held in restricted and endowed funds, and cannot necessarily be used for the general purposes of the LDBF.

Reserves policy

Free reserves

The Reserves Policy sets a target free reserves range of £4.1m to £5.5m. The lower bound is based on an analysis of income sources and their potential vulnerability against budgeted performance – the largest portion of this relating to Parish Share (£2.6m). The upper bound remains based on 3 months budgeted unrestricted expenditure for the following financial year. The Trustees define the free reserves as the Unrestricted Net Current Assets plus the unrestricted unlisted investments. Actual free reserves as at 31 December 2023 totalled £5.9m (2022: £5.2m). The increase from 2022 is due to the sale of unrestricted properties and the increase in investment valuations, partly offset by the operating deficit.

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £55.8m of which £52.9m relates to tangible fixed assets, £2.7m investments and £3.6m current assets, partly 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 23. At 31 December 2023 total designated reserves were £794,000 (2022: £794,000).

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 2022 restricted funds totalled £17.8m (2022: £16.5m) and endowment funds totalled £146.9m (2022: £130.7m). These funds are not available for the general purposes of the LDBF.

Grant making policy

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

Fundraising

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

Investment policy

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

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

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

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

The CCLA investments total return performance against the benchmarks in 2023 were:

	Fund	Benchmark
CBF Church of England Investment Fund	12.57%	13.28%
CBF Church of England Property Fund	-1.19%	-2.38%

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

¹ <https://www.ccla.co.uk/documents/cbf-church-england-funds-quarterly-bulletin-31-december-2023-0/download?inline>

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

- The financial position is closely monitored at department level, with regular reports circulated and regular meetings held with budget holders by the CFO and/or Finance Manager;
- Regular reporting to FAIC and the LDBF;
- A Cost Review exercise was presented to the Board in February 2021, which identified three levels of cost savings to ensure a balanced budget is achieved over the next four years;
- A clear purchase authorisation process is in place: and
- The implementation of Total Return Accounting from 1 January 2024 in order to enable some of the capital growth in the Stipends Capital Fund to be used to support the operational budget.

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

- The Diocese employs a strong safeguarding team that includes specialist training support;
- Policies are aligned with those of the national church;
- All parishes are instructed to adopt and implement the National Church's safeguarding policy;
- Training is compulsory for all relevant staff and volunteers - failure to complete the training results in the removal of the ability to undertake roles and functions;
- A new safeguarding case management system has been implemented, along with a safeguarding dashboard for all parishes to use; and
- The Diocesan Safeguarding Advisory Panel, with an independent chair, continues to provide oversight on policy and practice.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese. It agrees and lays before Parliament measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Each Diocese is episcopally lead and synodically governed. The Diocese itself is divided into 21 deaneries, each with its own Deanery Synod. Within each parish there is a parochial church council, which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

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

Parochial Church Council ("PCC")

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

Parishes

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

A deanery is a group of parishes over which an Area Dean has oversight and an archdeaconry is a group of deaneries for which an Archdeacon is responsible.

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

Organisational structure

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

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

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

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

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

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

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

Decision-making structure

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

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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 21.

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

Diocesan Board of Education ("DBE")

The DBE consists of the diocesan bishop, four members appointed by the diocesan bishop (to include: an area bishop, an archdeacon, two members of the Leeds DBF), two members elected by the Diocesan Synod, at least four but no more than six members co-opted by the DBE and up to two members co-opted by the DBE to fill any casual vacancies in those elected by the Diocesan Synod. The DBE oversees the setting of education strategy and reviews progress on an ongoing basis against this. The DBE has sub-committees with particular responsibility for Finance and Education Buildings.

Diocesan Advisory Committee ("DAC")

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

Audit Committee

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

LEEDS DIOCESAN BOARD OF FINANCE

Diocesan Mission & Pastoral Committee (“DMPC”)

The membership of the Diocesan Mission and Pastoral Committee is the Leeds Board members with the exception of the five Area Bishops. The four Archdeacons who are non-Leeds Board members are ex officio members of the DMPC. The DMPC is a statutory body as set out in the Mission and Pastoral Measure 2011. The DMPC has delegated its functions, with the exception of those which may not be delegated under the Mission and Pastoral Measure, to five Episcopal Area Mission and Pastoral Committees.

Diocesan Safeguarding Advisory Panel

The Panel includes an independent chairperson, the Diocesan Bishop, an Area Bishop, the three Cathedral Deans, an Archdeacon, the Lead Officer responsible for safeguarding, the Diocesan Secretary, the Registrar, the Director of Ministry and Mission and individuals representing external agencies involved in safeguarding.

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

Finance, Assets and Investments Committee (“FAIC”)

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

Property Committee

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

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

Delegation of day to day delivery

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

Funds held as Custodian Trustee

The LDBF is the custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not

LEEDS DIOCESAN BOARD OF FINANCE

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 £15,931,000 at 31 December 2023. (2022: £16,807,000), are available from the LDBF on request, and are summarised in Note 29. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

Related Parties

Related parties include:

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

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

Connected charities

The Trustees consider the following to be connected charities:

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

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

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

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

LEEDS DIOCESAN BOARD OF FINANCE

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

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

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

TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

In so far as the trustees are aware:

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

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2023. The following Trustees were in post either during the year and/or at the date of this report:

Chairman:

The Right Revd Nicholas Baines – Bishop of Leeds

Ex-officio:

The Right Revd Anthony Robinson – Area Bishop of Wakefield

The Right Revd Helen-Ann Hartley – Area Bishop of Ripon (resigned 3 February 2023)

The Right Revd Anna Eltringham – Area Bishop of Ripon (from 22 June 2023)

The Right Revd Arun Arora – Bishop of Kirkstall

The Right Revd Toby Howarth – Area Bishop of Bradford

The Right Revd Smitha Prasadam – Area Bishop of Huddersfield (from 22 June 2023)

The Revd Rachel Firth – Chair of the House of Clergy of the Diocesan Synod

Mr Matthew Ambler – Chair of the House of Laity of the Diocesan Synod

Elected by the Deans:

The Very Revd John Dobson – Dean of Ripon Cathedral

Elected by the Archdeacons:

The Ven Paul Ayers

Elected by:

Synod House of Clergy:

The Revd Eve Ridgeway

The Revd Gary Waddington (from 18 April 2023)

Synod House of Laity:

Mr Andrew Maude

Mr Christopher Thompson

Mr Richard Pattinson (from 18 April 2023)

Mr Roger Lazenby (from 18 April 2023)

Nominated by the Board:

Canon Mr Irving Warnett

Mrs Marilyn Banister

Canon Mrs Jane Evans

Mrs Jan Ali

Senior staff and advisers

Diocesan Secretary

Jonathan Wood

Chief Financial Officer

Geoff Park

Director of Ministry and Mission

The Revd Canon Andrew Norman

Director of Education (Acting)

Simone Bennett

Director of Strategy Implementation

John Knox

& Head of Property

Director of People and Engagement

Anna Mitchell

Director of Church Revitalisation

The Revd Jude Smith

Director of Communications

Chris Tate

Head of Safeguarding

Sofia McGreavy

LEEDS DIOCESAN BOARD OF FINANCE

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

Principal Bankers Santander, 44 Merrion Street, Leeds, LS2 8JQ
Virgin Money plc, 94 Briggate, Leeds LS1 6NP
NatWest Bank plc, Leeds City Office, 8 Park Row, Leeds, LS1 1QS
Barclays Bank plc, PO Box 245, 10 Market Street, Bradford, BD 1 1XW

Auditors Saffery LLP, Mitre House, North Park Road, Harrogate HG1 5RX

Diocesan Registrar David Whitaker, Lupton Fawcett LLP
2 The Embankment, Sovereign St, Leeds, LS1 4BA

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

Glebe Agents Dacre Son & Hartley, Station Road, Otley, LS21 3DR
Stephenson & Son, York Auction Centre, Murton, York, YO19 5GF
Cartar Jonas, 9 Bond Street, Leeds LS1 2JZ

Insurance Brokers PIB Insurance Brokers, Poppleton Grange, York, YO26 6GZ

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

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

ON BEHALF OF THE TRUSTEES



Bishop Toby Howarth
Trustee
13 May 2024



Jonathan Wood
Secretary
13 May 2024

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

Opinion

We have audited the financial statements of Leeds Diocesan Board of Finance For the year ended 31 December 2023 which comprise the statement of financial activities, balance sheet and the cash flow statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Identifying and assessing risks related to irregularities:

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

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

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

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

Audit response to risks identified:

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

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

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

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

Use of our report

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

Saffery LLP

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

Date: 13 May 2024

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

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2023

	Note	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
		General	Designated	Funds	Funds	2023	2022
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations	2						
Parish contributions		12,070	-	-	-	12,070	12,429
Archbishop's Council		2,667	-	1,709	-	4,376	5,090
Other donations		295	-	92	170	557	442
Charitable activities	3	1,725	-	-	-	1,725	1,737
Other activities	4	1,200	-	6	-	1,206	1,155
Investments	5	823	-	446	166	1,435	1,193
Other	6	1,434	-	825	443	2,702	766
Total		20,214	-	3,078	779	24,071	22,812
Expenditure on:							
Raising funds	7	-	-	-	161	161	71
Charitable activities	8	21,732	1	1,825	76	23,634	24,562
Pension deficit valuation movements	27	-	-	-	-	-	(236)
Other	9	-	-	26	495	521	37
Total		21,732	1	1,851	732	24,316	24,434
Net (expenditure)/income before investment gains		(1,518)	(1)	1,227	47	(245)	(1,622)
Net gain/(loss) on investments		232	1	841	764	1,838	(4,198)
Net (expenditure)/income		(1,286)	-	2,068	811	1,593	(5,820)
Transfers between funds	14	1,553	-	(883)	(670)	-	-
Gains on revaluation of fixed assets		5,320	-	-	16,097	21,417	-
Net movement in funds		5,587	-	1,185	16,238	23,010	(5,820)
Total funds brought forward	21	50,221	794	16,579	130,671	198,265	204,085
Total funds carried forward	22	55,808	794	17,764	146,909	221,275	198,265

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

LEEDS DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2023

	Total 2023 £'000	Total 2022 £'000
Total Income	23,292	22,434
Expenditure	(23,584)	(24,354)
Operating deficit for the year	<u>(292)</u>	<u>(1,920)</u>
Net gains /(loss) on investments	1,074	(2,078)
Net income for the year	782	(3,998)
Other comprehensive income:		
Net assets transferred from/(to) endowments	670	(1,768)
Gain on revaluation of fixed assets	5,320	-
Total comprehensive income	<u><u>6,772</u></u>	<u><u>(5,766)</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 2023

Company Number – 8823593		2023		2022	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	16		173,567		157,502
Investments	17		41,549		36,224
			<u>215,116</u>		<u>193,726</u>
CURRENT ASSETS					
Debtors	18	958		1,028	
Cash on deposit		7,119		5,649	
Cash at bank and in hand		1,667		1,582	
Agency cash		3,170		3,925	
			<u>12,914</u>	<u>12,184</u>	
CREDITORS: amounts falling due within one year	19	(4,582)		(5,509)	
NET CURRENT ASSETS			<u>8,332</u>		<u>6,675</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>223,448</u>		<u>200,401</u>
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	20				
Other creditors	20		(2,173)		(2,136)
NET ASSETS			<u>221,275</u>		<u>198,265</u>
FUNDS					
Endowment funds			146,909		130,671
Restricted income funds			17,764		16,579
Unrestricted income funds:			55,808		50,221
Designated funds			794		794
TOTAL FUNDS	22		<u>221,275</u>		<u>198,265</u>

The Notes (pages 30 to 59) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 13 May 2024 and signed on behalf of the Board by:



Bishop Toby Howarth

CASH FLOW STATEMENT

For the year ended 31 December 2023

	2023		2022	
	£'000	£'000	£'000	£'000
Net cash outflow from operating activities		(3,428)		(3,898)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,435		1,193	
Interest paid	(79)		(83)	
Proceeds from the sale of:-				
Tangible fixed assets	4,740		2,341	
Fixed asset investments	554		327	
Purchase of:-				
Tangible fixed assets for the use of the LDBF	(1,646)		(1,927)	
Fixed asset investments	(220)		(70)	
Net cash provided by investing activities		4,784		1,781
Cash flows from financing activities				
Loans repaid to / (issued by) the LDBF	(132)		(3)	
VLLs repaid due to property disposal	(324)		(169)	
Permanent loans repaid	(100)		(101)	
Net cash used in financing activities		(556)		(273)
Change in cash and cash equivalents in the reporting period		800		(2,390)
Cash and cash equivalents at 1 January		11,156		13,546
Cash and cash equivalents at 31 December		11,956		11,156
Reconciliation of net income before investment gains / losses				
Net movement before investment gains at 31 December		(245)		(1,622)
Adjustments for:				
Depreciation charges		32		6
Dividends, interest and rent from investments		(1,435)		(1,193)
Interest paid		79		83
Loss on sale of fixed assets		521		36
Profit on sale of fixed assets		(1,839)		(766)
Pension deficit valuation movements		-		(236)
Decrease in debtors		202		10
Decrease in creditors		(465)		(216)
Value-Linked Loans revaluation		(278)		-
Net cash used in operating activities		(3,428)		(3,898)
Analysis of cash and cash equivalents				
Cash in hand		4,837		5,507
Notice deposits (less than 3 months)		7,119		5,649
		11,956		11,156

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. ACCOUNTING POLICIES

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

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

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. As noted above, the legacy of the Covid-19 pandemic and the high inflation experienced in 2022 and 2023 has created a number of financial challenges that continue to be navigated. The Trustees are confident that the Balance Sheet remains strong and is sufficient to absorb deficits that may arise over the near term. A Cost Review was completed in early 2021, which provided a structure to balance the budget over the longer term. Additionally, in autumn 2022 the Board agreed a higher level of restricted fund transfers (i.e. from the Pastoral Account, S554 Fund and Stipends Capital Fund where spending criteria is met) for up to five years to support the unrestricted position. In 2023 the Board approved the adoption of Total Return Accounting from 1 January 2024 in order to enable some of the capital growth in the Stipends Capital Fund to be used to support the operational 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.

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 LDBF 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 SOFA 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

1. ACCOUNTING POLICIES (continued)

- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, expenditure relating to the running of the diocesan retreat centre, and expenditure on education and Church of England schools in the Diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund or TPT's Flexible Retirement Plan and Clergy are members of the Church of England Funded Pensions Scheme (see note 27). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at present value in creditors distinguished between contributions falling due within one year and after more than one year. However, no contributions were made in the year.

c) Tangible fixed assets and depreciation

Capitalisation of property expenditure

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

Freehold properties

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

Properties subject to value linked loans

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

Investment properties

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

Parsonage houses

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2. ACCOUNTING POLICIES (continued)

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

Schools

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

d) Other tangible fixed assets

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

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

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

e) Key judgements

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

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

f) Other accounting policies

- Fixed asset investments** are included in the Balance Sheet at market value and the gain or loss taken to the SOFA.
- Leases.** The LDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is amortised over the whole period of the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

1. ACCOUNTING POLICIES (continued)

g) Fund balances

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

- i) Unrestricted funds are the LDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the LDBF. There are two types of unrestricted funds:
 - General funds which the LDBF intends to use for the general purposes of the LDBF; and
 - Designated funds set aside out of unrestricted funds by the LDBF for a purpose specified by the Trustees
- ii) Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- iii) Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.
- iv) "Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the LDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2. DONATIONS

The majority of donations are collected from parishes of the Diocese through the Parish Share system.

Parish contributions

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2023 £'000	2022 £'000
Apportionment	15,749	-	-	-	15,749	15,464
Shortfall in receipts	(3,957)	-	-	-	(3,957)	(3,382)
	<u>11,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,792</u>	<u>12,082</u>
Previous years share	181	-	-	-	181	181
Voluntary share	97	-	-	-	97	166
	<u>12,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,070</u>	<u>12,429</u>

Current year Parish Share receipts represent 74.9% of the total apportioned (2022 – 78.1%), or, when other voluntary contributions and receipts for previous years are included, 76.6% of the total apportioned (2022 – 80.4%). 2022 comparatives are for the general fund only.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2. DONATIONS (continued)

Archbishops' Council

2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
Transition Funding and Lowest Income	2,667	-	-	-	2,667
Capacity Funding	-	-	141	-	141
Ministry Hardship Fund	-	-	-	-	-
Energy Crisis Support	-	-	-	-	-
MES Grant	-	-	9	-	9
RME Grant	-	-	319	-	319
DIP Grants	-	-	1,240	-	1,240
Total Income	2,667	-	1,709	-	4,376

2022	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
Transition Funding and Lowest Income	2,804	-	-	-	2,804
Capacity Funding	166	-	-	-	166
Ministry Hardship Fund	-	-	126	-	126
Energy Crisis Support	-	-	723	-	723
MES Grant	-	-	18	-	18
RME Grant	-	-	433	-	433
DIP Grants	-	-	820	-	820
Total Income	2,970	-	2,120	-	5,090

The Lowest Income Communities Grant and Transition Funding are annual grants, 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 Archbishops' Council for the training of ordinands. In 2023 the Diocesan Investment Programme ('DIP') was created, which brought together previous funding streams including SDF ('Strategic Development Funding') and SMF ('Strategic Ministry Funding') grants, which were for specific strategic projects and growth in the number of clergy by funding curates respectively. In 2023 DIP grants were received principally in relation to developing Resourcing Churches in Leeds and Bradford, the Diocesan Intern Scheme, funding curates and the Barnabas programme. The MES grant ('Ministry Experience Scheme') is provided by the Archbishops' Council to help fund a scheme for those exploring ordination.

Other donations

2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
All Churches Trust Grant	245	-	-	-	245
Property Grants	14	-	-	-	14
Other Grants	-	-	42	-	42
Recognition of Trust Funds	-	-	50	170	220
Legacies	32	-	-	-	32
Other Donations	4	-	-	-	4
	295	-	92	170	557

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2. DONATIONS (continued)

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

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
Statutory fees	922	-	-	-	922	953
Legal & Professional	103	-	-	-	103	78
School Services	439	-	-	-	439	451
Retreat Centre	261	-	-	-	261	255
	<u>1,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,725</u>	<u>1,737</u>

2022 comparatives are for the general fund only.

4. OTHER TRADING ACTIVITIES

2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
Housing income	1,055	-	6	-	1,061
Outside funding	10	-	-	-	10
Training income	38	-	-	-	38
Miscellaneous	97	-	-	-	97
	<u>1,200</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>1,206</u>

2022	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
Housing income	954	-	-	-	954
Outside Funding	36	-	-	-	36
Training income	46	-	-	-	46
Miscellaneous	92	-	-	-	92
	<u>1,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,128</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
2023					
Dividends receivable	635	-	424	138	1,197
Interest receivable	188	-	22	28	238
	<u>823</u>	<u>-</u>	<u>446</u>	<u>166</u>	<u>1,435</u>
2022	£'000	£'000	£'000	£'000	£'000
Dividends receivable	613	-	456	38	1,107
Interest receivable	75	-	8	3	86
	<u>688</u>	<u>-</u>	<u>464</u>	<u>41</u>	<u>1,193</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
2023					
Gain on sale of investments	-	-	-	218	218
Gain on sale of properties	571	-	825	225	1,621
Insurance and compensation claims	863	-	-	-	863
	<u>1,434</u>	<u>-</u>	<u>825</u>	<u>443</u>	<u>2,702</u>
2022	£'000	£'000	£'000	£'000	£'000
Gain on sale of investments	-	-	-	194	194
Gain on sale of properties	370	-	59	143	572
Insurance and compensation claims	27	-	-	-	27
	<u>397</u>	<u>-</u>	<u>59</u>	<u>337</u>	<u>793</u>

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
Maintenance of Glebe	-	-	-	161	161	71
	<u>-</u>	<u>-</u>	<u>-</u>	<u>161</u>	<u>161</u>	<u>71</u>

2022 comparatives are for the general fund only.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

8. CHARITABLE ACTIVITIES

2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
Contributions to					
Archbishops' Council					
Training for Ministry	500	-	-	-	500
National Church Responsibilities	344	-	-	-	344
Mission agency pension costs	16	-	-	-	16
Retired clergy housing costs	198	-	-	-	198
Pooling of ordinands maintenance grants	81	-	-	-	81
	<u>1,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,139</u>
Resourcing Ministry and					
Mission					
Stipends and national insurance	8,900	-	456	-	9,356
Pension contributions	1,995	-	115	-	2,110
Housing costs	4,108	1	128	-	4,237
Removal, resettlement and grants	289	-	-	-	289
Other expenses	242	-	-	-	242
	<u>15,534</u>	<u>1</u>	<u>699</u>	<u>-</u>	<u>16,234</u>
Support for parish ministry	3,929	-	962	76	4,967
Retreat Centre	301	-	-	-	301
	<u>19,764</u>	<u>1</u>	<u>1,661</u>	<u>76</u>	<u>21,502</u>
Expenditure on Education					
Church Schools	829	-	164	-	993
	<u>21,732</u>	<u>1</u>	<u>1,825</u>	<u>76</u>	<u>23,634</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

8. CHARITABLE ACTIVITIES (continued)

2022	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
Contributions to Archbishops' Council					
Training for Ministry	499	-	-	-	499
National Church Responsibilities	344	-	-	-	344
Mission agency pension costs	16	-	-	-	16
Retired clergy housing costs	198	-	-	-	198
Pooling of ordinands maintenance grants	19	-	-	-	19
	<u>1,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,076</u>
Resourcing Ministry and Mission					
Stipends and national insurance	9,012	-	402	-	9,414
Pension contributions	2,468	-	116	-	2,584
Housing costs	4,349	158	82	-	4,589
Removal, resettlement and grants	302	-	-	-	302
Other expenses	237	-	-	-	237
	<u>16,368</u>	<u>158</u>	<u>600</u>	<u>-</u>	<u>17,126</u>
Support for parish ministry	3,652	-	1,388	75	5,115
Retreat Centre	295	-	-	-	295
	<u>20,315</u>	<u>158</u>	<u>1,988</u>	<u>75</u>	<u>22,536</u>
Expenditure on Education					
Church Schools	750	-	200	-	950
	<u>22,141</u>	<u>158</u>	<u>2,188</u>	<u>75</u>	<u>24,562</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

9. OTHER RESOURCES EXPENDED

2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on sale of properties	-	-	26	-	26
Loss on transfer of properties	-	-	-	495	495
	<u>-</u>	<u>-</u>	<u>26</u>	<u>495</u>	<u>521</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>26</u></u>	<u><u>495</u></u>	<u><u>521</u></u>

2022	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on sale of properties	32	-	-	5	37
	<u>32</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>37</u>
	<u><u>32</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5</u></u>	<u><u>37</u></u>

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2023	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs £'000
	Raising funds	161	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,139	-	1,139
Resourcing parish ministry	19,343	793	1,065	21,201
Education	681	-	312	993
Retreat Centre	301	-	-	301
Other	521	-	-	521
	<u>21,007</u>	<u>1,932</u>	<u>1,377</u>	<u>24,316</u>
	<u><u>21,007</u></u>	<u><u>1,932</u></u>	<u><u>1,377</u></u>	<u><u>24,316</u></u>

2022	£'000	£'000	£'000	£'000
	Raising funds	71	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,076	-	1,076
Resourcing parish ministry	19,568	1,608	1,065	22,241
Clergy pension deficit valuation	(225)	-	-	(225)
Education	680	-	270	950
Retreat Centre	295	-	-	295
Lay pension deficit valuation	(11)	-	-	(11)
Other	37	-	-	37
	<u>20,415</u>	<u>2,684</u>	<u>1,335</u>	<u>24,434</u>
	<u><u>20,415</u></u>	<u><u>2,684</u></u>	<u><u>1,335</u></u>	<u><u>24,434</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2023 £'000	2022 £000
Central administration	729	-	-	-	729	786
Support for Schools	312	-	-	-	312	270
Governance:						
External audit	32	-	-	-	32	28
Registrar and Chancellor	261	-	-	-	261	243
Synodical costs	43	-	-	-	43	8
	<u>1,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,377</u>	<u>1,335</u>

2022 comparatives are for the general fund only.

12. ANALYSIS OF GRANTS MADE

2023	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	12	-	1,139	1,139
From unrestricted funds:				
Clergy Training	778	78	-	78
Clergy Grants (Removal, First appointment, resettlement)	189	292	-	292
Ordination	30	33	-	33
Vocation grants	272	133	-	133
Mission Grants	35	-	47	47
	<u>1,304</u>	<u>536</u>	<u>47</u>	<u>583</u>
From restricted funds for various purposes within resourcing parish ministry:				
PCC Building Grants	28	-	51	51
Education	1	-	90	90
Clergy properties	1	-	14	14
Youth	16	-	2	2
Clergy and employed lay	63	44	-	44
	<u>109</u>	<u>44</u>	<u>157</u>	<u>201</u>
From endowment funds for various purposes within resourcing parish ministry:				
PCC Building Grants	9	-	9	9
	<u>1,434</u>	<u>580</u>	<u>1,352</u>	<u>1,932</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

12. ANALYSIS OF GRANTS MADE (continued)

2022	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	12	-	1,076	1,076
From unrestricted funds:				
Ecumenical/ Churches Together organisations	1	-	6	6
Clergy Training	803	66	-	66
Clergy Grants (Removal, First appointment, resettlement)	191	303	-	303
Ordination	38	37	-	37
Vocation grants	301	110	-	110
Mission Grants	33	-	39	39
Youth	-	-	-	-
	<u>1,367</u>	<u>516</u>	<u>45</u>	<u>561</u>
From restricted funds for various purposes within resourcing parish ministry:				
PCC Building Grants	39	-	66	66
PCC Energy Grants	265	-	715	715
Education	3	-	140	140
Clergy	165	118	-	118
	<u>472</u>	<u>118</u>	<u>921</u>	<u>1,039</u>
From endowment funds for various purposes within resourcing parish ministry:				
PCC Building Grants	10	-	8	8
	<u>1,861</u>	<u>634</u>	<u>2,050</u>	<u>2,684</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

13. STAFF COSTS

	2023	2022
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	3,162	2,906
Apprenticeship levy	1	-
National insurance contributions	310	288
Pension contributions	294	259
	<u>3,767</u>	<u>3,453</u>
Sub-total	3,767	3,453
Pension deficit valuation movements	-	(11)
	<u>3,767</u>	<u>3,442</u>
Total Staff Costs	<u>3,767</u>	<u>3,442</u>

The average number of persons employed by the LDBF during 2023 were:

	2023	2022
	Number	Number
Support for Ministry	75	76
Education	12	11
Retreat House	11	11
	<u>98</u>	<u>98</u>
	<u>98</u>	<u>98</u>

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

	2023	2022
	Number	Number
Support for Ministry	62	63
Education	12	11
Retreat House	6	6
	<u>80</u>	<u>80</u>
	<u>80</u>	<u>80</u>

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

	2023	2022
	Number	Number
£60,001 - £70,000	3	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1
	<u>6</u>	<u>4</u>
	<u>6</u>	<u>4</u>

Pension payments of £54,000 were made for these 6 employees (2022: 4 employees £34,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

13. STAFF COSTS (continued)**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2023 they were:

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

Remuneration, pensions and expenses for these 9 employees amounted to £659,000 (2022: 8 employees £567,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £Nil (2022 – £Nil) in respect of Trustee duties.

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

	Stipend	Housing
The Right Revd Anthony Robinson	No	Yes
The Right Revd Helen-Ann Hartley	No	Yes
The Right Revd Anna Eltringham	No	Yes
The Right Revd Toby Howarth	No	Yes
The Right Revd Smitha Prasadam	No	Yes
The Right Revd Arun Arora	No	Yes
The Ven Paul Ayers	Yes	Yes
The Revd Rachel Firth	Yes	Yes
The Revd Eve Ridgeway	Yes	Yes
The Revd Garry Waddington	Yes	Yes

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

13. STAFF COSTS (continued)

The LDBF paid an average of 312 (2022 – 324) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2023	2022
	£'000	£'000
Stipends	8,182	8,259
Apprentice Levy	39	39
National insurance contributions	680	713
Pension contributions	1,994	2,693
	<hr/>	<hr/>
Sub-total	10,895	11,704
Pension deficit valuation movements	-	(225)
	<hr/>	<hr/>
Total	<u>10,895</u>	<u>11,479</u>

Stipends include £39,000 redundancy payments paid to one clergy (2022 – £70,000 to one clergy).

The stipends of the six 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 £39,953 - £48,972 (2022: £38,050 - £46,660). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2023 was £39,445 (2022: £37,567) and other clergy who were Trustees were paid in the range £27,059 - £29,333 (2022: £25,770 – £27,936).

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
Transfer of Pastoral funds to General Funds to support M&P and other activities	500	-	(500)	-
Transfer of S554 funds to General Funds to support Board of Education expenditure	325	-	(325)	-
Transfer of Inglefield funds to General Funds to support Lay and Clergy education	50	-	(50)	-
Transfer of Training for Ministry funds to General Funds to support ordinands' training.	50	-	(50)	-
Transfer of proceeds on sales of closed church in prior year	(42)	-	42	-
Transfer of housing assets following Pastoral Scheme	670	-	-	(670)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,553</u>	<u>-</u>	<u>(883)</u>	<u>(670)</u>

Transfers from restricted to unrestricted funds of £0.9m were undertaken to support education work, ordinands' training, missions and pastoral activities.

The transfer of two houses with a combined book value of £0.7m from benefice funds to unrestricted funds took place on the completion of Pastoral Schemes.

Within endowment funds (and therefore not visible above) £0.6m was transferred from glebe land to the stipends fund capital being the proceeds on sale of these assets, and £0.4m from the stipends fund capital to glebe housing on the purchase of a new property. Additionally, £0.2m was transferred from benefice housing to stipends fund capital following the swap of a parsonage property, which resulted in surplus funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

15. FINANCIAL INSTRUMENTS

	2023	2022
	£'000	£'000
Financial assets measured at fair value	33,729	31,672
Financial assets measured at amortised cost	958	1,028
Financial liabilities measured at amortised cost	4,833	5,732
Financial liabilities measured at fair value	1,922	1,913

Financial assets measured at fair value comprise unlisted investments.

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

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

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

16. TANGIBLE FIXED ASSETS

	Freehold properties	Office equipment	Fixtures & Fittings	Benefice properties	Pastoral Fund	School House	Glebe properties	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	47,886	821	19	92,634	695	308	16,040	158,403
Additions	242	-	332	718	-	-	353	1,645
Disposals	(1,800)	-	-	(1,145)	(695)	-	-	(3,640)
Reclassified in period	670	-	-	(670)	-	-	-	-
Revaluation	5,599	-	-	10,361	-	-	2,132	18,092
At 31 December 2023	52,597	821	351	101,898	-	308	18,525	174,500
Depreciation								
At 1 January 2023	-	821	-	-	-	80	-	901
Charge for the year	-	-	26	-	-	6	-	32
At 31 December 2023	-	821	26	-	-	86	-	933
Net Book Value								
At 31 December 2023	52,597	-	325	101,898	-	222	18,525	173,567
At 31 December 2022	47,886	-	19	92,634	695	228	16,040	157,502

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 £5,010,000 (2022: £4,970,000). Of the total land and buildings at 31 December 2023, £NIL are valued at cost (2022: £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 2023 by Nigel Tapp BSc MRICS of Tapp Chartered Surveyors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

17. FIXED ASSETS INVESTMENTS

	At 1 January 2023 £'000	Additions £'000	Disposals £'000	Transfers Value £'000	Change in Market Value £'000	At 31 December 2023 £'000
Unrestricted funds						
Unlisted investments	2,447	-	-	-	232	2,679
Designated funds						
Unlisted investments	14	-	-	-	1	15
Restricted funds						
Unlisted investments	13,147	50	-	-	815	14,012
Endowment funds						
Investment property	4,552	-	(336)	-	3,604	7,820
Unlisted investments	16,064	170	-	-	789	17,023
	20,616	170	(336)	-	4,393	24,843
Total	36,224	220	(336)	-	5,441	41,549

18. DEBTORS

	2023 £'000	2022 £'000
Due within one year		
Loans to parishes	144	12
Other debtors and prepayments	775	977
	919	989
Due after more than one year		
Loans to parishes	39	39
	39	39
Total debtors	958	1,028

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

19. CREDITORS: amount falling due within one year

	2023	2022
	£'000	£'000
Loan repayment instalments due in one year		
Church Commissioners value-linked loans	-	128
Church Commissioners other loans	100	100
Other taxes and social security	82	73
Other creditors and accruals	4,398	5,208
Pension scheme liabilities:		
Lay Defined Benefit Scheme	-	-
Clergy Pension Scheme	-	-
	<u>4,582</u>	<u>5,509</u>
Total creditors: amounts falling due within one year	<u><u>4,582</u></u>	<u><u>5,509</u></u>

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

	2023	2022
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	1,922	1,785
Church Commissioners other loans	251	351
Pension scheme liabilities:		
Lay Defined Benefit Scheme	-	-
Clergy Pension Scheme	-	-
	<u>2,173</u>	<u>2,136</u>
Total creditors: amounts falling due after more than one year	<u><u>2,173</u></u>	<u><u>2,136</u></u>
The maturity of the above loans may be analysed as follows:		
Between one and two years	100	100
Between two and five years	151	237
In five years or more	1,922	1,799
	<u>2,173</u>	<u>2,136</u>
	<u><u>2,173</u></u>	<u><u>2,136</u></u>

Church Commissioners other loans consist of permanent loans in collection which are mortgage loans for the purchase of clergy houses; the amount falling due after more than one year all relates to the General Fund. These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments, with the final loan repayable in 2028. The loans bear interest rates between 7.7% and 10.34%, which is borne by the LDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the LDBF.

Value-linked loans (VLLs) are funds advanced to the LDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. The loans are held at fair value based on the latest valuations of the linked properties, with valuations taking place every 5 years. The latest valuation took place at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

21. SUMMARY OF FUND MOVEMENTS

2023	Balances at 1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2023 £'000
UNRESTRICTED FUNDS						
General	50,221	20,214	(21,732)	1,553	5,552	55,808
DESIGNATED FUNDS						
Archdeacons Discretionary	11	-	-	-	1	12
Ingrow Fund	20	-	-	-	-	20
Mission Fund	621	-	-	-	-	621
Carbon Reduction Fund	142	-	(1)	-	-	141
	794	-	(1)	-	1	794
RESTRICTED FUNDS						
Section 554 Education	6,503	207	(164)	(325)	315	6,536
Clergy & Dependants hardship funds	114	35	(33)	-	5	121
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	37	3	-	-	1	41
Retreat House support funds	37	9	-	-	-	46
Local Parochial purposes	14	52	-	42	-	108
Appeals & specific purposes	70	6	(3)	-	-	73
Clergy & lay stipend augmentation	163	-	-	-	-	163
Church building repair funds	396	13	(11)	-	35	433
Housing repair funds	-	19	(5)	-	-	14
Pastoral Account	6,613	976	(26)	(500)	309	7,372
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,597	49	-	(50)	95	1,691
Training for ministry funds	891	327	(270)	(50)	81	979
NCI Diocesan Investment Programme	83	801	(775)	-	-	109
Other NCI Funding	-	581	(565)	-	-	16
Parish Energy Support Grants	9	-	1	-	-	10
	16,579	3,078	(1,851)	(883)	841	17,764
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	13,349	9	(161)	360	485	14,042
Expendable						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	1,121	41	-	-	106	1,268
Training for ministry funds	117	25	-	-	-	142
Clergy & dependants hardship funds	1,242	109	(11)	-	84	1,424
Local Parochial purposes	544	-	-	-	34	578
Glebe Land	4,552	218	-	(554)	3,604	7,820
Church building repair funds	563	52	(65)	-	30	580
Housing repair funds	-	99	-	-	-	99
Glebe Properties	16,040	-	-	353	2,132	18,525
Benefice Properties	92,634	226	(495)	(829)	10,361	101,897
Local Education Funds	98	-	-	-	10	108
Religious Education support	156	-	-	-	15	171
Appeal funds & specific purposes	43	-	-	-	-	43
	130,671	779	(732)	(670)	16,861	146,909
	198,265	24,071	(24,316)	-	23,255	221,275

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

21. SUMMARY OF FUND MOVEMENTS (continued)

2022	Balances at				Gains and Losses £'000	Balances at 31 December 2022 £'000
	1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000		
UNRESTRICTED FUNDS						
General	52,214	19,744	(22,008)	588	(317)	50,221
DESIGNATED FUNDS						
Archdeacons Discretionary	13	-	-	-	(2)	11
Ingrow Fund	20	-	-	-	-	20
Mission Fund	621	-	-	-	-	621
Carbon Reduction Fund	300	-	(158)	-	-	142
	954	-	(158)	-	(2)	794
RESTRICTED FUNDS						
Section 554 Education	7,499	205	(200)	(250)	(751)	6,503
Clergy & Dependants hardship funds	96	143	(117)	-	(8)	114
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	37	2	-	-	(2)	37
Retreat House support funds	31	6	-	-	-	37
Local Parochial purposes	13	1	-	-	-	14
Appeals & specific purposes	65	6	(1)	-	-	70
Clergy & lay stipend augmentation	142	21	-	-	-	163
Church building repair funds	401	13	-	32	(50)	396
Pastoral Account	9,093	233	-	(2,043)	(670)	6,613
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,784	44	-	(65)	(166)	1,597
Training for ministry funds	896	472	(335)	(30)	(112)	891
NCI Diocesan Investment Programme	83	820	(820)	-	-	83
Parish Energy Support Grants	-	724	(715)	-	-	9
	20,192	2,690	(2,188)	(2,356)	(1,759)	16,579
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	19,769	2	(5)	(4,696)	(1,721)	13,349
Expendable						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	1,270	-	-	-	(149)	1,121
Pensions	66	-	-	(58)	(8)	-
Training for ministry funds	114	3	-	-	-	117
Clergy & dependants hardship funds	1,332	27	-	-	(117)	1,242
Local Parochial purposes	592	-	-	-	(48)	544
Glebe Land	4,616	194	-	(258)	-	4,552
Church building repair funds	704	9	(75)	(32)	(43)	563
Glebe Properties	16,040	-	-	-	-	16,040
Benefice Properties	85,679	143	-	6,812	-	92,634
Local Education Funds	111	-	-	-	(13)	98
Religious Education support	177	-	-	-	(21)	156
Appeal funds & specific purposes	43	-	-	-	-	43
	130,725	378	(80)	1,768	(2,120)	130,671
	204,085	22,812	(24,434)	-	(4,198)	198,265

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

22. SUMMARY OF ASSETS BY FUND

2023	Fixed assets		Current Assets £'000	Creditors £'000	Net Assets £'000
	Tangible £'000	Investments £'000			
Unrestricted funds – General	52,922	2,679	3,560	(3,353)	55,808
Unrestricted - designated					
Archdeacons Discretionary	-	15	1	(2)	14
Ingrow Fund	-	-	19	-	19
Mission Fund	-	-	621	-	621
Carbon Reduction Fund	-	-	140	-	140
	-	15	781	(2)	794
Restricted					
Section 554 Education	222	6,008	306	-	6,536
Clergy & Dependants hardship funds	-	54	67	-	121
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	13	28	-	41
Retreat House support funds	-	-	46	-	46
Local Parochial purposes funds	-	50	58	-	108
Appeals & specific purposes	-	-	301	(228)	73
Clergy & lay stipend augmentation	-	-	164	-	164
Church building repair funds	-	406	27	-	433
Housing repair funds	-	-	14	-	14
Pastoral Account	-	5,354	2,019	-	7,373
Managing Trustees	-	-	50	-	50
Inglefield funds	-	1,344	347	-	1,691
Training for ministry funds	-	783	196	-	979
NCI Diocesan Investment Programme	-	-	109	-	109
Other NCI Funds	-	-	15	-	15
Parish Energy Support Grants	-	-	10	-	10
Schools LCVAP Building Programme	-	-	3,170	(3,170)	-
	222	14,012	6,928	(3,398)	17,764
Endowment					
Permanent					
Stipends fund capital	-	13,448	594	-	14,042
Expendable					
Benefice houses	101,898	-	-	-	101,898
General Purposes	-	-	212	-	212
Maintenance of Ministry	-	1,266	2	-	1,268
Glebe Property	18,525	-	-	-	18,525
Training for Ministry	-	143	-	-	143
Clergy & Dependants hardship funds	-	1,029	393	-	1,422
Local Educational Funds	-	108	-	-	108
Local Parochial purposes funds	-	390	188	-	578
Glebe Land	-	7,820	-	-	7,820
Church building repair funds	-	393	188	-	581
Housing repair funds	-	74	25	-	99
Religious Education support funds	-	170	-	-	170
Appeal funds & other specific purposes	-	2	43	(2)	43
	120,423	24,843	1,645	(2)	146,909
Total funds	173,567	41,549	12,914	(6,755)	221,275

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

22. SUMMARY OF ASSETS BY FUND (continued)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

23. DESCRIPTION OF FUNDS

Fund category	Purpose	Funds included in this category
General fund	The general fund is the LDBF's unrestricted undesignated fund available for any of the LDBF's purposes without restriction.	
Archdeacons Discretionary Fund	Represents grants received set aside to be used at the discretion of Archdeacons.	
Ingrow Fund	Funds from the bequest of Nora Curry left for the benefit of the parish of Ingrow.	
Mission Fund	Funds to support future SDF projects and the creation of a Parish Growth Fund.	
Carbon Reduction Fund	Funds to enable adjustments to our buildings that reduce their carbon footprint	
Section 554	Established under S86 of the Education Act 1993. Capital monies to develop or build new or existing voluntary aided schools or maintain such schools or contribute to educational purposes.	
Clergy and dependents hardship funds	Funds to provide relief of clergy and their dependents in financial hardship.	Clergy Stipend Trust, Clergy Widow and Dependents, Queen Victoria Trust, Leeds Diocese Charitable Society Trust, Aid to Parish Clergy, Widows, Clergy Retirement, Education Grants, Birstall Deanery Fund
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, Samaritans Fund, 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)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

23. DESCRIPTION OF FUNDS (continued)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

23. DESCRIPTION OF FUNDS (continued)

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

24. CAPITAL COMMITMENTS

At 31 December 2023 the LDBF had capital expenditure commitments of £nil (2022 - £274k) which are contracted for but not provided for in these financial statements.

25. OPERATING LEASES

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

	2023 £'000	2022 £'000
Land and buildings		
Within one year of the balance sheet date	24	24
In the second to fifth year of the balance sheet date	95	95
After the fifth year of the balance sheet date	22	46
	<u>141</u>	<u>165</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 2023 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 Pension 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

27. PENSIONS (continued)**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 2023	December 2022
Number of members	310	329

Leeds DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies. Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

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

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030;
- Increase in pensionable stipends in line with CPIH; and
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

% of pensionable stipends	January 2021 to December 2022	January 2023 to December 2023
Deficit repair contributions	7.1%	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

27. PENSIONS (continued)

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

	2023	2022
Balance sheet liability at 1 January	-	560,000
Deficit contribution paid	-	(335,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(225,000)
Balance sheet liability at 31 December	-	-

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

The previous liability represented the present value of the deficit contributions agreed as at the accounting date and was valued using the following assumptions. No assumptions are needed for December 2022 or 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	Dec 2023	Dec 2022	Dec 2021
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5% pa

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

Church Workers Pension Fund – Defined Benefits Scheme

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

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

Defined Benefits Scheme

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

27. PENSIONS (continued)

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

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

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

The next actuarial valuation is currently taking place as at 31 December 2022. The calculations for this are under way.

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

Leeds DBF (Bradford) DBS

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

Leeds DBF (Ripon & Leeds) DBS

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

Leeds DBF (Ripon & Leeds Education Team) DBS

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

Leeds DBF (Wakefield) DBS

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

Any future obligations would be recognised as a liability within the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

27. PENSIONS (continued)

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

	2023	2022
Balance sheet liability at 1 January	-	169,000
Deficit contribution paid	-	(158,000)
Interest cost (recognised in SoFA)	-	1,000
Remaining change to balance sheet liability*(recognised in SoFA)	-	(12,000)
Balance sheet liability at 31 December	-	-

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

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

Discount rate	December 2023	December 2022	December 2021
Leeds DBF (Bradford) DBS	n/a	n/a	0.00%
Leeds DBF (Bradford & Ripon Education Team) DBS	n/a	n/a	0.00%
Leeds DBF (Wakefield) DBS	n/a	n/a	1.30%
Leeds DBF (Ripon & Leeds) DBS	n/a	n/a	0.00%

Pension Builder Scheme

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

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

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

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

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

A valuation of the scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2022. Calculations for this are currently under way.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

27. PENSIONS (continued)

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

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

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

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

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:

	2023	2022
	£000	£000
CBF Church of England Investment Fund income shares	11,794	12,511
CBF Church of England Investment Fund accumulation shares	38	36
CBF Church of England UK Equity shares	82	81
CBF Church of Global Equity shares	575	581
CBF Church of England Fixed Interest Securities Fund shares	299	362
CBF Church of England Property Fund shares	348	425
Other common investment fund holdings	559	670
Direct holdings in UK equities	375	360
CBF Church of England Deposit Fund	1,861	1,781
	<u>15,931</u>	<u>16,807</u>
Total assets held as custodian trustee	<u>15,931</u>	<u>16,807</u>

LEEDS DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 1155876

Accounts

LEEDS DIOCESAN BOARD OF FINANCE

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

LEEDS DIOCESAN BOARD OF FINANCE

Company number - 8823593

Registered charity number – 1155876

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TRUSTEES REPORT 2022

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022.

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

This combined report satisfies the legal requirements for:

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

LEGAL OBJECTS

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

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

The LDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

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

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

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

Diocese of Leeds Strategy

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

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

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

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

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

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

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

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

Introducing Barnabas

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

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

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

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

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

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

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

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

Identifying Priorities

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

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

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

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

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

A parish system revitalised for mission

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

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

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

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

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

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

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

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

OBJECTIVES FOR THE YEAR

The objectives that were set for 2022 were:

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

LEEDS DIOCESAN BOARD OF FINANCE

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

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

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

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

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

These objectives have been broadly met with key achievements including:

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

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

Volunteers

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

FUTURE PLANS

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

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

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

FINANCIAL REVIEW

Financial Performance

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

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

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

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

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

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

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

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

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

External factors affecting performance

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

Principal funding sources

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

Financial sustainability

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

Going concern

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

Key Management remuneration policy

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

Significant Property Transactions

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

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

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

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

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

Balance Sheet position

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

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

Reserves policy

Free reserves

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

Reserves tied up in fixed assets

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

Designated funds

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

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

Restricted and endowment funds

As set out in note 22 LDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2022 restricted funds totalled £16.5m (2021: £20.2m) and endowment funds totalled £130.7m (2021: £130.7m). These funds are not available for the general purposes of the LDBF.

Grant making policy

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

Fundraising

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

Investment policy

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

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

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

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

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

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

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

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

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

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese. It agrees and lays before Parliament measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Each Diocese is episcopally lead and synodically governed. The Diocese itself is divided into 21 deaneries, each with its own Deanery Synod. Within each parish there is a parochial church council, which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

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

Parochial Church Council ("PCC")

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

Parishes

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

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

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

Organisational structure

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

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

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

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

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

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

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

Decision-making structure

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

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

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

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

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

Diocesan Synod has delegated the following functions to the LDBF:

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

Committee structure

Leeds Diocesan Board of Finance

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

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

Diocesan Board of Education ("DBE")

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

Diocesan Advisory Committee ("DAC")

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

Audit Committee

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

Diocesan Mission & Pastoral Committee ("DMPC")

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

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

Strategic Safeguarding Group

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

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

Finance, Assets and Investments Committee ("FAIC")

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

Property Committee

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

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

Delegation of day to day delivery

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

Funds held as Custodian Trustee

The LDBF is the custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £16,807,000 at 31 December 2022.

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

Related Parties

Related parties include:

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

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

Connected charities

The Trustees consider the following to be connected charities:

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

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

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

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

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

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

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

TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

In so far as the trustees are aware:

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

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

ADMINISTRATIVE DETAILS

Trustees

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

Chairman:

The Right Revd Nicholas Baines – Bishop of Leeds

Ex-officio:

The Right Revd Anthony Robinson – Area Bishop of Wakefield

The Right Revd Helen-Ann Hartley – Area Bishop of Ripon (resigned 03 February 2023)

The Right Revd Paul Slater – Bishop of Kirkstall (retired 31 January 2022)

The Right Revd Arun Arora – Bishop of Kirkstall (from 15 July 2022)

The Right Revd Toby Howarth – Area Bishop of Bradford

The Right Revd Jonathan Gibbs – Area Bishop of Huddersfield (resigned 24 May 2022)

The Revd Rachel Firth – Chair of the House of Clergy of the Diocesan Synod

Mr Matthew Ambler - Chair of the House of Laity of the Diocesan Synod

Elected by the Deans:

The Very Revd John Dobson – Dean of Ripon Cathedral

Elected by the Archdeacons:

The Ven Paul Ayers

Elected by:

Synod House of Clergy:

The Revd Nigel Wright (resigned 16 November 2022)

The Revd Eve Ridgeway (from 01 March 2022)

The Revd Gary Waddington (from 18 April 2023)

Synod House of Laity:

Mr Andrew Maude

Mr Christopher Thompson

Mr Richard Pattinson (from 18 April 2023)

Mr Roger Lazenby (from 18 April 2023)

Nominated by the Board:

Canon Mr Irving Warnett

Mrs Marilyn Banister

Canon Mrs Jane Evans

Mrs Jan Ali (from 12 March 2022)

The Revd Canon Kathryn Fitzsimons (resigned 16 March 2022)

Senior staff and advisers

Diocesan Secretary

Jonathan Wood

Chief Financial Officer

Geoff Park

Director of Ministry and Mission

The Revd Canon Andrew Norman

Director of Education

Canon Richard Noake

Director of Strategy Implementation

John Knox

& Head of Property

Director of People and Engagement

Anna Mitchell

Director of Church Revitalisation

The Revd Jude Smith

Director of Communications


Chris Tate

LEEDS DIOCESAN BOARD OF FINANCE

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

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

ON BEHALF OF THE TRUSTEES



The Right Revd Nicholas Baines
Chairman
25 May 2023



Jonathan Wood
Secretary
25 May 2023

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Identifying and assessing risks related to irregularities:

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

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

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

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

Audit response to risks identified:

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

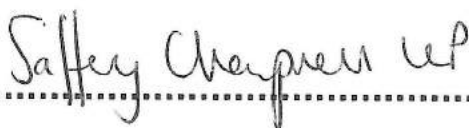
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of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

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

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

Use of our report

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


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

Date: 25 May 2023

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

LEEDS DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2022

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

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

LEEDS DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2022

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

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

BALANCE SHEET
At 31 December 2022

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

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



THE RIGHT REV'D NICHOLAS BAINES

CASH FLOW STATEMENT

For the year ended 31 December 2022

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

1. ACCOUNTING POLICIES

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

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

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

The principal accounting policies and estimation techniques are as follows.

a) Income

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

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

b) Expenditure

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 28). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at present value in creditors distinguished between contributions falling due within one year and after more than one year.

c) **Tangible fixed assets and depreciation**

Capitalisation of property expenditure

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

Assets held for sale

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

Freehold properties

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

Properties subject to value linked loans

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

Investment properties

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

Parsonage houses

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

1. ACCOUNTING POLICIES (continued)

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

Schools

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

d) **Other tangible fixed assets**

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

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

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

e) **Key judgements**

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

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

f) **Other accounting policies**

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The LDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is amortised over the whole period of the lease.

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

1. ACCOUNTING POLICIES (continued)**g) Fund balances**

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

- i) Unrestricted funds are the LDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the LDBF. There are two types of unrestricted funds:
- General funds which the LDBF intends to use for the general purposes of the LDBF; and
 - Designated funds set aside out of unrestricted funds by the LDBF for a purpose specified by the Trustees
- ii) Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- iii) Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.
- iv) "Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the LDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2. DONATIONS

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

Parish contributions

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

2. DONATIONS (continued)

Archbishops' Council

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

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

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

Other donations

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

2. DONATIONS (continued)

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

3. CHARITABLE ACTIVITIES

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

2021 comparatives are for the general fund only.

4. OTHER TRADING ACTIVITIES

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

5. INVESTMENT INCOME

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

6. OTHER INCOMING RESOURCES

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

7. FUND RAISING COSTS

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

2021 comparatives are for the general fund only.

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

8. CHARITABLE ACTIVITIES

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

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

8. CHARITABLE ACTIVITIES (continued)

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

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

9. OTHER RESOURCES EXPENDED

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

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

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

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

11. ANALYSIS OF SUPPORT COSTS

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

2021 comparatives are for the general fund only.

12. ANALYSIS OF GRANTS MADE

2022	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	12	-	1,076	1,076
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
From unrestricted funds:				
Ecumenical/ Churches Together organisations	1	-	6	6
Clergy Training	803	66	-	66
Clergy Grants (Removal, First appointment, resettlement)	191	303	-	303
Ordination	38	37	-	37
Vocation grants	301	110	-	110
Mission Grants	33	-	39	39
	<u>1,367</u>	<u>516</u>	<u>45</u>	<u>561</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
From restricted funds for various purposes within resourcing parish ministry:				
PCC Building Grants	39	-	66	66
PCC Energy Grants	265	-	715	715
Education	3	-	140	140
Clergy	165	118	-	118
	<u>472</u>	<u>118</u>	<u>921</u>	<u>1,039</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
From endowment funds for various purposes within resourcing parish ministry:				
PCC Building Grants	10	-	8	8
	<u>1,861</u>	<u>634</u>	<u>2,050</u>	<u>2,684</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

12. ANALYSIS OF GRANTS MADE (continued)

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

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

13. STAFF COSTS

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

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

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

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

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

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

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

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

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

13. STAFF COSTS (continued)**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2021 they were:

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

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

Trustees' emoluments

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

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

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

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

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

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

13. STAFF COSTS (continued)

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

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

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

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

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS

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

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

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

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS (continued)

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

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

15. FINANCIAL INSTRUMENTS

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

Financial assets measured at fair value comprise unlisted investments.

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

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

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

16. TANGIBLE FIXED ASSETS

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

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

16. TANGIBLE FIXED ASSETS (continued)

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

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

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

17. FIXED ASSETS INVESTMENTS

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

18. DEBTORS

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

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

19. CREDITORS: amount falling due within one year

	2022	2021
	£'000	£'000
Loan repayment instalments due in one year		
Church Commissioners value-linked loans	128	169
Church Commissioners other loans	100	101
Other taxes and social security	73	71
Other creditors and accruals	5,208	4,933
Pension scheme liabilities:		
Lay Defined Benefit Scheme	-	169
Clergy Pension Scheme	-	560
Total creditors: amounts falling due within one year	5,509	6,003

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

	2022	2021
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	1,785	1,912
Church Commissioners other loans	351	452
Pension scheme liabilities:		
Lay Defined Benefit Scheme	-	-
Clergy Pension Scheme	-	-
Total creditors: amounts falling due after more than one year	2,136	2,364
The maturity of the above loans may be analysed as follows:		
Between one and two years	100	100
Between two and five years	237	299
In five years or more	1,799	1,965
	2,136	2,364

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

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

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

21. SUMMARY OF FUND MOVEMENTS

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

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

21. SUMMARY OF FUND MOVEMENTS (continued)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

22. SUMMARY OF ASSETS BY FUND

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

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

22. SUMMARY OF ASSETS BY FUND (continued)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2022

23. DESCRIPTION OF FUNDS

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

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

23. DESCRIPTION OF FUNDS (continued)

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

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

23. DESCRIPTION OF FUNDS (continued)

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

24. CAPITAL COMMITMENTS

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

25. OPERATING LEASES

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

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

26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

27. PENSIONS

During 2021 the LDBF participated in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the LDBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Church of England Funded Pension Scheme

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

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

27. PENSIONS (continued)

	December 2022	December 2021
Number of members	329	327

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

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

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

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

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

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

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

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

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

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

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

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

27. PENSIONS (continued)

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

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

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

Church Workers Pension Fund – Defined Benefits Scheme

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

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

Defined Benefits Scheme

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

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

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

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

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

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

27. PENSIONS (continued)

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

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

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

Leeds DBF (Bradford) DBS

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

Leeds DBF (Ripon & Leeds) DBS

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

Leeds DBF (Ripon & Leeds Education Team) DBS

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

Leeds DBF (Wakefield) DBS

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

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

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

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

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

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

27. PENSIONS (continued)

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

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

Pension Builder Scheme

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

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

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

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

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

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

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

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

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

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

28. RELATED PARTY TRANSACTIONS

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

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

29. FUNDS HELD AS CUSTODIAN TRUSTEE

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

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

LEEDS DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 1155876

Accounts

LEEDS DIOCESAN BOARD OF FINANCE

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ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

LEEDS DIOCESAN BOARD OF FINANCE

Company number - 8823593

Registered charity number – 1155876

LEEDS DIOCESAN BOARD OF FINANCE

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TRUSTEES REPORT 2021

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 2021.

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 605 church buildings in 455 parishes with 330 stipendiary clergy, 85 self-supporting clergy and 450 clergy with Permission To Officiate ("PTO") along with 360 Readers, 80 authorised lay pastoral ministers and 35 chaplains. There are also 242 Church of England schools and 11 Multi-Academy Trusts serving some 64,000 pupils within the Diocese.

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

The LDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

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

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

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

Diocese of Leeds Strategy

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

Sharing a vision for:

Confident Christians
Growing churches
Transforming communities

Characterised by:

Loving
Living
Learning

Enabled by:

Clergy and lay together
Purposeful resourcing
Dynamic partnerships

Achieved by:

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

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

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 2021:

- 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;
- Supporting churches and schools as they respond to the ongoing challenges presented by Covid-19;
- The continued implementation of the Diocesan Strategy and the use of it as a framework for future mission planning;
- Developing sustainable models of ministry that reflect our parish needs and enable us to support growing churches;
- The continued development of the Resource and Resourcing Church models in Leeds and Bradford;
- The active support of all Church schools and academies to be deeply Christian places of learning, with strong, transformational relationships between parish and school community;
- Facilitating engagement with the Rhythm of Life initiative, especially to nurture lay discipleship;
- The delivery and monitoring of a Cost Review to ensure the DBF is able to respond quickly to any financial challenges that develop;
- Develop a credible 2030 net zero carbon plan;
- The introduction of the Diocesan Property Committee;
- Overseeing Diocesan synod elections to support the new triennium and continuing to work on increasing diversity, engagement and participation.

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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.

Diocesan Strategy

The Diocesan strategy exists to support Confident Christians be part of Growing Churches which Transform Communities.

As noted above to deliver this strategy we are focused on 5 goals:

1. Thriving as a distinctive diocese;
2. Reimagining Ministry;
3. Nurturing lay discipleship;
4. Building leadership pathways; and
5. Growing young people as Christians.

Good progress has been made on all of these goals during 2021, although the ongoing impact of the pandemic has meant that progress has not always been linear.

Some key achievements in 2021 include:

- Implementation of cost saving measures to reduce levels of ongoing deficit and ensure good stewardship of DBF assets, alongside an increased focus on stewardship support for parishes.
- Award of £1.5m from the National Church for establishing two student plants in Leeds and Huddersfield. These funds will be drawn down from the National Church as required.
- Launch of a disability strategy.
- Creation of a toolkit and training to support our focus on Carbon Net Zero.
- Rollout of new training courses including occasional preachers and piloting of extended communion.
- Delivery of a range of new courses for lay discipleship including A Rhythm of Life Lent course, as well as a new *Being with* Christian nurture course, linked to the HeartEdge network, and

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linking with several from 'Beacon parishes' who are working together to promote the resourcing of 'everyday faith'.

- Launch of a Children and Young People Missional Toolkit, with a programme of training to accompany it.
- A fantastic virtual pilgrimage with schools from across the diocese journeying to Bradford, Ripon and Wakefield Cathedrals.
- Ordination of 21 new stipendiary curates and ongoing work to maintain a large pool of potential ordinands.
- Successful running of a further interns cohort, with 26 people serving the church across the diocese.
- Delivery of a wide range of school support with over 95% of Church schools engaging regularly with the Diocesan team.

These are a small snapshot of a great deal of work which has taken place during 2021 specifically aimed at making progress in relation to our overall strategy. The demands of the pandemic has inevitably meant we have needed to be careful in balancing moving forward with ensuring we are able to stand firm under pressure. Behind the scenes there has been further work implemented to ensure the work of diocesan officers is documented in clear business plans and 2022 will see us move this forward by linking plans with KPIs to ensure progress is tracked.

As part of our strategy work there has been a significant focus on a new strand of work, which has explicitly been considering how we ensure a growing presence whilst delivering a sustainable deployment of clergy. This work will continue in 2022, with its importance to the overall delivery of the strategy increasing as we move from development into implementation.

Volunteers

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

FUTURE PLANS

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

In addition to the day-to-day activities of the LDBF, the following will be a key focus for the Diocese and the LDBF in 2022:

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

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- The active support of all Church schools and academies to be deeply Christian places of learning, with strong, transformational relationships between parish and school community;
- Identifying new opportunities to utilise national church funding to enhance mission across the Diocese;
- Reviewing supplier contracts for key diocesan services and ensuring they provide value for money;
- Progressing work on the Parish Share Review; and
- Establishing and enhancing the work of the DBF sub committees.

FINANCIAL REVIEW

Financial Performance

In 2021 the LDBF recorded a net deficit before investment gains of £1,160,000 on unrestricted funds. This was £1,202,000 lower than the prior year outturn (2020: £42,000 surplus) but ahead of the 2021 budget. The 2021 deficit is after a £950,000 Sustainability Grant from the Archbishops Council (2020: £1,026,000), whilst the 2020 surplus also includes a £1,000,000 anonymous donation.

The Parish Share request for 2021 was £15,474,000 (2020: £15,588,000), of which it was budgeted that £13,013,000 would be received. Actual receipts relating to the 2021 Parish Share request amounted to £11,597,000 (2020: £11,489,000), representing a collection rate of 74.9% (2020: 73.7%). In addition, Parish Share receipts of £217,000 were received against the historical share outstanding from previous years (2020: £117,000) and voluntary contributions of £175,000 were made (2020: £103,000).

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

Expenditure from unrestricted funds on charitable activities increased by £724,000 to £21,126,000 (2020: £20,402,000). This was largely due to an increase in pension contributions of £471,000 as a result of an increase to the ongoing clergy pension accrual rate, together with an increase of £127,000 in clergy moving, resettlements and other clergy grants.

Across all the funds, the capital values of investments increased by £4,478,000 (2020: £1,107,000). Of the increase, £674,000 related to unrestricted investments.

In order to support the unrestricted position, restricted funds were used to pay the 2021 clergy pension deficit contribution of £576,000 and the same is expected for the one remaining year of the agreed contributions (2022: £532,000). This and other fund transfers were made from restricted funds where expenditure was incurred within the general fund that was eligible for those funds.

Properties totalling £3,141,000 were transferred from Benefice Housing to unrestricted funds during the year following the completion of Pastoral Schemes. These properties will continue to be used to provide clergy housing where required but sold or rented out if no ministerial need exists. Additionally, proceeds from the sale of parsonage and glebe assets have been transferred to the Diocesan Pastoral Account (£2,791,000) and the Stipends Capital Fund (£1,331,000) from the housing/land funds that previously held these assets. This includes the proceeds of sales from prior years.

As a result of the above, there was an overall funds increase of £4,026,000 (2020: £1,300,000) of which £3,155,000 (2020: £688,000) related to unrestricted funds.

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The Trustees have prepared a budget for 2022 based on a 1% increase in stipend and salary costs (albeit 2% has subsequently been awarded) and targeting a share collection rate of 86.5%. Including the transfer of £500,000 from restricted reserves to fund applicable activities, the budget is for a deficit of £303,000. However, in light of the continued impact of Covid-19 and increases in costs achieving the 2022 budget appears to be challenging.

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 66% of the Diocesan income in 2021. In addition, the Diocese has significant payments to the clergy and staff pension schemes in order to contribute towards covering pension fund deficits.

Principal funding sources

In 2021 60.1% (2020: 57.0%) of unrestricted income of the LDBF came from the Parish Share and 20.4% (2020: 20.5%) from the National Church.

Financial sustainability

LDBF has sound financial management, however, the Trustees remain conscious of the risks associated with the Parish Share fund collection and therefore its ability to adequately resource Diocesan activity. This is particularly the case given the impact of Covid-19 on church attendance and fundraising activities. Whilst Parish Share collection is improving it remains below the levels seen before 2020 and it is unlikely that Parish Share will return to "normal" levels in 2022. However, the Trustees are confident this can be absorbed through a combination of reductions in expenditure; the receipt of National Church liquidity support (automatically provided to all qualifying dioceses); and the appropriate utilisation of both unrestricted and restricted reserves (e.g. Pastoral Fund and Stipends Fund).

Going concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. As noted above, the Covid-19 pandemic created a number of financial challenges that continue to be navigated. The Trustees are confident that the Balance Sheet remains strong and is sufficient to absorb deficits that may arise over the near term. A Cost Review was completed in early 2021, which provided a structure to balance the budget over the longer term. 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.

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Significant Property Transactions

The net book value of land and buildings purchased and disposed of during the year totalled £555,000 and £3,620,000 respectively. Disposals included properties held for sale at 31 December 2020. The Leeds Board's policy is:

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

During the year two properties were purchased, both for curates.

Also during the year eleven properties were sold. Of the properties sold, seven were DBF properties (either being surplus curates' properties or former vicarages transferred to the DBF as part of pastoral schemes), three were parsonage properties (with funds held in the Pastoral Fund pending either the completion of a pastoral scheme or the purchase of an alternative property) and one was a glebe property associated with a specific role but was no longer required.

Balance Sheet position

The Trustees consider that the balance sheet together with details in note 23 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Balance Sheet date totalled £204.1m (2020: £200.1m), it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £156.4m (2020: £159.2m). 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.

The 2021 accounts include the impact of the latest revaluation of the Lay Workers Pension Schemes. The funding position on all four legacy defined benefit schemes has improved such that deficit payments are no longer required on two schemes and the other two schemes will see deficit payments completed by March 2023. This has resulted in a £250,000 gain being recognised in these accounts. The Clergy Defined Benefit Pension Scheme is currently being revalued as at 31 December 2021, with the scheme expected to be in surplus at that point. The impact of that on future deficit payments and the accounting valuation should be confirmed during 2022 and is not included in these accounts.

Reserves policy

Free reserves

The Reserves Policy sets a target free reserves range of £4.1m to £5.6m. The lower bound is based on an analysis of income sources and their potential vulnerability against budgeted performance – the largest portion of this relating to Parish Share (£2.7m). The upper bound remains based on 3 months budgeted unrestricted expenditure for the following financial year. The Trustees define the free reserves as the Unrestricted Net Current Assets Less the Assets Held for resale plus the unrestricted unlisted investments. Actual free reserves as at 31 December 2021 totalled £6.7m (2020: £6.1m). The increase from 2020 is due to the sale of unrestricted properties and an increase in investment valuations, offset by pension contributions and an operating deficit.

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Reserves tied up in fixed assets

The general fund comprises net assets amounting to £52.2m of which £47.8m relates to tangible fixed assets, £6.1m investments and £2.1m net current assets, offset by long-term liabilities of £3.8m.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 23. At 31 December 2021 total designated reserves were £954,000 (2020: £961,000).

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 2021 restricted funds totalled £20.2m (2020: £16.2m) and endowment funds totalled £130.7m (2020: £133.8m). These funds are not available for the general purposes of the LDBF.

Grant making policy

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

Fundraising

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

Investment policy

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

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

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

The LDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify

appropriate investment vehicles. Note 23 provides details of the assets of each fund, together with the related purposes, and Note 17 summarises the movements in investments during the year.

The CCLA investments total return performance against the benchmarks in 2021 were:

	Fund	Benchmark
CBF Church of England Investment Fund	+17.46%	+16.96%
CBF Church of England Property Fund	+19.74%	+17.88%

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

¹ https://www.ccla.co.uk/sites/default/files/CBF%20Quarterly%20Bulletin%20Report%20December%202021_0.pdf

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

- Accurate budgeting of Parish Share receipts to enable expenditure to be appropriately aligned;
- Collection statistics are produced and circulated on a monthly basis to track performance and identify potential issues early;
- Area personnel are expressly tasked with identifying, reporting on and supporting those parishes where there is considered to be a significant risk of under-collection; and
- Completing a Parish Share Review to identify changes that will ensure the system is as effective, fair and consistent as possible. This will also result in a comprehensive Parish Share Strategy including an action plan on how non-payment of share is approached.

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

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

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

- The Diocese employs a strong safeguarding team that includes specialist training support;
- Policies are aligned with those of the national church;
- All parishes are instructed to adopt and implement the National Church's safeguarding policy;
- Training is compulsory for all relevant staff and volunteers; 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.

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 assist, promote and further the religious and other charitable work of the Church of England within the Diocese of Leeds. It was established in its present form in December 2013.

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

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

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

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

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

Decision-making structure

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

LEEDS DIOCESAN BOARD OF FINANCE

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

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

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

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

Diocesan Synod has delegated the following functions to the LDBF:

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

Committee structure

Leeds Diocesan Board of Finance

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

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

Diocesan Board of Education ("DBE")

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

Diocesan Advisory Committee ("DAC")

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

Audit Committee

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

Diocesan Mission & Pastoral Committee ("DMPC")

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

LEEDS DIOCESAN BOARD OF FINANCE

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

Strategic Safeguarding Group

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

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

Finance, Assets and Investments Committee ("FAIC")

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

Property Committee

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

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

Delegation of day to day delivery

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

Funds held as Custodian Trustee

The LDBF is the custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £17,150,000 at 31 December 2021

LEEDS DIOCESAN BOARD OF FINANCE

(2020: £15,235,000), are available from the LDBF on request, and are summarised in Note 29. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

Related Parties

Related parties include:

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

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

Connected charities

The Trustees consider the following to be connected charities:

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

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

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

- Armley Deanery Schools Charity – support of schools in the Armley Deanery
- Brewin's Charity – support of clergy pensions
- Forcett Churchyard Trust – upkeep of Forcett churchyard
- Harrogate St Mary Cockroft Fund – upkeep of vault at All Saints Cemetery, Harrogate
- North Rigton School House Fund – provision of special benefits and education in the school
- Stewart's Charity – support to specified schools in Leeds
- Romaldekirk & Cotherstone Fund – upkeep of churches in Romaldekirk 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

LEEDS DIOCESAN BOARD OF FINANCE

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

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

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

TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

In so far as the trustees are aware:

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

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2021. The following Trustees were in post either during the year and/or at the date of this report:

Chairman:

The Right Revd Nicholas Baines – Bishop of Leeds

Ex-officio:

The Right Revd Anthony Robinson – Area Bishop of Wakefield

The Right Revd Helen-Ann Hartley – Area Bishop of Ripon

The Right Revd Paul Slater – Bishop of Kirkstall (retired 31 January 2022)

The Right Revd Toby Howarth – Area Bishop of Bradford

The Right Revd Jonathan Gibbs – Area Bishop of Huddersfield

The Revd Canon Samuel Corley – Chair of the House of Clergy of the Diocesan Synod (to 19 July 2021)

The Revd Rachel Firth – Chair of the House of Clergy of the Diocesan Synod (from 9 September 2021)

Mr Matthew Ambler - Chair of the House of Laity of the Diocesan Synod

Elected by the Deans:

The Very Revd John Dobson – Dean of Ripon Cathedral

Elected by the Archdeacons:

The Ven Paul Ayers

Elected by:

Synod House of Clergy:

The Revd Nigel Wright

The Revd Eve Ridgeway (from 1 March 2022)

Synod House of Laity:

Ms Kay Brown (to 01 November 2021)

Mr Andrew Maude

Mrs Anita Jane Wardman (to 1 November 2021)

Canon Mrs Ann Nicholl (to 1 November 2021)

Mr Christopher Thompson (from 1 November 2021)

Nominated by the Board:

Canon Mr Irving Warnett (to 13 October 2021 and then from 16 October 2021)

Canon Mr Simon Baldwin (to 13 October 2021)

Mrs Marilyn Banister (to 13 October 2021 and then from 16 October 2021)

Canon Mrs Jane Evans (to 13 October 2021 and then from 16 October 2021)

Mrs Jan Ali (from 12 March 2022)

The Revd Canon Kathryn Fitzsimons (to 16 March 2022)

LEEDS DIOCESAN BOARD OF FINANCE

Senior staff and advisers

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

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

Principal Bankers Santander, 44 Merrion Street, Leeds, LS2 8JQ
Yorkshire Bank plc, 6-10 Northgate, Wakefield, WF1 1TA
NatWest Bank plc, Leeds City Office, 8 Park Row, Leeds, LS1 1QS
Barclays Bank plc, PO Box 245, 10 Market Street, Bradford, BD 1 1XW

Auditors Saffery Champness LLP, Mitre House, North Park Road, Harrogate HG1 5RX

Diocesan Registrar David Whitaker, Lupton Fawcett LLP
Yorkshire House, East Parade, Leeds, LS1 5BD

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

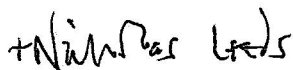
Glebe Agents Dacre Son & Hartley, Station Road, Otley, LS21 3DR
Stephenson & Son, York Auction Centre, Murton, York, YO19 5GF
Cartar Jonas, 9 Bond Street, Leeds LS1 2JZ

Insurance Brokers PIB Insurance Brokers, Poppleton Grange, York, YO26 6GZ

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

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

ON BEHALF OF THE TRUSTEES



The Right Revd Nicholas Baines
Chairman
16 May 2022



Jonathan Wood
Secretary
16 May 2022

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

Opinion

We have audited the financial statements of Leeds Diocesan Board of Finance for the year ended 31 December 2021 which comprise the statement of financial activities, balance sheet and the cash flow statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Identifying and assessing risks related to irregularities:

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

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

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

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

Audit response to risks identified:

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

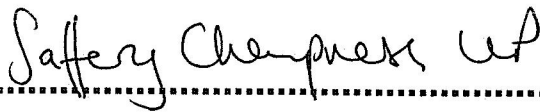
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of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

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

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

Use of our report

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



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

Statutory Auditors

Date: 16 May 2022

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

LEEDS DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2021

	Note	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
		General	Designated	Funds	Funds	2021	2020
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations	2						
Parish contributions		11,989	-	-	-	11,989	11,709
Archbishop's Council		4,074	-	1,542	-	5,616	6,045
Other donations		402	-	162	-	564	1,605
Charitable activities	3	1,483	-	-	-	1,483	1,300
Other activities	4	903	-	8	-	911	793
Investments	5	681	-	347	49	1,077	1,077
Other	6	408	-	234	152	794	466
Total		19,940	-	2,293	201	22,434	22,995
Expenditure on:							
Raising funds	7	54	-	-	-	54	97
Charitable activities	8	21,126	9	1,693	12	22,840	22,515
Pension deficit valuation movements	27	(250)	-	-	-	(250)	(3)
Other	9	170	-	-	72	242	193
Total		21,100	9	1,693	84	22,886	22,802
Net (expenditure)/income before investment gains		(1,160)	(9)	600	117	(452)	193
Net gains on investments		674	2	1,540	2,262	4,478	1,107
Net (expenditure)/income		(486)	(7)	2,140	2,379	4,026	1,300
Transfers between funds	14	3,641	-	1,809	(5,450)	-	-
Net movement in funds		3,155	(7)	3,949	(3,071)	4,026	1,300
Total funds brought forward	21	49,059	961	16,243	133,796	200,059	198,759
Total funds carried forward	22	52,214	954	20,192	130,725	204,085	200,059

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

LEEDS DIOCESAN BOARD OF FINANCE**INCOME AND EXPENDITURE ACCOUNT****For the year ended 31 December 2021**

	Total 2021 £'000	Total 2020 £'000
Total Income	22,233	22,938
Expenditure	(22,802)	(22,703)
Operating (deficit)/surplus for the year	<u>(569)</u>	<u>235</u>
Net gains on investments	2,216	632
Net income for the year	<u>1,647</u>	<u>867</u>
Other comprehensive income:		
Net assets transferred from/(to) endowments	5,450	(809)
Total comprehensive income	<u><u>7,097</u></u>	<u><u>58</u></u>

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

LEEDS DIOCESAN BOARD OF FINANCE

BALANCE SHEET
At 31 December 2021

Company Number – 8823593	Note	2021		2020	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	16		156,396		159,232
Investments	17		40,486		35,866
			<u>196,882</u>		<u>195,098</u>
CURRENT ASSETS					
Assets held for resale		990		1,225	
Debtors	18	1,034		1,079	
Cash on deposit		7,114		6,912	
Cash at bank and in hand		2,759		1,495	
Agency cash		3,673		3,662	
		<u>15,570</u>		<u>14,373</u>	
CREDITORS: amounts falling due within one year	19	(6,003)		(5,765)	
NET CURRENT ASSETS			<u>9,567</u>		<u>8,608</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			206,449		203,706
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	20		-		(958)
Other creditors	20		(2,364)		(2,689)
NET ASSETS			<u>204,085</u>		<u>200,059</u>
FUNDS					
Endowment funds			130,725		133,796
Restricted income funds			20,192		16,243
Unrestricted income funds:			52,214		49,059
Designated funds			954		961
TOTAL FUNDS	22		<u>204,085</u>		<u>200,059</u>

The Notes (pages 30 to 59) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 16 May 2022 and signed on behalf of the Board by:

+ Nicholas Baines Leeds

THE RIGHT REV'D NICHOLAS BAINES

LEEDS DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT
For the year ended 31 December 2021

	2021		2020	
	£'000	£'000	£'000	£'000
Net cash from operating activities		(2,942)		(992)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,077		1,077	
Interest paid	7		(123)	
Proceeds from the sale of:-				
Tangible fixed assets	4,171		2,011	
Fixed asset investments	-		3,084	
Purchase of:-				
Tangible fixed assets for the use of the LDBF	(555)		(690)	
Fixed asset investments	(142)		(3,255)	
Net cash provided by investing activities		4,558		2,104
Cash flows from financing activities				
Loans repaid to LDBF	26		-	
VLLs repaid due to property disposal	(55)		(131)	
Permanent loans repaid	(110)		(115)	
Net cash used in financing activities		(139)		(246)
Change in cash and cash equivalents in the reporting period		1,477		866
Cash and cash equivalents at 1 January		12,069		11,203
Borrowings excluding overdrafts		-		-
Cash and cash equivalents at 31 December		13,546		12,069
Reconciliation of net income before investment gains				
Net (expense)/income before investment gains 31 December		(452)		193
Adjustments for:				
Depreciation charges		6		6
Dividends, interest and rent from investments		(1,077)		(1,077)
Interest paid		(7)		123
Loss on sale of fixed assets		242		98
Profit on sale of fixed assets		(793)		(289)
Pension deficit valuation movements		(250)		-
Decrease/(Increase) in debtors		19		(83)
(Decrease)/increase in creditors		(630)		37
Net cash provided used in operating activities		(2,942)		(992)
Analysis of cash and cash equivalents				
Cash in hand		6,432		5,157
Notice deposits (less than 3 months)		7,114		6,912
		13,546		12,069

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. ACCOUNTING POLICIES

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

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

The Trustees have prepared the financial statements on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The Covid-19 pandemic created a number of financial challenges that continue to be navigated, however the Trustees are confident that the Balance Sheet remains strong and is sufficient to absorb deficits that may arise over the near term. A Cost Review was completed in early 2021, which provided a structure to balance the budget over the longer term. As a consequence, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The principal accounting policies and estimation techniques are as follows.

a) **Income**

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

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

b) **Expenditure**

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 28). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at present value in creditors distinguished between contributions falling due within one year and after more than one year.

c) **Tangible fixed assets and depreciation**

Capitalisation of property expenditure

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

Reclassification to current assets

Where a property is 'sold subject to contract' at the balance sheet date it is reclassified as an asset held for sale within current assets at their carrying value.

Freehold properties

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

Properties subject to value linked loans

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

Investment properties

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

Parsonage houses

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

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

Schools

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

d) **Other tangible fixed assets**

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

Office equipment	33% straight line
Computer equipment	33% straight line

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

e) **Key judgements**

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

- Land & Buildings are deemed to have unlimited useful lives. All other tangible fixed assets are considered to have three-year useful economic lives.
- Land and Buildings are not depreciated because of the high residual value based on current prices and any depreciation charge and the accumulated depreciation are regarded as not material. These assets are considered to have a long unexpired life due to a policy and practice of regular structural maintenance and a policy and practice of disposing of similar properties well before the end of their useful life.
- The assumptions underlying the valuation of the pension scheme liabilities are set out in note 28.

f) **Other accounting policies**

- i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Leases.** The LDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent free period is amortised over the whole period of the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

g) Fund balances

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

- i) Unrestricted funds are the LDBF's corporate funds and are freely available for any purpose within the charitable company's objects, at the discretion of the LDBF. There are two types of unrestricted funds:
- General funds which the LDBF intends to use for the general purposes of the LDBF; and
 - Designated funds set aside out of unrestricted funds by the LDBF for a purpose specified by the Trustees
- ii) Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- iii) Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.
- iv) "Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the LDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2. DONATIONS

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

Parish contributions

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
	General £'000	Designated £'000				
Apportionment	15,474	-	-	-	15,474	15,588
Shortfall in receipts	(3,877)	-	-	-	(3,877)	(4,099)
	<u>11,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,597</u>	<u>11,489</u>
Previous years share	217	-	-	-	217	117
Voluntary share	175	-	-	-	175	103
	<u>11,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,989</u>	<u>11,709</u>

Current year parish share receipts represent 74.9% of the total apportioned (2020 – 73.7%), or, when other voluntary contributions and receipts for previous years are included, 77.5% of the total apportioned (2020 – 75.1%). 2020 comparatives are for the general fund only.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

2. DONATIONS (continued)

Archbishops' Council

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

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
	General £'000	Designated £'000			
Transition Funding and Lowest Income	3,187	-	-	-	3,187
Sustainability Grant	1,026	-	-	-	1,026
RME Grant	-	-	359	-	359
SDF Grant	-	-	1,473	-	1,473
Total Income	4,213	-	1,832	-	6,045

The Lowest Income Communities Grant and The Transition Funding are annual grants for the parish mission fund, which may be used either for specific parish mission and development projects or for clergy stipends. The Sustainability Grant was provided by the Archbishops' Council in response to the Covid-19 pandemic. The RME ('Resourcing Ministerial Education') Grant is the funds provided by the Archbishops' Council for the training of ordinands. The SDF ('Strategic Development Funding') Grant is funding allocated by the Archbishops' Council Strategic Development Unit towards specific strategic projects. In 2021 SDF grants were received principally in relation to developing Resourcing Churches in Leeds and Bradford and the Diocesan Intern Scheme. The SMF (Strategic Ministry Funding) was granted by the Archbishops Council in 2021 and provides financial support for growth in the number of clergy by funding curates.

Other donations

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

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

2. DONATIONS (continued)

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
All Churches Trust Grant	302	-	-	-	302
Job Retention	244	-	-	-	244
Property Grants	6	-	-	-	6
Other Grants	33	-	20	-	53
Other donations	1,000	-	-	-	1,000
	<u>1,585</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>1,605</u>

Other Donations of £1m was a single, one-off, anonymous donation.

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
	General £'000	Designated £'000				
Statutory fees	979	-	-	-	979	904
Legal & Professional	64	-	-	-	64	79
School Services	283	-	-	-	283	248
Retreat Centre	157	-	-	-	157	69
	<u>1,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,483</u>	<u>1,300</u>

2020 comparatives are for the general fund only.

4. OTHER TRADING ACTIVITIES

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

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
	General £'000	Designated £'000			
Housing income	685	-	-	-	685
Outside Funding	5	-	-	-	5
Training income	16	-	-	-	16
Miscellaneous	87	-	-	-	87
	<u>793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>793</u>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment Funds	Total Funds
	General	Designated			
2021	£'000	£'000	£'000	£'000	£'000
Dividends receivable	677	-	347	49	1,073
Interest receivable	4	-	-	-	4
	<u>681</u>	<u>-</u>	<u>347</u>	<u>49</u>	<u>1,077</u>
	<u><u>681</u></u>	<u><u>-</u></u>	<u><u>347</u></u>	<u><u>49</u></u>	<u><u>1,077</u></u>
2020	£'000	£'000	£'000	£'000	£'000
Dividends receivable	633	-	366	49	1,048
Interest receivable	21	-	5	3	29
	<u>654</u>	<u>-</u>	<u>371</u>	<u>52</u>	<u>1,077</u>
	<u><u>654</u></u>	<u><u>-</u></u>	<u><u>371</u></u>	<u><u>52</u></u>	<u><u>1,077</u></u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds
	General	Designated			
2021	£'000	£'000	£'000	£'000	2021 £'000
Gain on sale of properties	408	-	234	152	794
	<u>408</u>	<u>-</u>	<u>234</u>	<u>152</u>	<u>794</u>
	<u><u>408</u></u>	<u><u>-</u></u>	<u><u>234</u></u>	<u><u>152</u></u>	<u><u>794</u></u>
2020	£'000	£'000	£'000	£'000	2020 £'000
Gain on sale of properties	289	-	172	5	466
	<u>289</u>	<u>-</u>	<u>172</u>	<u>5</u>	<u>466</u>
	<u><u>289</u></u>	<u><u>-</u></u>	<u><u>172</u></u>	<u><u>5</u></u>	<u><u>466</u></u>

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	Total funds
	General	Designated				
	£'000	£'000	£'000	£'000	2021 £'000	2020 £'000
Maintenance of Glebe	54	-	-	-	54	97
	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54</u>	<u>97</u>
	<u><u>54</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>54</u></u>	<u><u>97</u></u>

2020 comparatives are for the general fund only.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

8. CHARITABLE ACTIVITIES

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

8. CHARITABLE ACTIVITIES (continued)

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
	General £'000	Designated £'000			
Contributions to Archbishops' Council					
Training for Ministry National Church Responsibilities	500	-	-	-	500
Mission agency pension costs	417	-	-	-	417
Retired clergy housing costs	19	-	-	-	19
Pooling of ordinands maintenance grants	179	-	-	-	179
	168	-	-	-	168
	<u>1,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,283</u>
Resourcing Ministry and Mission					
Stipends and national insurance	8,921	-	-	-	8,921
Pension contributions	2,051	-	-	-	2,051
Housing costs	3,315	-	-	-	3,315
Removal, resettlement and grants	187	-	-	-	187
Other expenses	189	-	-	-	189
	<u>14,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,663</u>
Support for parish ministry	3,676	142	1,922	3	5,743
Retreat Centre	157	-	-	-	157
	<u>18,496</u>	<u>142</u>	<u>1,922</u>	<u>3</u>	<u>20,563</u>
Expenditure on Education					
Church Schools	623	-	46	-	669
	<u>20,402</u>	<u>142</u>	<u>1,968</u>	<u>3</u>	<u>22,515</u>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

9. OTHER RESOURCES EXPENDED

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

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Funds returned to parish	-	-	96	96	192
Loss on Sale of Properties	1	-	-	-	1
	<u>1</u>	<u>-</u>	<u>96</u>	<u>96</u>	<u>193</u>
	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>96</u></u>	<u><u>96</u></u>	<u><u>193</u></u>

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2021	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs £'000
	Raising funds	54	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,252	-	1,252
Resourcing parish ministry	18,882	645	1,060	20,587
Clergy pension deficit valuation	14	-	-	14
Education	639	-	150	789
Retreat Centre	212	-	-	212
Lay pension deficit valuation	(264)	-	-	(264)
Other	242	-	-	242
	<u>19,779</u>	<u>1,897</u>	<u>1,210</u>	<u>22,886</u>
	<u><u>19,779</u></u>	<u><u>1,897</u></u>	<u><u>1,210</u></u>	<u><u>22,886</u></u>

2020	£'000	£'000	£'000	£'000
Raising funds	97	-	-	97
Charitable activities:				
Contributions to Archbishops' Council	-	1,283	-	1,283
Resourcing parish ministry	19,133	475	799	20,407
Clergy pension deficit valuation	(25)	-	-	(25)
Education	538	-	130	668
Retreat Centre	157	-	-	157
Lay pension deficit valuation	22	-	-	22
Other	193	-	-	193
	<u>20,115</u>	<u>1,758</u>	<u>929</u>	<u>22,802</u>
	<u><u>20,115</u></u>	<u><u>1,758</u></u>	<u><u>929</u></u>	<u><u>22,802</u></u>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted	Endowment	Total	Total
	General £'000	Designated £'000	Funds £'000	Funds £'000	funds 2021 £'000	funds 2020 £000
Central administration	770	-	-	-	770	529
Support for Schools	150	-	-	-	150	130
Governance:						
External audit	30	-	-	-	30	28
Registrar and Chancellor	241	-	-	-	241	242
Synodical costs	19	-	-	-	19	-
	<u>1,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>929</u>

2020 comparatives are for the general fund only.

12. ANALYSIS OF GRANTS MADE

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

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

12. ANALYSIS OF GRANTS MADE (continued)

2020	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	12	-	1,283	1,283
From unrestricted funds:				
Ecumenical/ Churches Together organisations	-	-	-	-
Clergy Training	696	47	-	47
Clergy Grants (Removal, First appointment, resettlement)	125	187	-	187
Ordination	28	23	-	23
Vocation grants	514	160	-	160
Mission Grants	45	-	32	32
Youth	-	-	-	-
	<u>1,408</u>	<u>417</u>	<u>32</u>	<u>449</u>
From restricted funds for various purposes within resourcing parish ministry:				
PCCs' Building Grants	10	-	8	8
Widows and dependants of clergy	20	17	-	17
	<u>30</u>	<u>17</u>	<u>8</u>	<u>25</u>
From endowment funds for various purposes within resourcing parish ministry:				
Widows and dependants of clergy	1	1	-	1
	<u>1,451</u>	<u>435</u>	<u>1,323</u>	<u>1,758</u>

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

13. STAFF COSTS

	2021 £'000	2020 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,840	2,761
National insurance contributions	270	253
Pension contributions	226	223
Sub-total	<u>3,336</u>	<u>3,237</u>
Pension deficit valuation movements	(264)	22
Total Staff Costs	<u><u>3,072</u></u>	<u><u>3,259</u></u>

The average number of persons employed by the LDBF during 2021 were:

	2021 Number	2020 Number
Support for Ministry	79	79
Education	11	11
Retreat House	11	12
	<u>101</u>	<u>102</u>

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

	2021 Number	2020 Number
Support for Ministry	63	62
Education	11	11
Retreat House	6	6
	<u>80</u>	<u>79</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:

	2021 Number	2020 Number
£60,001 - £70,000	2	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	-
	<u>4</u>	<u>3</u>

Pension payments of £34,000 were made for these 4 employees (2020: 3 employees £25,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

13. STAFF COSTS (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2021 they were:

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

Remuneration, pensions and expenses for these 8 employees amounted to £548,000 (2020: 5 employees £324,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £Nil (2020 – £Nil) in respect of Trustee duties.

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

	Stipend	Housing
The Right Revd Anthony Robinson	No	Yes
The Right Revd Helen-Ann Hartley	No	Yes
The Right Revd Paul Slater	No	Yes
The Right Revd Toby Howarth	No	Yes
The Right Revd Jonathan Gibbs	No	Yes
The Revd Nigel Wright	Yes	Yes
Revd Canon Kathryn Fitzsimons	Yes	Yes
The Revd Canon Samuel Corley	Yes	Yes
The Ven Andy Jolley	Yes	Yes
The Ven Paul Ayers	Yes	Yes
The Revd Rachel Firth	Yes	Yes

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

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

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

13. STAFF COSTS (continued)

The LDBF paid an average of 320 (2020 – 317) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2021	2020
	£'000	£'000
Stipends	8,106	8,234
Apprentice Levy	38	37
National insurance contributions	671	650
Pension contributions	2,509	2,051
	<hr/>	<hr/>
Sub-total	11,324	10,972
Pension deficit valuation movements	14	(25)
	<hr/>	<hr/>
Total	<u>11,338</u>	<u>10,947</u>

Stipends includes no redundancy payments (2020 – 2 payments totalling £33,558).

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 £37,670 - £46,560 (2020: £37,670 - £46,560). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2021 was £36,830 (2020: £36,830) and other clergy who were Trustees were paid in the range £25,265 - £28,650 (2020: £25,265 - £28,650).

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General fund to Stipends endowment for reduction of pension deficit	(532)	-	-	532
Transfer of Pension funds to General Funds to support clergy pension deficit payments	50	-	-	(50)
Transfer of Pastoral funds to General Funds to support mission and pastoral activities and clergy pension deficit payments	612	-	(612)	-
Transfer of S554 funds to General Funds to support Board of Education expenditure	300	-	(300)	-
Transfer of Inglefield funds to General Funds to support Lay and Clergy education	40	-	(40)	-
Transfer of Training for Ministry funds to General Funds to support ordinands' training.	30	-	(30)	-
Benefice transfer of housing assets	3,141	-	-	(3,141)
Transfer of proceeds from the sale of Parsonage Houses to the Pastoral Account	-	-	2,791	(2,791)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>3,641</u>	<u>-</u>	<u>1,809</u>	<u>(5,450)</u>

During 2021, £0.6m of general funds were used to pay the clergy pension scheme deficits. Transfers from Pension and Pastoral funds funded these payments. Other transfers from restricted to unrestricted funds of £0.4m were undertaken to support education work, ordinands' training, missions and pastoral activities.

Transfers of housing assets totalling £3.1m from benefice funds to unrestricted funds took place on the completion of Pastoral Schemes. And, £2.8m was transferred from benefice funds to the Pastoral Account following the disposal of parsonage houses. Also, within endowment funds £1.3m was transferred from glebe properties and land to the stipends fund capital being the proceeds on sale of these assets.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

15. FINANCIAL INSTRUMENTS

	2021	2020
	£'000	£'000
Financial assets measured at fair value	35,870	31,250
Financial assets measured at amortised cost	1,034	1,079
	<u> </u>	<u> </u>
Financial liabilities measured at amortised cost	6,286	7,276
Financial liabilities measured at fair value	2,081	2,136
	<u> </u>	<u> </u>

Financial assets measured at fair value comprise unlisted investments.

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

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

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

16. TANGIBLE FIXED ASSETS

	Freehold properties	Office equipment	Benefice properties	School House	Glebe properties	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	46,046	821	96,906	308	16,040	160,121
Additions	516	-	39	-	-	555
Disposals	(1,270)	-	(1,125)	-	-	(2,395)
Reclassified in period	3,141	-	(3,141)	-	-	-
Transfer to/from properties for resale	(640)	-	(350)	-	-	(990)
At 31 December 2021	47,793	821	92,329	308	16,040	157,291
Depreciation						
At 1 January 2021	-	821	-	68	-	889
Charge for the year	-	-	-	6	-	6
At 31 December 2021	-	821	-	74	-	895
Net Book Value						
At 31 December 2021	47,793	-	92,329	234	16,040	156,396
At 31 December 2020	46,046	-	96,906	240	16,040	159,232

All of the properties in the balance sheet are freehold and are vested in the LDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of permanent and/or value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties (included in the above) amounts to £6,640,000 (2020: £6,850,000). Of the total land and buildings at 31 December 2021, £NIL are valued at cost (2020: £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.

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

17. FIXED ASSETS INVESTMENTS

	At 1 January 2021 £'000	Additions £'000	Disposals £'000	Transfers Value £'000	Change in Market Value £'000	At 31 December 2021 £'000
Unrestricted funds						
Unlisted investments	4,698	-	-	732	674	6,104
Designated funds						
Unlisted investments	14	-	-	-	2	16
Restricted funds						
Unlisted investments	10,655	-	-	(687)	1,540	11,508
Endowment funds						
Investment property	4,616	-	-	-	-	4,616
Unlisted investments	15,883	142	-	(45)	2,262	18,242
	20,499	142	-	(45)	2,262	22,858
Total	35,866	142	-	-	4,478	40,486

18. DEBTORS

	2021 £'000	2020 £'000
Due within one year		
Loans to parishes	9	22
Other debtors and prepayments	986	1,005
	995	1,027
Due after more than one year		
Loans to parishes	39	52
	39	52
Total debtors	1,034	1,079

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

19. CREDITORS: amount falling due within one year

	2021 £'000	2020 £'000
Loan repayment instalments due in one year		
Church Commissioners value-linked loans	169	-
Church Commissioners other loans	101	110
Other taxes and social security	71	68
Other creditors and accruals	4,933	4,746
Pension scheme liabilities:		
Lay Defined Benefit Scheme	169	309
Clergy Pension Scheme	560	532
Total creditors: amounts falling due within one year	6,003	5,765

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

	2021 £'000	2020 £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	1,912	2,136
Church Commissioners other loans	452	553
Pension scheme liabilities:		
Lay Defined Benefit Scheme	-	382
Clergy Pension Scheme	-	576
Total creditors: amounts falling due after more than one year	2,364	3,647
The maturity of the above loans may be analysed as follows:		
Less than one year	270	110
Between one and two years	100	101
Between two and five years	299	301
In five years or more	1,965	2,287
	2,364	2,689

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, £232k relates to the Benefice Property Fund (2020 - £273k), £nil to the Glebe Estate (2020 - £20k) and £220k to the General Fund (2020 - £260k). These loans are repayable over terms ranging from 5 to 25 years in quarterly instalments and bear interest rates between 6.1% and 8.5%, which is borne by the LDBF. In the event of sale, the loan would be settled out of the proceeds and there would be no further charge to the LDBF.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

21. SUMMARY OF FUND MOVEMENTS

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

LEEDS DIOCESAN BOARD OF FINANCE

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

21 SUMMARY OF FUND MOVEMENTS (continued)

2020	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2020 £'000
UNRESTRICTED FUNDS						
General	48,371	20,542	(20,497)	585	58	49,059
DESIGNATED FUNDS						
Archdeacons Discretionary	12	-	(1)	-	1	12
Ingrow Fund	90	-	(62)	-	-	28
Mission Fund	700	-	(79)	-	-	621
Carbon Reduction Fund	300	-	-	-	-	300
	1,102	-	(142)	-	1	961
RESTRICTED FUNDS						
Section 554 Education	6,776	204	(46)	(300)	195	6,829
Clergy & Dependants hardship funds	75	21	(15)	-	3	84
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	32	2	(2)	-	1	33
Retreat House support funds	31	-	-	-	-	31
Local Parochial purposes	13	-	-	-	-	13
Appeal & specific purposes	72	-	-	-	-	72
Church building repair funds	436	1	(103)	-	25	359
Pastoral Account	6,781	268	-	(988)	228	6,289
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,536	42	-	(44)	68	1,602
Training for ministry funds	821	383	(380)	(62)	53	815
Strategic Development Funds	107	1,475	(1,518)	-	-	64
	16,732	2,396	(2,064)	(1,394)	573	16,243
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	14,833	1	-	938	295	16,067
Expendable						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	1,038	1	-	-	71	1,110
Pensions	216	-	-	(129)	13	100
Training for ministry funds	103	2	-	-	6	111
Clergy & dependants hardship funds	1,110	29	(4)	-	57	1,192
Local Parochial purposes	539	-	-	-	2	541
Glebe Land	4,792	5	-	-	-	4,797
Church building repair funds	602	18	-	-	14	634
Glebe Properties	17,279	-	(2)	-	-	17,277
Benefice Properties	91,553	-	(93)	-	-	91,460
Religious Education support	235	-	-	-	17	252
Appeal funds & other specific purposes	42	1	-	-	-	43
	132,554	57	(99)	809	475	133,796
Total funds	198,759	22,995	(22,802)	-	1,107	200,059

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

22. SUMMARY OF ASSETS BY FUND

2021	Fixed assets		Current Assets £'000	Creditors £'000	Net Assets £'000
	Tangible £'000	Investments £'000			
Unrestricted funds – General	47,793	6,104	2,133	(3,816)	52,214
Unrestricted - designated					
Archdeacons Discretionary	-	16	-	(3)	13
Ingrow Fund	-	-	20	-	20
Mission Fund	-	-	621	-	621
Carbon Reduction Fund	-	-	300	-	300
	-	16	941	(3)	954
Restricted					
Section 554 Education	234	6,444	821	-	7,499
Clergy & Dependants hardship funds	-	56	40	-	96
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	13	23	-	36
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	14	-	14
Appeals & specific purposes	-	-	283	(218)	65
Clergy & lay stipend augmentation	-	-	142	-	142
Church building repair funds	-	421	65	(85)	401
Pastoral Account	2,781	2,316	3,996	-	9,093
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,415	369	-	1,784
Training for ministry funds	-	843	53	-	896
Strategic Development Funds	-	-	83	-	83
Schools LCVAP Building Programme	-	-	3,673	(3,673)	-
	3,015	11,508	9,645	(3,976)	20,192
Endowment					
Permanent					
Stipends fund capital	4,219	14,685	1,424	(559)	19,769
Expendable					
Benefice houses	85,329	-	350	-	85,679
General Purposes	-	-	212	-	212
Maintenance of Ministry	-	1,268	2	-	1,270
Glebe Property	16,040	-	-	-	16,040
Pensions	-	66	-	-	66
Training for Ministry	-	114	-	-	114
Clergy & Dependants hardship funds	-	1,007	338	(13)	1,332
Local Educational Funds	-	111	-	-	111
Local Parochial purposes funds	-	404	188	-	592
Glebe Land	-	4,616	-	-	4,616
Church building repair funds	-	408	296	-	704
Religious Education support funds	-	177	-	-	177
Appeal funds & other specific purposes	-	2	41	-	43
	105,588	22,858	2,851	(572)	130,725
Total funds	156,396	40,486	15,570	(8,367)	204,085

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

22. SUMMARY OF ASSETS BY FUND (continued)

2020	Fixed Assets Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Unrestricted funds – General	46,046	4,698	2,930	(4,615)	49,059
Unrestricted - designated					
Archdeacons Discretionary	-	14	1	(3)	12
Ingrow Fund	-	-	28	-	28
Mission Fund	-	-	621	-	621
Carbon Reduction Fund	-	-	300	-	300
	-	14	950	(3)	961
Restricted					
Section 554 Education	240	5,636	953	-	6,829
Clergy & Dependants hardship funds	-	49	35	-	84
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	12	21	-	33
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	13	-	13
Appeals & specific purposes	-	-	75	(3)	72
Church building repair funds	-	367	13	(21)	359
Pastoral Account	2,781	2,565	943	-	6,289
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,273	329	-	1,602
Training for ministry funds	-	753	62	-	815
Strategic Development Funds	-	-	64	-	64
Schools LCVAP Building Programme	-	-	3,662	(3,662)	-
	3,021	10,655	6,253	(3,686)	16,243
Endowment					
Permanent					
Stipends fund capital	4,219	12,719	237	(1,108)	16,067
Expendable					
Benefice houses	89,906	-	1,554	-	91,460
General Purposes	-	-	212	-	212
Maintenance of Ministry	-	1,109	1	-	1,110
Glebe Property	16,040	-	1,237	-	17,277
Pensions	-	100	-	-	100
Training for Ministry	-	111	-	-	111
Clergy & Dependants hardship funds	-	881	311	-	1,192
Local Educational Funds	-	97	1	-	98
Local Parochial purposes funds	-	353	188	-	541
Glebe Land	-	4,616	181	-	4,797
Church building repair funds	-	357	277	-	634
Religious Education support funds	-	154	-	-	154
Appeal funds & other specific purposes	-	2	41	-	43
	110,165	20,499	4,240	(1,108)	133,796
Total funds	159,232	35,866	14,373	(9,412)	200,059

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

23. DESCRIPTION OF FUNDS

Fund category	Purpose	Funds included in this category
General fund	The general fund is the LDBF's unrestricted undesignated fund available for any of the LDBF's purposes without restriction.	
Archdeacons Discretionary Fund	Represents grants received set aside to be used at the discretion of Archdeacons.	
Ingrow Fund	Funds from the bequest of Nora Curry left for the benefit of the parish of Ingrow.	
Mission Fund	Funds to support future SDF projects and the creation of a Parish Growth Fund.	
Carbon Reduction Fund	Funds to enable adjustments to our buildings that reduce their carbon footprint	
Section 554	Established under S86 of the Education Act 1993. Capital monies to develop or build new or existing voluntary aided schools or maintain such schools or contribute to educational purposes.	
Clergy and dependents hardship funds	Funds to provide relief of clergy and their dependents in financial hardship.	Clergy Stipend Trust, Clergy Widows and Dependents, Queen Victoria Trust, Leeds Diocese Charitable Society Trust, Aid to Parish Clergy, Widows, Clergy Retirement, Education Grants
Bradford Summer Camps Bursary	Funds to provide support to children & youths to enable them to attend summer camps in cases of financial hardship.	
Local educational funds	For educational purposes in the areas named	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)

LEEDS DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

23. DESCRIPTION OF FUNDS (continued)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

23. DESCRIPTION OF FUNDS (continued)

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

24. CAPITAL COMMITMENTS

At 31 December 2021 the LDBF had capital expenditure commitments of £104k (2020 - £71k) which are contracted for but not provided for in these financial statements.

25. OPERATING LEASES

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

	2021 £'000	2020 £'000
Land and buildings		
Within one year of the balance sheet date	24	30
In the second to fifth year of the balance sheet date	95	119
After the fifth year of the balance sheet date	69	117
	<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 2021 the LDBF participated in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the LDBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Church of England Funded Pension Scheme

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

27. PENSIONS (continued)

	December 2021	December 2020
Number of members	327	322

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

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

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

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

- An average discount rate of 3.2% p.a. ;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.; and
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2019 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter 7 and an initial addition to mortality improvement of 0.5% pa.

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

% of pensionable stipends	January 2019 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force 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 2020 and 2021 is set out in the table below.

	2021	2020
Balance sheet liability at 1 January	1,108,000	2,046,000
Deficit contribution paid	(562,000)	(913,000)
Interest cost (recognised in SoFA)	2,000	17,000
Remaining change to the balance sheet liability* (recognised in SoFA)	12,000	(42,000)
Balance sheet liability at 31 December	560,000	1,108,000

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

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. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	Dec 2021	Dec 2020	Dec 2019
Discount rate	0.0% pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	-1.5% pa	1.6% pa	1.3% pa

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

Church Workers Pension Fund – Defined Benefits Scheme

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

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

Defined Benefits Scheme

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

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

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

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

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

27. PENSIONS (continued)

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

The next actuarial valuation is due at 31 December 2022.

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

Leeds DBF (Bradford) DBS

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

Leeds DBF (Ripon & Leeds) DBS

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

Leeds DBF (Ripon & Leeds Education Team) DBS

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

Leeds DBF (Wakefield) DBS

Following the valuation, the Diocese of Leeds has entered into an agreement with the Church Workers Pension Fund to pay expenses of £12,500 pa. In addition, deficit payments of £74,091 per year have been agreed for 1.92 years from 1 April 2021 in respect of the shortfall in the Diocese of Leeds sub-pool.

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

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

	2021	2020
Balance sheet liability at 1 January	691,000	978,000
Deficit contribution paid	(258,000)	(309,000)
Interest cost (recognised in SoFA)	1,000	9,000
Remaining change to balance sheet liability*(recognised in SoFA)	(265,000)	13,000
Balance sheet liability at 31 December	169,000	691,000

* 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 2021

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 2021	December 2020	December 2019
Leeds DBF (Bradford) DBS	0.00%	0.30%	1.20%
Leeds DBF (Bradford & Ripon Education Team) DBS	0.00%	0.30%	1.20%
Leeds DBF (Wakefield) DBS	1.30%	0.30%	1.20%
Leeds DBF (Ripon & Leeds) DBS	0.00%	0.30%	1.20%

Pension Builder Scheme

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

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

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

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

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

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

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the current time.

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

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

From 1 January 2019 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 2021

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:

	2021	2020
	£000	£000
CBF Church of England Investment Fund income shares	12,879	11,390
CBF Church of England Investment Fund accumulation shares	37	32
CBF Church of England UK Equity shares	81	68
CBF Church of Global Equity shares	581	500
CBF Church of England Fixed Interest Securities Fund shares	369	396
CBF Church of England Property Fund shares	425	372
Other common investment fund holdings	654	581
Direct holdings in UK equities	354	340
CBF Church of England Deposit Fund	1,770	1,556
	<hr/>	<hr/>
Total assets held as custodian trustee	17,150	15,235
	<hr/> <hr/>	<hr/> <hr/>

LEEDS DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 1155876

Accounts

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

LEEDS DIOCESAN BOARD OF FINANCE

Company number - 8823593

Registered charity number – 1155876

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TRUSTEES REPORT 2020

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 2020.

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 600 church buildings in 450 parishes with 325 stipendiary clergy, 85 self-supporting clergy and 450 clergy with Permission To Officiate ("PTO") along with 360 Readers, 80 authorised lay pastoral ministers and 35 chaplains. There are also 240 Church of England schools and academies within the Diocese.

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

The LDBF has the following statutory responsibilities:

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

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

STRATEGIC AIMS

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

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

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

Diocese of Leeds Strategy

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

Sharing a vision for:

Confident Christians
Growing churches
Transforming communities

Characterised by:

Loving
Living
Learning

Enabled by:

Clergy and lay together
Purposeful resourcing
Dynamic partnerships

Achieved by:

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

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

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

This goal is about how we all work together as a large, young diocese, from parishes, benefices and deaneries to episcopal areas and diocesan staff. Objectives cover our planning, culture and finances.

Goal 2: Reimagining ministry

This goal is about how we can meet the challenges of the 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 2020:

- To ensure an Anglican presence in every parish;
- To provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith;
- To promote the use of every church building for worship and other community activities;
- To support parishes to identify the areas of need within their community and work together with other organisations to deliver a positive contribution to the spiritual and physical health;
- To actively support all Church schools and academies to be deeply Christian places of learning, with strong, transformational relationships between parish and school community.
- To roll out of the Diocesan Strategy for 2019-2024;
- The delivery of the financial sustainability plan to balance the budget by the end of 2024;
- The implementation of the governance review completed in 2019;
- The continued development of the Resource and Resourcing Church models in Leeds and Bradford;
- The development of Strategic Development bids in other Episcopal Areas, including a focus on children and youth;
- The launch the Parish Giving Schemes across the Diocese; and
- The development of a comprehensive Housing and Glebe strategy.

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.

Diocesan Strategy

The roll out of the strategy in 2020 was impacted as the response to the pandemic dominated much of the available capacity at diocesan and local church level. This meant that some planned activities were paused, whilst other initiatives were promoted as they added value as churches dealt with lockdown.

The strategy has been effective in providing a framework to help guide the prioritisation of resource within the diocese and encouragement has been provided to PCCs to also do this as they plan how they might emerge well in 2021.

The focus over the last year has been on establishing clear reporting of progress and establishing mechanisms to achieve this. Alongside existing data sources, a specific benchmark survey was prepared to be launched in November. However, the imposition of a second national lockdown, followed by Advent led to a decision to hold the survey until 2021 to ensure a greater response rate. The survey was developed with the Church Army and has been designed to be repeated each year to enable progress to be tracked.

Regular reporting to the Bishop's Strategy Group and the Diocesan Board of Finance is provided and each goal now has a senior sponsor as well as a Diocesan Officer who has been assigned responsibility to championing action.

The following sections set out key developments over the past year against each of the five strategy goals:

1. Thriving as a distinctive diocese

Having put a clear plan for sustainability in place for the start of the year, the pandemic had a profound impact on 2020 planned income and much of the work through the year has been on ensuring the Diocese remains financially stable. Key highlights include:

- Significant further work has taken place to recast a clear path to sustainability, with opportunities for cost savings and income generation identified.

- Covid-19 support and guidance has been offered to all parishes through a variety of channels and positive feedback about the Diocese has been received in relation to this.
- Internally a new appraisals process was launched, with clear links to diocesan strategy for diocesan employees.
- Directorate business plans introduced to ensure strategic alignment moving forward.
- The work on a revised Parish Share model was paused as a result of the work needed to ensure ongoing sustainability and the reality that 2020 was not a good year to introduce changes. This will be reviewed in 2021.

2. Reimagining ministry

During Covid 19, reimagining ministry has been a necessity, though survival rather than growth mode has been understandably common. Key highlights include:

- Online engagement in lockdown has increased engagement with those loosely connected to the church and offers new options for multi-church benefices.
- Plans for Occasional preachers and Extended Communion were shared at Diocesan Synod.
- A programme of support and continuing ministerial development for Lay Worship Leaders was launched.
- Webinars for 100+ participants took place on 'Reimagining the Church' and 'Social action and evangelism'.
- Online 'flipped classroom' versions of lay training courses were established and delivered.
- Discussions were initiated about the particular lay ministry needs of resource/resourcing churches.
- A major review of Reader/Licensed Lay Ministry was completed, incorporating the renewed national vision for Reader Ministry and a redesigned training pathway.
- Wellsprings Together facilitated lockdown food provision and other forms of community support.
- A ten week Pioneer Ministry course developed and piloted.
- A review of Spiritual Director training was launched.
- Lay Pastoral Ministers and Lay Worship Leaders first year tranches successfully completed.

SDF-funded programmes are running in both Leeds and Bradford – five Resource Churches in Leeds, Holy Trinity Boar Lane as a centre for weekday mission and ministry, the Diocesan Intern Programme, the City Centre Resource Church in Bradford (Fountains) and five Bradford Resourcing Churches.

3. Nurturing lay discipleship

The importance of our laity has been clear throughout 2020. Key highlights include:

- Digital Learning Platform engagement has increased during lockdown, with membership rising by 60% to 1600 during 2020.
- The Rhythm of Life has been launched, providing support for nurturing aspects of Christian discipleship in everyday contexts. This was a key area that was prioritised in year as it met a very real need across the Diocese.
- Lay Vocations successfully run to allow people to explore a range of lay training pathways and opportunities.
- Multiple Discovery Courses across Episcopal Areas and online (enabling vocational exploration).
- A learning community of Beacon parishes continued to function as a laboratory for activities which strengthen everyday faith.

4. Building leadership pathways

Plans for 50% increases in ordinands and curates are progressing well. Progress has included the following:

- 21 new curacies are being planned for 2021, with Commissioners' funding granted for seven additional curates, meeting our objective of a 50% increase.
- 20 ordinands started training for stipendiary ministry, representing a 50% increase on our baseline figure.
- A new cohort of Interns started, with a total of 27 interns on the training programme overseen by the Director of Interns. This included 5 on the Ministry Experience Scheme (MES), exploring a call to ordained ministry.
- Candidates started LLM training and Lay Worship Leader Training - both are leadership (and not just ministry) pathways.
- A new Continuing Ministerial Development programme for Lay Worship Leaders was launched.

5. Growing young people as Christians

The Education team and Children, Young People and Families Team have worked closely together over 2020. A number of key initiatives have been implemented, including:

- Rhythm of Life schools advent course, with significant uptake across the Diocese and national recognition of its quality.
- Development of resources to support Faith at Home.
- Development of Missional Toolkit to support work with young people in school and church settings.
- Planning for virtual three cathedrals pilgrimage project (taking place in 2021).
- Preparing a Strategic Development Funding bid focused on working with children and young people.

The restriction on children and youth work through 2020 has limited the ability to progress on a number of key areas, but there has been significant activity to enable parents and schools to support young people access resources and talk about their faith.

Diocesan Board of Education ("DBE")

The impact of Covid on the work of the DBE was significant given much of the engagement with schools would usually be face to face through school visits or training and CPD activity. Despite this, there was a continued increase in the growth in the number of schools working with the DBE with 90% taking up the service level agreement offer. The Team responded quickly to the need to move training and CPD work to a virtual offer and schools and other stakeholders were grateful for the continued support provided at this unprecedented time. The closure of schools saw the suspension of the statutory inspection schedule (SIAMS).

The DBE continue to deliver on Year 2 of the 5 year strategy and a particular highlight was the collaborative work with Children & Young Peoples Team on the Rhythm of Life initiative. The resources produced for schools for Advent were positively received and a similar resource pack will feature in 2021 for Lent. 2021 will undoubtedly focus on how schools recover after Covid and it is anticipated that DBE officers will continue to provide much needed professional and pastoral support to school leaders and governors.

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 majority of the budget continues to be directed towards supporting ministry and mission in every parish. The Trustees will continue to set annual budgets as appropriate and in line with the reserves policy. The ongoing objective is to resource Diocesan needs, as determined by Synod and informed by local and national Church institutions.

In addition to the day-to-day activities of the LDBF, the following will be a key focus for the Diocese and the LDBF in 2021:

- Supporting churches and schools as they respond to the ongoing challenges presented by Covid-19;
- The continued implementation of the Diocesan Strategy and the use of it as a framework for future mission planning;
- Developing sustainable models of ministry that reflect our parish needs and enable us to support growing churches;
- The continued development of the Resource and Resourcing Church models in Leeds and Bradford;
- The active support of all Church schools and academies to be deeply Christian places of learning, with strong, transformational relationships between parish and school community;
- Facilitating engagement with the Rhythm of Life initiative, especially to nurture lay discipleship;
- The delivery and monitoring of a Cost Review to ensure the DBF is able to respond quickly to any financial challenges that develop;
- Develop a credible 2030 net zero carbon plan;
- The introduction of the Diocesan Property Committee;
- Overseeing Diocesan synod elections to support the new triennium and continuing to work on increasing diversity, engagement and participation.

FINANCIAL REVIEW

Financial Performance

In 2020 the LDBF recorded a net surplus before investment gains (excluding pension valuation movements) of £42,000 on unrestricted funds. This was £643,000 lower than the prior year outturn (2019: £685,000 surplus before investment gains and excluding pension valuation movements) but ahead of the 2020 budget. The 2020 surplus includes a £1,026,000 Sustainability Grant from the Archbishops Council and a £1,000,000 anonymous donation, and therefore, the underlying unrestricted result is a substantial deficit rather than a surplus. The LDBF expresses its deep thanks for these one-off contributions, which have had a significant impact on the final outturn.

In order to support the unrestricted position going forward, the LDBF agreed to make transfers from restricted funds to pay the 2020 clergy pension deficit contribution (£938,000) and expects to do the same for the remaining two years of the agreed contributions (2021: £576,000 and 2022: £532,000). Other fund transfers were made from restricted funds where expenditure was incurred within the general fund that was eligible for those funds (see Note 14).

The Parish Share request for 2020 was £15,588,000 (2019: £15,542,000), of which it was budgeted that £13,992,000 would be received. Actual receipts relating to the 2020 Parish Share request amounted to £11,489,000 (2019: £13,454,000), representing a collection rate of 73.7% (2019: 86.6%). In addition, Parish Share receipts of £117,000 were received against the historic share outstanding from previous years (2019: £221,000) and voluntary contributions of £103,000 were made (2019: £204,000).

Note 2 to the financial statements has been prepared in accordance with the guidance agreed nationally to show the total receipt of income from parishes including receipts for a previous year. The Trustees are grateful to all parishes for their Parish Share payments and especially to those parishes that make their Parish Share payments by monthly instalments, which is essential in controlling the Diocese's cash flow.

Expenditure from unrestricted funds on charitable activities reduced by £323,000 to £20,402,000 (2019: £20,725,000). The main reason for this was lower Support for ministry (£318k), Retreat Centre (£117k) and Education (£82k) costs, partly offset by higher Ministry and Mission (£140k) costs and higher contributions to Archbishops' Council (£53k).

Unrestricted reserves at 1st January 2019 were reduced by £965,000, reflecting an increase in the value of Value-Linked Loans which it was identified had not been revalued correctly prior to 2018 (see Note 21).

Across all the funds, the capital values of investments increased by £1,107,000 (2019: £3,296,000). As a result, there was an overall funds increase of £1,300,000 (2019: £8,363,000).

The Trustees have prepared a budget for 2021 based on no increase in stipend and salary costs and targeting a share collection rate of 83%. Including the transfer of £500,000 from restricted reserves to fund applicable activities, the budget is for a deficit of £1,167,000. However, in light of the ongoing impact of Covid-19 achieving the 2021 budget appears to be challenging.

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 66% of the Diocesan income in 2021. In addition, the Diocese has significant payments to the clergy and staff pension schemes in order to contribute towards covering pension fund deficits.

Principal funding sources

In 2020 around 57.0% (2019: 64.2%) of unrestricted income of the LDBF came from the Parish Share and 20.5% (2019: 18.7%) from the National Church.

Financial sustainability

LDBF has sound financial management, however, the Trustees remain conscious of the risks associated with the Parish Share fund collection and therefore its ability to adequately resource Diocesan activity. This is particularly the case given the Covid-19 pandemic, which began in early 2020 and is still affecting the activities of parish churches and, therefore, the LDBF at the signing of these accounts. It is highly unlikely that Parish Share and some other income sources will return to "normal" levels in 2021. However, the Trustees are confident this can be absorbed through a combination of reductions in expenditure (as detailed in a Board approved Cost Review); the receipt of National Church liquidity support (automatically provided to all qualifying dioceses); and the appropriate utilisation of restricted reserves (e.g. Pastoral Fund and Stipends Fund).

Going concern

The financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. As noted above, the Covid-19 pandemic has created a number of financial challenges that must be navigated. The Trustees are confident that plans in place will enable the LDBF to come through the ongoing disruption and that the Cost Review undertaken has provided a structure to balance the budget over the longer term. 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 £690,000 and £1,880,000 respectively. The Leeds Board's policy is to:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to dispose of properties for which there is no ministry need and which do not provide reasonable investment returns; and
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

During the year two properties were purchased, one for a curate and the second as a replacement benefice property with the sale of the previous vicarage due to complete in the first half of 2021.

During 2020 four properties were sold. Of the properties sold, three were DBF properties (either being surplus curate's properties or former vicarages transferred to the DBF as part of pastoral schemes) and one was a parsonage property (with funds held in the Pastoral Fund pending either the completion of a pastoral scheme or the purchase of an alternative property).

Balance sheet position

The Trustees consider that the balance sheet together with details in note 23 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £200.1m (2019: £198.8m restated), it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £159.2m (2019: £161.0m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the LDBF.

Reserves policy

Free reserves

The Reserves Policy sets a target free reserves range of £4.1m to £5.8m. The lower bound is based on an analysis of income sources and their potential vulnerability against budgeted performance – the

largest portion of this relating to Parish Share (£2.8m). The upper bound remains based on 3 months budgeted unrestricted expenditure for the following financial year. The Trustees define the free reserves as the Unrestricted Net Current Assets Less the Assets Held for resale plus the unrestricted unlisted investments. Actual free reserves as at 31 December 2020 totalled £6.1m (2019: £5.2m).

Reserves tied up in fixed assets

The general fund comprises net assets amounting to £49.1m of which £46.0m relates to tangible fixed assets, £4.7m investments and £2.9m net current assets, offset by long-term liabilities of £4.6m.

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 2020 total designated reserves were £961,000 (2019: £1,102,000).

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 2020 restricted funds totalled £16.2m (2019: £16.7m) and endowment funds totalled £133.8m (2019: £137.0m). These funds are not available for the general purposes of the LDBF.

Grant making policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 8 to the financial statements). Grants are paid to other connected charities and to other charitable projects, which support the furtherance of LDBF's objectives.

Fundraising

The LDBF provides guidance to the parishes with regards to fundraising, but does not engage in fundraising activities itself. Due regard is given to the Fundraising Code of Practice set by the Fundraising Regulator when providing advice to the parishes.

Investment policy

LDBF's investment policies are based on two key policies:

The Trustees have a policy to invest in accordance with the ethical investment policy of the Church of England Ethical Investment Advisory Group - this includes ensuring that investments are held in companies, which have high standards of corporate governance and act in a responsible way towards stakeholders.

Long-term responsibilities - the Trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions. Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

The LDBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 23 provides details of the assets of each fund, together with the related purposes, and Note 17 summarises the movements in investments during the year.

The CCLA investments total return performance against the benchmarks in 2020 were:

	Fund	Benchmark
CBF Church of England Investment Fund	+10.20%	+3.95%
CBF Church of England Global Equity Income Fund	+22.69%	+12.32%
CBF Church of England UK Equity Income Fund	+0.81%	-11.78%
CBF Church of England Property Fund	-0.48%	-1.65%

The five year performance against the benchmark and the benchmark composites are available from the CCLA and can be found on their website¹.

¹ <https://www.ccla.co.uk/sites/default/files/CBF%20Quarterly%20Bulletin%20Report%20December%202020.pdf>

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this a risk register is maintained, which includes all risks identified, along with owners, mitigating actions and review dates. The register is maintained by management on an ongoing basis and is subject to review by the Audit Committee twice a year and by the Trustees on an annual basis, though an updated register is presented to the Board at every meeting. The responsibility for delivery of the mitigation strategies identified by the register are delegated to the Diocesan Secretary.

The risk register identifies key areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

Parish Share: Collection is considerably less than the budget resulting in a deficit on general funds.

- Accurate budgeting of Parish Share receipts to enable expenditure to be appropriately aligned;
- Collection statistics are produced and circulated on a monthly basis to track performance and identify potential issues early;
- Area personnel are expressly tasked with identifying, reporting on and supporting those parishes where there is considered to be a significant risk of under-collection; and
- Completing a Parish Share Review to identify changes that will ensure the system is as effective, fair and consistent as possible. This will also result in a comprehensive Parish Share Strategy including an action plan on how non-payment of share is approached.

Financial Risk: The risk of failing to achieve approved budget or having insufficient liquid resources to meet liabilities as they fall due.

- The financial position is closely monitored at department level, with regular reports circulated and regular meetings held with budget holders by the CFO and/or Finance Manager;
- Regular reporting to FAIC and the LDBF;
- A Cost Review exercise was presented to the Board in February 2021, which identified three levels of cost savings to ensure a balanced budget is achieved over the next four years; and
- A clear purchase authorisation process is in place.

Safeguarding & Inclusion: Where there is an occurrence of child, vulnerable adult or domestic abuse by someone working for or on behalf of the Church or involved in the life of the Church.

- The Diocese employs three safeguarding advisers, plus specialist training support;
- Policies are aligned with those of the national church;
- All parishes are instructed to adopt and implement the National Church's safeguarding policy;
- Training is compulsory for all relevant staff and volunteers; 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.

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 21.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Leeds Board. The Diocesan Synod membership is elected every three years, the last general elections having been in July 2018. The Synod elects six of the 21 Trustees of the Diocesan Board of Finance, and ratifies the nomination of a further five members. The LDBF is a separate legal entity with a governing memorandum and articles of association and has clear responsibilities under both company and charity law. Additionally, the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

The main features of the Diocesan Synod approved governance model are:

- Diocesan Synod members are the Members of the LDBF company.
- There is a single Board that combines the functions of the Standing Committee of Synod, the LDBF, Bishop’s Council, Diocesan Mission & Pastoral Committee and the Parsonages Board, thereby bringing together all major policy, strategy and financial issues into one forum. The core of this Board is a set of Trustees elected and selected for their skills, experience and background appropriate to the nature of the business in hand.
- Area Mission & Pastoral Sub-Committees with delegated responsibilities enabling priorities for Mission and Ministry within each episcopal area to be determined locally, with local representation from deaneries.
- Advisory groups designed to enable lay and clergy input to all aspects of Diocesan business on an enduring or as required basis.

Decision-making structure

The Board is the Standing Committee of the Synod and addresses the issues of strategies, policies and priorities (including all financial aspects) needed to implement the overall vision. It is accountable directly to the Synod and includes all the functions of the traditional statutory boards.

The Diocesan Mission and Pastoral Committee delegates significant responsibilities relating to mission and pastoral activities to Area Mission & Pastoral Sub-Committees, thereby enabling the Area Bishops with local representatives to formulate local priorities. Deanery Synods are represented on Area

LEEDS DIOCESAN BOARD OF FINANCE

Mission & Pastoral Sub-Committees and these are reflected in the Mission & Pastoral Constitution.

The Diocesan Advisory Committee and the Strategic Safeguarding Committee are highly specialised in their work and content, and these remain as separate entities.

Each Area Bishop is accountable to the Diocesan Bishop for the delivery of Mission and Ministry within the Area in line with delegated responsibilities laid down in Instruments and other formal measures.

The Diocesan Secretary is accountable for the functions of officers and employed staff in supporting parishes and Area Teams.

Diocesan Synod has delegated the following functions to the LDBF:

- Management of the funds and property of the Diocese;
- Preparation of annual estimates of expenditure;
- Advising on action needed to raise the income necessary to finance expenditure;
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod; and
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it.

Committee structure

Leeds Diocesan Board of Finance

The Leeds Diocesan Board is the formal Bishop's Council, Diocesan Board of Finance, the Diocesan Mission and Pastoral Committee and Parsonage Board; its membership is set out on page 20.

Trustees are provided with induction training when first appointed and receive ongoing training, as appropriate. Some senior staff have job titles incorporating the title 'Director' but they are not Trustees of the company for the purposes of company law.

Diocesan Board of Education ("DBE")

The DBE consists of three LDBF Board members and ten nominated appointments. The DBE oversees the setting of education strategy and reviews progress on an ongoing basis against this. The DBE has sub-committees with particular responsibility for Finance and Education Buildings.

Diocesan Advisory Committee ("DAC")

The DAC advises on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

Audit Committee

The Audit Committee consists of three Board members and two nominated appointments. The Audit Committee responsibilities include the appointment of the external auditor, the review and approval of the annual report and accounts before submission to the Board and the review of the effectiveness of internal control systems.

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 Registrar, the Bishop's Chaplain, individuals representing external agencies involved in safeguarding and the Director of Ministry and Mission.

The Group is responsible for the oversight of policy, procedures, training and guidance to the directors, diocesan officers and parishes on safeguarding matters and is accountable for safeguarding work throughout the Diocese.

Finance, Assets and Investments Committee ('FAIC')

The Committee consists of four Board members and four nominated appointments. The FAIC monitors the monthly management accounts, the preparation of the budget and sustainability plan, the progress of major property sales, the performance of investment assets and development of strategic projects.

Delegation of day to day delivery

The Trustees and the committees and advisory and scrutiny groups which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to manage the business of the LDBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The LDBF is the custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing Trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £15,235,000 at 31 December 2020 (2019: £14,866,000), 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 note 29 to the financial statements.

Connected charities

The Trustees consider the following to be connected charities:

The cathedrals are the mother churches of the Diocese and legally constituted as separate charities exempt from Charity Commission registration and supervision. Trustees' report and financial statements may be obtained from the:

- Wakefield Cathedral Office, Wakefield Cathedral, Northgate, Wakefield, WF1 1HG.
- Ripon Cathedral Office, Liberty Court House, Minster Road, Ripon, North Yorkshire HG4 1QS.
- Bradford Cathedral Office, 1 Stott Hill, Bradford, West Yorkshire, BD1 4EH.

The Leeds Board is sole trustee to the charities and trusts given below. The Leeds Diocesan Board of Finance does not benefit from these charities and they are not included in the annual accounts:

- Armley Deanery Schools Charity – support of schools in the Armley Deanery
- Brewin's Charity – support of clergy pensions
- Forcett Churchyard Trust – upkeep of Forcett churchyard
- Harrogate St Mary Cockroft Fund – upkeep of vault at All Saints Cemetery, Harrogate
- North Rigton School House Fund – provision of special benefits and education in the school
- Stewart's Charity – support to specified schools in Leeds
- Romalldkirk & Cotherstone Fund – upkeep of churches in Romalldkirk and Cotherstone
- Whitkirk Deanery Curacy Houses Fund – upkeep of curacy houses in Whitkirk
- Wray Bequest – ecclesiastical purposes the parish of St Anne's Catterick
- Rachel Dixon Charity – support of widows or unmarried daughters of the clergy

Other connected charities with which the Board co-operates in pursuit of its charitable objectives are:

- Bishop's Development Fund, Church House, 1 South Parade, Wakefield, West Yorkshire, WF1 1LP (Charity number 700588)
- Bradford Diocesan Council for Social Aid, 17-19 York Place, Leeds, West Yorkshire, LS1 2EX (Charity number 226436)
- Near Neighbours, Church House, 27 Great Smith Street, London, SW1P 3AZ (Charity number 1142426, Company number 07603317)
- Wellsprings Together, Church House, 17-19 York Place, Leeds, West Yorkshire, LS1 2EX (Charity Number 1179481, Company Number 11423641)

The assets of the above charities and trusts are held separately by themselves and are segregated from the assets of the Company.

TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Leeds Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the reparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2020. The following Trustees were in post either during the year and/or at the date of this report:

Chairman:

The Right Revd Nicholas Baines – Bishop of Leeds

Ex-officio:

The Right Revd Anthony Robinson – Area Bishop of Wakefield

The Right Revd Helen-Ann Hartley – Area Bishop of Ripon

The Right Revd Paul Slater – Bishop of Kirkstall

The Right Revd Toby Howarth – Area Bishop of Bradford

The Right Revd Jonathan Gibbs – Area Bishop of Huddersfield

The Revd Canon Samuel Corley – Chair of the House of Clergy of the Diocesan Synod

Mr Matthew Ambler - Chair of the House of Laity of the Diocesan Synod

Elected by the Deans:

The Very Revd John Dobson – Dean of Ripon Cathedral

Elected by the Archdeacons:

The Ven Paul Ayers (from 16 January 2020)

Elected by:

Synod House of Clergy:

Vacancy

The Revd Nigel Wright

Synod House of Laity:

Ms Kay Brown

Mr Andrew Maude

Mrs Anita Jane Wardman

Canon Mrs Ann Nicholl

Nominated by the Board:

Canon Mr Irving Warnett

Canon Mr Simon Baldwin

Mrs Marilyn Banister

Canon Mrs Jane Evans

The Revd Canon Kathryn Fitzsimons

LEEDS DIOCESAN BOARD OF FINANCE

Senior staff and advisers

Diocesan Secretary	Mrs Deborah A Child (to 31 st March 2020)
Diocesan Secretary	Mr Jonathan Wood (from 16 th March 2020)
Chief Financial Officer	Mr Geoff Park
Director of Ministry and Mission	The Revd Canon Andrew Norman
Director of Education	Canon Richard Noake

Registered Office: Church House, 17-19 York Place, Leeds, LS1 2EX

Principal Bankers Santander, 44 Merrion Street, Leeds, LS2 8JQ
Yorkshire Bank plc, 6-10 Northgate, Wakefield, WF1 1TA
NatWest Bank plc, Leeds City Office, 8 Park Row, Leeds, LS1 1QS
Barclays Bank plc, PO Box 245, 10 Market Street, Bradford, BD 1 1XW

Auditors Saffery Champness LLP, Mitre House, North Park Road, Harrogate HG1 5RX

Diocesan Registrar Peter W 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

Insurance Brokers PIB Insurance Brokers, Poppleton Grange, York, YO26 6GZ

Principal Insurers EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 4 – 13 within their capacity as company directors.

ON BEHALF OF THE TRUSTEES



The Right Revd Nicholas Baines
Chairman
12 May 2021



Jonathan Wood
Secretary
12 May 2021

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEEDS DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of Leeds Diocesan Board of Finance for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet and the cash flow statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEEDS DIOCESAN BOARD OF FINANCE

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 20, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended.

We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEEDS DIOCESAN BOARD OF FINANCE

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, and guidance issued by the Charity Commission for England and Wales .

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charitable company’s records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charitable company’s policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner’s review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the charitable company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP

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Sally Appleton (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP
Chartered Accountants
Statutory Auditors
Mitre House
North Park Road
Harrogate
HG1 5RX
Date: 18 May 2021

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2020

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	funds	funds
		£'000	£'000	£'000	£'000	2020	2019
						£'000	£'000
Income and endowments from:							RESTATED
Donations	2						
Parish contributions		11,709	-	-	-	11,709	13,879
Archbishop's Council		4,212	-	1,833	-	6,045	4,686
Other donations		1,585	-	20	-	1,605	368
Charitable activities	3	1,300	-	-	-	1,300	1,629
Other activities	4	793	-	-	-	793	1,001
Investments	5	654	-	371	52	1,077	1,112
Other	6	289	-	172	5	466	394
Total		20,542	-	2,396	57	22,995	23,069
Expenditure on:							
Raising funds	7	97	-	-	-	97	79
Charitable activities	8	20,402	142	1,968	3	22,515	21,369
Pension deficit valuation movements	28	(3)	-	-	-	(3)	(3,612)
Other	9	1	-	96	96	193	166
Total		20,497	142	2,064	99	22,802	18,002
Net income/ (expenditure) before investment gains		45	(142)	332	(42)	193	5,067
Net gains on investments		58	1	573	475	1,107	3,296
Net income		103	(141)	905	433	1,300	8,363
Transfers between funds	14	585	-	(1,394)	809	-	-
Net movement in funds		688	(141)	(489)	1,242	1,300	8,363
Total funds brought forward (restated)	22	48,371	1,102	16,732	132,554	198,759	190,396
Total funds carried forward	23	49,059	961	16,243	133,796	200,059	198,759

All activities derive from continuing activities. The notes on pages 30 to 61 form part of the financial statements

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2020

	Total 2020 £'000	Total 2019 £'000
Total Income	22,938	22,861
Expenditure	(22,703)	(17,988)
Operating surplus for the year	<u>235</u>	<u>4,873</u>
Net gains on investments	632	1,731
Net income for the year	<u>867</u>	<u>6,604</u>
Other comprehensive income		
Revaluation of fixed assets	-	-
Net assets transferred to endowments	(809)	(1,513)
Total comprehensive income	<u><u>58</u></u>	<u><u>5,091</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 2020

Company Number – 8823593		2020		2019 RESTATED	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	16		159,232		160,983
Investments	17		35,866		34,589
			<u>195,098</u>		<u>195,572</u>
CURRENT ASSETS					
Assets held for resale		1,225		610	
Debtors	18	1,079		996	
Cash on deposit		6,912		6,880	
Cash at bank and in hand		1,495		1,699	
Agency cash		3,662		2,624	
			<u>14,373</u>	<u>12,809</u>	
CREDITORS: amounts falling due within one year	19	(5,765)		(4,897)	
NET CURRENT ASSETS			<u>8,608</u>		<u>7,912</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			203,706		203,484
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	20		(958)		(1,802)
Other creditors	20		(2,689)		(2,923)
NET ASSETS			<u>200,059</u>		<u>198,759</u>
FUNDS					
Endowment funds			133,796		132,554
Restricted income funds			16,243		16,732
Unrestricted income funds:			49,059		48,371
Designated funds			961		1,102
TOTAL FUNDS	23		<u>200,059</u>		<u>198,759</u>

The Notes (pages 30 to 61) form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 12 May 2021 and signed on behalf of the Board by:



THE RIGHT REV'D NICHOLAS BAINES

CASH FLOW STATEMENT

For the year ended 31 December 2020

	2020		2019	
	£'000	£'000	£'000	£'000
Net cash from operating activities		(992)		(1,129)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,077		1,112	
Interest paid	(123)		(85)	
Proceeds from the sale of:				
Tangible fixed assets	2,011		5,657	
Fixed asset investments	3,084		444	
Purchase of:				
Tangible fixed assets for the use of the LDBF	(690)		(995)	
Fixed asset investments	(3,255)		(444)	
Net cash provided by investing activities		2,104		5,689
Cash flows from financing activities				
Loans repaid to LDBF	-		9	
VLLs repaid due to property disposal	(131)		(5)	
Permanent loans repaid	(115)		(123)	
Net cash used in financing activities		(246)		(119)
Change in cash and cash equivalents in the reporting period		866		4,441
Cash and cash equivalents at 1 January		11,203		6,762
Cash and cash equivalents at 31 December		12,069		11,203
Reconciliation of net income before investment gains				
Net income before investment gains 31 December		193		5,067
Adjustments for:				
Depreciation charges		6		6
Dividends, interest and rent from investments		(1,077)		(1,112)
Interest paid		123		85
Loss on sale of fixed assets		98		130
Profit on sale of fixed assets		(289)		(394)
Increase in debtors		(83)		(260)
Increase/(Decrease) in creditors		37		(4,651)
Net cash provided used in operating activities		(992)		(1,129)
Analysis of cash and cash equivalents				
Cash in hand		5,157		7,163
Notice deposits (less than 3 months)		6,912		4,040
		12,069		11,203

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

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 financial statements have been prepared on a going concern basis. The Trustees have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. As noted above, the Covid-19 pandemic has created a number of financial challenges that must be navigated. The Trustees are confident that plans in place will enable the LDBF to come through the ongoing disruption and that the Cost Review undertaken has provided a structure to balance the budget over the longer term. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 28). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at present value in creditors distinguished between contributions falling due within one year and after more than one year.

c) Tangible fixed assets and depreciation

Capitalisation of property expenditure

Property expenditure is only capitalised on the purchase of a property, or if the expenditure is for the structural or other enhancement of a property. Repairs expenditure is generally not capitalised.

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The LDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount. Freehold properties are revalued on a five-year cycle.

Properties subject to value linked loans

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are revalued on a five-year cycle, with the corresponding liabilities being adjusted accordingly.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The LDBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The LDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

Schools

The school property is shown at cost. Depreciation is provided on the building over a 50-year period (£6,000 pa) the expected useful economic life of the asset.

d) Other tangible fixed assets

Other capital expenditure over £25,000 is capitalised and depreciated as follows. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Office equipment	33% straight line
Computer equipment	33% straight line

Other tangible fixed assets additions less than £25,000 are depreciated in full during the year of purchase.

e) Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Land & Buildings are deemed to have unlimited useful lives. All other tangible fixed assets are considered to have three-year useful economic lives.
- Land and Buildings are not depreciated because of the high residual value based on current prices and any depreciation charge and the accumulated depreciation are regarded as not material. These assets are considered to have a long unexpired life due to a policy and practice of regular structural maintenance and a policy and practice of disposing of similar properties well before the end of their useful life.
- The assumptions underlying the valuation of the pension scheme liabilities are set out in note 28.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

- ii) Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- iii) Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDBF (Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.
- iv) "Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the LDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

2. DONATIONS

The majority of donations are collected from the parishes of the Diocese through the parish share system.

Parish contributions

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Apportionment	15,588	-	-	-	15,588	15,542
Shortfall in receipts	(4,099)	-	-	-	(4,099)	(2,088)
	11,489	-	-	-	11,489	13,454
Previous years share	117	-	-	-	117	221
Voluntary share	103	-	-	-	103	204
Total Income	11,709	-	-	-	11,709	13,879

Current year parish share receipts represent 73.7% of the total apportioned (2019 – 86.6%), or, when other voluntary contributions and receipts for previous years are included, 75.1% of the total apportioned (2019 – 89.3%). 2019 comparatives are for the general fund only.

Archbishops' Council

2020	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Transition Funding and Lowest Income	3,186	-	-	-	3,187
Sustainability Grant	1,026	-	-	-	1,026
Restructuring Grant	-	-	-	-	-
RME Grant	-	-	360	-	359
SDF Grant	-	-	1,473	-	1,473
Total Income	4,213	-	1,833	-	6,045

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

2. DONATIONS (continued)

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2019
2019	£'000	£'000	£'000	£'000	£'000
Transition Funding and Lowest Income	3,373	-	-	-	3,373
Sustainability Grant	-	-	-	-	-
Restructuring Grant	674	-	-	-	674
RME Grant	-	-	287	-	287
SDF Grant	-	-	352	-	352
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Income	4,047	-	639	-	4,686
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Lowest Income Communities Grant and The Transition Funding are annual grants for the parish mission fund, which may be used either for specific parish mission and development projects or for clergy stipends. The Sustainability Grant was provided by the Archbishops' Council in response to the Covid-19 pandemic. The RME ('Resourcing Ministerial Education') Grant is the funds provided by the Archbishops' Council for the training of ordinands. The SDF ('Strategic Development Funding') Grant is funding allocated by the Archbishops' Council Strategic Development Unit towards specific strategic projects. In 2020 SDF grants were received principally in relation to developing Resourcing Churches in Leeds and Bradford and the Diocesan Intern Scheme.

Other donations

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	Funds
2020	£'000	£'000	£'000	£'000	£'000
All Churches Trust Grant	302	-	-	-	302
Job Retention	244	-	-	-	244
Property Grants	6	-	-	-	6
Other Grants	33	-	20	-	53
Legacies	-	-	-	-	-
Other Donations	1,000	-	-	-	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,585	-	20	-	1,605
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Other Donations of £1m was a single, one-off, anonymous donation.

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	Funds
2019	£'000	£'000	£'000	£'000	£'000
All Churches Trust Grant	318	-	-	-	318
Property Grants	8	-	-	-	8
Other Grants	2	-	30	-	32
Legacies	10	-	-	-	10
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	338	-	30	-	368
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General £'000	Designated £'000				
Statutory fees	904	-	-	-	904	1,002
Legal & Professional	79	-	-	-	79	73
School Services	248	-	-	-	248	259
Retreat Centre	69	-	-	-	69	295
	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300</u>	<u>1,629</u>

2019 comparatives are for the general fund only.

4. OTHER TRADING ACTIVITIES

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
	General £'000	Designated £'000			
Housing income	685	-	-	-	685
Outside Funding	5	-	-	-	5
Training income	16	-	-	-	16
Miscellaneous	87	-	-	-	87
	<u>793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>793</u>

2019	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
	General £'000	Designated £'000			
Housing income	772	-	-	-	772
Outside Funding	107	-	-	-	107
Training income	21	-	-	-	21
Miscellaneous	101	-	-	-	101
	<u>1,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001</u>

5. INVESTMENT INCOME

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Dividends receivable	633	-	366	49	1,048
Interest receivable	21	-	5	3	29
	<u>654</u>	<u>-</u>	<u>371</u>	<u>52</u>	<u>1,077</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
2019					
Dividends receivable	663	-	373	48	1,084
Interest receivable	12	-	10	6	28
	<u>675</u>	<u>-</u>	<u>383</u>	<u>54</u>	<u>1,112</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
	General £'000	Designated £'000			
Gain on sale of properties	289	-	172	5	466
	<u>289</u>	<u>-</u>	<u>172</u>	<u>5</u>	<u>466</u>
	<u><u>289</u></u>	<u><u>-</u></u>	<u><u>172</u></u>	<u><u>5</u></u>	<u><u>466</u></u>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
	General £'000	Designated £'000			
Gain on sale of properties	50	-	190	154	394
	<u>50</u>	<u>-</u>	<u>190</u>	<u>154</u>	<u>394</u>
	<u><u>50</u></u>	<u><u>-</u></u>	<u><u>190</u></u>	<u><u>154</u></u>	<u><u>394</u></u>

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General £'000	Designated £'000				
Maintenance of Glebe	97	-	-	-	97	79
	<u>97</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97</u>	<u>79</u>
	<u><u>97</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>97</u></u>	<u><u>79</u></u>

2019 comparatives relate to the general fund only.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

8. CHARITABLE ACTIVITIES

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
	General £'000	Designated £'000			
Contributions to Archbishops' Council					
Training for Ministry National Church Responsibilities	500	-	-	-	500
Mission agency pension costs	417	-	-	-	417
Retired clergy housing costs	19	-	-	-	19
Pooling of ordinands maintenance grants	179	-	-	-	179
	168	-	-	-	168
	<u>1,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,283</u>
Resourcing Ministry and Mission					
Stipends and national insurance	8,921	-	-	-	8,921
Pension contributions	2,051	-	-	-	2,051
Housing costs	3,315	-	-	-	3,315
Removal, resettlement and grants	187	-	-	-	187
Other expenses	189	-	-	-	189
	<u>14,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,663</u>
Support for parish ministry	3,676	142	1,922	3	5,743
Retreat Centre	157	-	-	-	157
	<u>19,779</u>	<u>142</u>	<u>1,922</u>	<u>3</u>	<u>21,846</u>
Expenditure on Education					
Church Schools	623	-	46	-	669
	<u>20,402</u>	<u>142</u>	<u>1,968</u>	<u>3</u>	<u>22,515</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

8. Charitable Activities (continued)

2019	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
	General £'000	Designated £'000			
Contributions to Archbishops' Council					
Training for Ministry National Church Responsibilities	542	-	-	-	542
Mission agency pension costs	397	-	-	-	397
Retired clergy housing costs	5	-	-	-	5
Pooling of ordinands maintenance grants	171	-	-	-	171
	115	-	-	-	115
	<u>1,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,230</u>
Resourcing Ministry and Mission					
Stipends and national insurance	8,880	-	-	-	8,880
Pension contributions	2,037	-	-	-	2,037
Housing costs	3,013	-	-	-	3,013
Removal, resettlement and grants	237	-	-	-	237
Other expenses	356	-	-	-	356
	<u>14,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,523</u>
Support for parish ministry	3,993	-	580	14	4,587
Retreat Centre	274	-	-	-	274
	<u>18,790</u>	<u>-</u>	<u>580</u>	<u>14</u>	<u>19,384</u>
Expenditure on Education					
Church Schools	705	-	50	-	755
	<u>20,725</u>	<u>-</u>	<u>630</u>	<u>14</u>	<u>21,369</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

9. OTHER RESOURCES EXPENDED

2020	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Funds returned to parish	-	-	96	96	192
Loss on Sale of Properties	1	-	-	-	1
Closed Churches costs written off	-	-	-	-	-
	<u>1</u>	<u>-</u>	<u>96</u>	<u>96</u>	<u>193</u>
	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>96</u></u>	<u><u>96</u></u>	<u><u>193</u></u>

2019	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
	General £'000	Designated £'000			
Loss on Sale of Properties	130	-	-	-	130
Closed Churches costs written off	-	-	36	-	36
	<u>130</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>166</u>
	<u><u>130</u></u>	<u><u>-</u></u>	<u><u>36</u></u>	<u><u>-</u></u>	<u><u>166</u></u>

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

2020	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total Costs £'000
	Raising funds	97	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,283	-	1,283
Resourcing parish ministry	19,133	475	799	20,407
Clergy pension deficit valuation	(25)	-	-	(25)
Education	538	-	130	668
Retreat Centre	157	-	-	157
Lay pension deficit valuation	22	-	-	22
Other	193	-	-	193
	<u>20,115</u>	<u>1,758</u>	<u>929</u>	<u>22,802</u>
	<u><u>20,115</u></u>	<u><u>1,758</u></u>	<u><u>929</u></u>	<u><u>22,802</u></u>

2019	£'000	£'000	£'000	£'000
	Raising funds	78	-	-
Charitable activities:				
Contributions to Archbishops' Council	-	1,230	-	1,230
Resourcing parish ministry	17,316	577	901	18,794
Clergy pension deficit valuation	(3,295)	-	-	(3,295)
Education	599	-	156	755
Retreat Centre	274	-	-	274
Lay pension deficit valuation	(317)	-	-	(317)
Other	483	-	-	483
	<u>15,138</u>	<u>1,807</u>	<u>1,057</u>	<u>18,002</u>
	<u><u>15,138</u></u>	<u><u>1,807</u></u>	<u><u>1,057</u></u>	<u><u>18,002</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2020 £'000	2019 £000
Central administration	529	-	-	-	529	625
Support for Schools	130	-	-	-	130	156
Governance:						
External audit	28	-	-	-	28	29
Registrar and Chancellor	242	-	-	-	242	245
Synodical costs	-	-	-	-	-	2
	<u>929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>929</u>	<u>1,057</u>

2019 comparatives are for the general fund only.

12. ANALYSIS OF GRANTS MADE

2020	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	12	-	1,283	1,283
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
From unrestricted funds:				
Ecumenical/ Churches Together organisations	-	-	-	-
Clergy Training	696	47	-	47
Clergy Grants (Removal, First appointment, resettlement)	125	187	-	187
Ordination	28	23	-	23
Vocation grants	514	160	-	160
Mission Grants	45	-	32	32
Youth	-	-	-	-
	<u>1,408</u>	<u>417</u>	<u>32</u>	<u>449</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
From restricted funds for various purposes within resourcing parish ministry:				
PCCs' Building Grants	10	-	8	8
Widows and dependants of clergy	20	17	-	17
	<u>46</u>	<u>17</u>	<u>8</u>	<u>25</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
From endowment funds for various purposes within resourcing parish ministry:				
Widows and dependants of clergy	1	1	-	1
	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
	<u>1,467</u>	<u>435</u>	<u>1,323</u>	<u>1,758</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

12. ANALYSIS OF GRANTS MADE (continued)

2019	No.	Individuals £'000	Institutions £'000	Total £000
From unrestricted funds for national Church responsibilities				
Contributions to Archbishops' Council	6	-	1,230	1,230
From unrestricted funds:				
Ecumenical/ Churches Together organisations	1	-	6	6
Clergy Training	792	85	-	85
Clergy Grants (Removal, First appointment, resettlement)	184	237	-	237
Ordination	47	29	-	29
Vocation grants	424	146	-	146
Mission Grants	80	-	25	25
Youth	-	-	-	-
	<u>1,528</u>	<u>497</u>	<u>31</u>	<u>528</u>
From restricted funds for various purposes within resourcing parish ministry:				
PCCs' Building Grants	26	-	12	12
Widows and dependants of clergy	20	23	-	23
	<u>46</u>	<u>23</u>	<u>12</u>	<u>35</u>
From endowment funds for various purposes within resourcing parish ministry:				
Widows and dependants of clergy	8	14	-	14
	<u>1,588</u>	<u>534</u>	<u>1,273</u>	<u>1,807</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

13. STAFF COSTS

	2020	2019
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	2,761	2,764
Apprentice Levy	-	7
National insurance contributions	253	255
Pension contributions	223	228
	<u>3,237</u>	<u>3,254</u>
Sub-total		
Pension deficit valuation movements	22	(317)
	<u>3,259</u>	<u>2,937</u>

The average number of persons employed by the LDBF during 2020 were:

	Number	Number
Support for Ministry	79	79
Education	11	10
Retreat House	12	13
	<u>102</u>	<u>102</u>

The average number of persons employed by the LDBF during the year based on full-time equivalents:

	Number	Number
Support for Ministry	62	62
Education	11	10
Retreat House	6	8
	<u>79</u>	<u>80</u>

The numbers of staff whose emoluments (including benefits in kind and redundancy payments but excluding Pension contributions) amounted to more than £60,000 were as follows:

	Number	Number
£60,001 - £70,000	1	2
£70,001 - £80,000	2	1
£80,001 - £90,000	-	1
£90,000 - £100,000	-	-
£100,001 - £110,000	-	-
	<u>3</u>	<u>4</u>

Pension payments of £25,000 were made for these 3 employees (2019: 4 employees £39,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

13. STAFF COSTS (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2020 they were:

Diocesan Secretary (to 31.3.2020)	Mrs Debbie Child
Diocesan Secretary (from 1.4.2020)	Mr Jonathan Wood
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 £324,000 (2019: 4 employees £316,000)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £Nil (2019 – Nil) in respect of Trustee duties.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the LDBF during the year:

	Stipend	Housing
The Right Revd Anthony Robinson	No	Yes
The Right Revd Helen-Ann Hartley	No	Yes
The Right Revd Paul Slater	No	Yes
The Right Revd Toby Howarth	No	Yes
The Right Revd Jonathan Gibbs	No	Yes
The Revd Nigel Wright	Yes	Yes
Revd Canon Kathryn Fitzsimons	Yes	Yes
The Revd Canon Samuel Corley	Yes	Yes
The Ven Andy Jolley	Yes	Yes
The Ven Paul Ayers	Yes	Yes

No other trustees appointed during the year received a stipend or housing.

The LDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The LDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Area Bishops but excluding the Diocesan Bishop and cathedral staff.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

13. STAFF COSTS (continued)

The LDBF paid an average of 317 (2019 – 320) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2020	2019
	£'000	£'000
Stipends	8,234	8,186
Apprentice Levy	37	37
National insurance contributions	650	656
Pension contributions	2,051	2,038
	<hr/>	<hr/>
Sub-total	10,972	10,917
Pension deficit valuation movements	(25)	(3,295)
	<hr/>	<hr/>
Total	<u>10,947</u>	<u>7,622</u>

Stipends includes two redundancy payments totalling £33,558 (2019 – nil).

The stipends of the five Bishops were paid and funded by the Church Commissioners. The stipends of the Diocesan Bishop and Area Bishops are funded by the Church Commissioners and are in the range £37,670 - £46,560 (2019: £36,930 - £45,650). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2020 was £36,830 (2019: £36,100) and other clergy who were Trustees were paid in the range £25,265 - £28,650 (2019: £24,930 – £28,367).

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General fund to Stipends endowment for reduction of pension deficit	(938)	-	-	938
Transfer of Pension funds to General Funds to support clergy pension deficit payments	129	-	-	(129)
Transfer of Pastoral funds to General Funds to support Mission and Pastoral activities and clergy pension deficit payments	988	-	(988)	-
Transfer of S554 funds to General Funds to support Board of Education expenditure	300	-	(300)	-
Transfer of Inglefield funds to General Funds to support Lay and Clergy education	44	-	(44)	-
Transfer of Training for Ministry funds to General Funds to support ordinands' training.	62	-	(62)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	585	-	(1,394)	809
	<hr/>	<hr/>	<hr/>	<hr/>

During 2020, £0.9m of general funds were used to pay the clergy pension scheme deficits, with transfers from restricted Pension and Pastoral funds used to fund these payments.

Other transfers from restricted to unrestricted funds of £0.6m were undertaken to support education work, ordinands' training, missions and pastoral activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

15. FINANCIAL INSTRUMENTS

	2020	2019
	£'000	£'000
Financial assets measured at fair value	31,250	29,973
Financial assets measured at amortised cost	1,079	996
	<u>7,276</u>	<u>7,354</u>
Financial liabilities measured at amortised cost	7,276	7,354
Financial liabilities measured at fair value	2,136	1,303
	<u>2,136</u>	<u>1,303</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	Office equipment	Benefice properties	School House	Glebe properties	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	47,276	821	96,976	308	16,485	161,866
Additions	335	-	355	-	-	690
Disposals	(650)	-	(425)	-	(135)	(1,210)
Reclassified – in period	-	-	-	-	-	-
Transfer to/from properties for resale	(915)	-	-	-	(310)	(1,225)
At 31 December 2020	46,046	821	96,906	308	16,040	160,121
Depreciation						
At 1 January 2020	-	821	-	62	-	883
Disposals	-	-	-	-	-	-
Charge for the year	-	-	-	6	-	6
At 31 December 2020	-	821	-	68	-	889
Net Book Value						
At 31 December 2020	46,046	-	96,906	240	16,040	159,232
At 31 December 2019	47,276	-	96,976	246	16,485	160,983

All of the properties in the balance sheet are freehold and are vested in the LDBF, except for benefice houses which are vested in the incumbent. Some properties have been purchased with the help of permanent and/or value-linked loan from the Church Commissioners; when disposed of, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of such properties (included in the above) amounts to £6,850,000 (2019: £7,015,000). Of the total land and buildings at 31 December 2020, £ nil are valued at cost (2019: £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 2020

17. FIXED ASSETS INVESTMENTS

	At 1 January 2020 £'000	Additions £'000	Disposals £'000	Transfers Value £'000	Change in Market Value £'000	At 31 December 2020 £'000
Unrestricted funds						
Unlisted investments	2,667	650	-	1,323	58	4,698
Designated funds						
Unlisted investments	13	-	-	-	1	14
Restricted funds						
Unlisted investments	11,671	-	(475)	(1,194)	653	10,655
Endowment funds						
Investment property	4,616	-	-	-	-	4,616
Unlisted investments	15,622	2,605	(2,629)	(129)	414	15,883
	20,238	2,605	(2,629)	(129)	414	20,499
Total	<u>34,589</u>	<u>3,255</u>	<u>(3,104)</u>	<u>-</u>	<u>1,126</u>	<u>35,866</u>

18. DEBTORS

	2020 £'000	2019 £'000
Due within one year		
Loans to parishes	22	17
Loans to schools	-	27
Other debtors and prepayments	1,005	895
	<u>1,027</u>	<u>939</u>
Due after more than one year		
Loans to parishes	52	57
Other debtors	-	-
	<u>52</u>	<u>57</u>
Total debtors	<u>1,079</u>	<u>996</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

19. CREDITORS: amount falling due within one year

	2020	2019
	£'000	£'000
Loan repayment instalments due in one year		
Church Commissioners other loans	110	123
Other taxes and social security	68	65
Other creditors and accruals	4,746	3,487
Pension scheme liabilities:		
Lay Defined Benefit Scheme	309	309
Clergy Pension Scheme	532	913
	<u>5,765</u>	<u>4,897</u>
Total creditors: amounts falling due within one year	<u><u>5,765</u></u>	<u><u>4,897</u></u>

20. CREDITORS: amount falling due after more than one year

	2020	2019
	£'000	RESTATED £'000
Loan repayment instalments due after more than one year		
Church Commissioners value-linked loans	2,136	2,268
Church Commissioners other loans	553	655
Pension scheme liabilities:		
Lay Defined Benefit Scheme	382	669
Clergy Pension Scheme	576	1,133
	<u>3,647</u>	<u>4,725</u>
Total creditors: amounts falling due after more than one year	<u><u>3,647</u></u>	<u><u>4,725</u></u>
The maturity of the above loans may be analysed as follows:		
Between one and two years	101	123
Between two and five years	301	367
In five years or more	2,287	2,433
	<u>2,689</u>	<u>2,923</u>
	<u><u>2,689</u></u>	<u><u>2,923</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, £273k relates to the Benefice Property Fund (2019 - £321k), £20k to the Glebe Estate (2019 - £29k) and £260k to the General Fund (2019 - £305k). 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) are funds advanced to the LDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. The loans are held at fair value based on the latest valuations of the linked properties.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

21. PRIOR PERIOD ADJUSTMENT

	Unrestricted		Restricted	Endowment	Total
	General	Designated	Funds	Funds	Funds
	£'000	£'000	£'000	£'000	£'000
Original total funds brought forward 1.1.2019	42,638	10	14,981	133,732	191,361
Adjustment in respect of Value-linked loans	(965)	-	-	-	(965)
Revised total funds brought forward 1.1.2019	41,673	10	14,981	133,732	190,396
2019 movement in funds	6,698	1,092	1,751	(1,178)	8,363
Revised total funds carried forward 31.12.2019	48,371	1,102	16,732	132,554	198,759

The Value-linked loan portfolio has seen an increase in liability valuation following the receipt of information supplied by the National Church confirming the equity percentage the Church Commissioners hold in the properties acquired using Value-linked loans. As a result of this information, it has been possible to ascertain the current loan liability with relation to the value of each property, which is significantly in excess of the book values previously recorded.

When the latest property valuation was carried out as at 31 December 2018 the linked liabilities were revalued in line with the movement in assets (i.e. the same percentage change was applied). However, it is now clear the opening balances at that point were significantly out-of-step with the asset values.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

22. SUMMARY OF FUND MOVEMENTS

2020	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2020 £'000
UNRESTRICTED FUNDS						
General	48,371	20,542	(20,497)	585	58	49,059
DESIGNATED FUNDS						
Archdeacons Discretionary	12	-	(1)	-	1	12
Ingrow Fund	90	-	(62)	-	-	28
Mission Fund	700	-	(79)	-	-	621
Carbon Reduction Fund	300	-	-	-	-	300
	<u>1,102</u>	<u>-</u>	<u>(142)</u>	<u>-</u>	<u>1</u>	<u>961</u>
RESTRICTED FUNDS						
Section 554 Education	6,776	204	(46)	(300)	195	6,829
Clergy & Dependants hardship funds	75	21	(15)	-	3	84
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	32	2	(2)	-	1	33
Retreat House support funds	31	-	-	-	-	31
Local Parochial purposes	13	-	-	-	-	13
Appeal funds & other specific purposes	72	-	-	-	-	72
Church building repair funds	436	1	(103)	-	25	359
Pastoral Account	6,781	268	-	(988)	228	6,289
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,536	42	-	(44)	68	1,602
Training for ministry funds	821	383	(380)	(62)	53	815
Strategic Development Funds	107	1,475	(1,518)	-	-	64
	<u>16,732</u>	<u>2,396</u>	<u>(2,064)</u>	<u>(1,394)</u>	<u>573</u>	<u>16,243</u>
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	14,833	1	-	938	295	16,067
Expendable						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	1,038	1	-	-	71	1,110
Pensions	216	-	-	(129)	13	100
Training for ministry funds	103	2	-	-	6	111
Clergy & dependants hardship funds	1,110	29	(4)	-	57	1,192
Local Parochial purposes	539	-	-	-	2	541
Glebe Land	4,792	5	-	-	-	4,797
Church building repair funds	602	18	-	-	14	634
Glebe Properties	17,279	-	(2)	-	-	17,277
Benefice Properties	91,553	-	(93)	-	-	91,460
Religious Education support	235	-	-	-	17	252
Appeal funds & other specific purposes	42	1	-	-	-	43
	<u>132,554</u>	<u>57</u>	<u>(99)</u>	<u>809</u>	<u>475</u>	<u>133,796</u>
Total funds	<u><u>198,759</u></u>	<u><u>22,995</u></u>	<u><u>(22,802)</u></u>	<u><u>-</u></u>	<u><u>1,107</u></u>	<u><u>200,059</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

22. SUMMARY OF FUND MOVEMENTS (continued)

2019 RESTATED	Balances at 1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2019 £'000
UNRESTRICTED FUNDS						
General	41,673	21,619	(17,322)	2,250	151	48,371
DESIGNATED FUNDS						
Archdeacons Discretionary	10	-	-	-	2	12
Ingrow Fund	-	-	-	90	-	90
Mission Fund	-	-	-	700	-	700
Carbon Reduction Fund	-	-	-	300	-	300
	10	-	-	1,090	2	1,102
RESTRICTED FUNDS						
Section 554 Education	6,229	219	(50)	(300)	678	6,776
Clergy & Dependants hardship funds	59	32	(23)	-	7	75
Bradford Summer Camps	1	-	-	-	-	1
Local Educational Funds	29	3	-	-	-	32
Retreat House support funds	31	-	-	-	-	31
Local Parochial purposes	12	1	-	-	-	13
Appeal funds & other specific purposes	72	-	-	-	-	72
Church building repair funds	380	1	(12)	-	67	436
Pastoral Account	6,051	280	(36)	(44)	530	6,781
Managing Trustees funds	51	-	-	-	-	51
Inglefield funds	1,368	44	-	(50)	174	1,536
Training for ministry funds	698	310	(290)	(19)	122	821
Strategic Development Funds	-	352	(255)	10	-	107
	14,981	1,242	(666)	(403)	1,578	16,732
ENDOWMENT FUNDS						
Permanent						
Stipends fund capital	9,538	2	-	4,208	1,085	14,833
Expendable						
General purposes & administration support funds	212	-	-	-	-	212
Maintenance of Ministry	874	-	-	-	164	1,038
Pensions	225	-	-	(50)	41	216
Training for ministry funds	85	3	-	-	15	103
Clergy & dependants hardship funds	967	27	(14)	-	130	1,110
Local Parochial purposes	511	-	-	-	28	539
Glebe Land	4,791	-	-	-	1	4,792
Church building repair funds	515	23	-	-	64	602
Glebe Properties	17,167	82	-	30	-	17,279
Benefice Properties	98,607	71	-	(7,125)	-	91,553
Religious Education support	198	-	-	-	37	235
Appeal funds & other specific purposes	42	-	-	-	-	42
	133,732	208	(14)	(2,937)	1,565	132,554
Total funds	190,396	23,069	(18,002)	-	3,296	198,759

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

23. SUMMARY OF ASSETS BY FUND

2020	Fixed assets		Current Assets £'000	Creditors £'000	Net Assets £'000
	Tangible £'000	Investments £'000			
Unrestricted funds – General	46,046	4,698	2,930	(4,615)	49,059
Unrestricted - designated					
Archdeacons Discretionary	-	14	1	(3)	12
Ingrow Fund	-	-	28	-	28
Mission Fund	-	-	621	-	621
Carbon Reduction Fund	-	-	300	-	300
	-	14	950	(3)	961
Restricted					
Section 554 Education	240	5,636	953	-	6,829
Clergy & Dependants hardship funds	-	49	35	-	84
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	12	21	-	33
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	13	-	13
Appeal funds & other specific purposes	-	-	75	(3)	72
Church building repair funds	-	367	13	(21)	359
Pastoral Account	2,781	2,565	943	-	6,289
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,273	329	-	1,602
Training for ministry funds	-	753	62	-	815
Strategic Development Funds	-	-	64	-	64
Schools LCVAP Building Programme	-	-	3,662	(3,662)	-
	3,021	10,655	6,253	(3,686)	16,243
Endowment					
Permanent					
Stipends fund capital	4,219	12,719	1,450	(1,108)	16,067
Expendable					
Benefice houses	89,906	-	341	-	91,460
General Purposes	-	-	212	-	212
Maintenance of Ministry	-	1,109	1	-	1,110
Glebe Property	16,040	-	1,237	-	17,277
Pensions	-	100	-	-	100
Training for Ministry	-	111	-	-	111
Clergy & Dependants hardship funds	-	881	311	-	1,192
Local Educational Funds	-	97	1	-	98
Local Parochial purposes funds	-	353	188	-	541
Glebe Land	-	4,616	181	-	4,797
Church building repair funds	-	357	277	-	634
Religious Education support funds	-	154	-	-	154
Appeal funds & other specific purposes	-	2	41	-	43
	110,165	20,499	4,240	(1,108)	133,796
Total funds	159,232	35,866	14,373	(9,412)	200,059

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

23. SUMMARY OF ASSETS BY FUND (continued)

2019 RESTATED	Tangible £'000	Investments £'000	Assets £'000	Creditors £'000	Assets £'000
Unrestricted funds – General	47,276	2,667	3,376	(4,948)	48,371
Unrestricted - designated					
Archdeacons Discretionary	-	13	1	(2)	12
Ingrow Fund	-	-	90	-	90
Mission Fund	-	-	700	-	700
Carbon Reduction Fund	-	-	300	-	300
	-	13	1,091	(2)	1,102
Restricted					
Section 554 Education	246	5,741	789	-	6,776
Clergy & Dependants hardship funds	-	46	29	-	75
Bradford Summer Camps	-	-	1	-	1
Local Educational Funds	-	11	21	-	32
Retreat House support funds	-	-	31	-	31
Local Parochial purposes funds	-	-	13	-	13
Appeal funds & other specific purposes	-	-	74	(2)	72
Church building repair funds	-	423	13	-	436
Pastoral Account	2,781	3,437	563	-	6,781
Managing Trustees	-	-	51	-	51
Inglefield funds	-	1,249	287	-	1,536
Training for ministry funds	-	764	57	-	821
Strategic Development Funds	-	-	107	-	107
Schools LCVAP Building Programme	-	-	2,624	(2,624)	-
	3,027	11,671	4,660	(2,626)	16,732
Endowment					
Permanent					
Stipends fund capital	3,006	12,422	1,451	(2,046)	14,833
Expendable					
Benefice houses	91,190	-	363	-	91,553
General Purposes	-	-	212	-	212
Maintenance of Ministry	-	1,038	-	-	1,038
Glebe Property	16,484	-	795	-	17,279
Pensions	-	216	-	-	216
Training for Ministry	-	103	-	-	103
Clergy & Dependants hardship funds	-	824	286	-	1,110
Local Educational Funds	-	91	-	-	91
Local Parochial purposes funds	-	438	101	-	539
Glebe Land	-	4,616	176	-	4,792
Church building repair funds	-	344	258	-	602
Religious Education support funds	-	144	-	-	144
Appeal funds & other specific purposes	-	2	40	-	42
	110,680	20,238	3,682	(2,046)	132,554
Total funds	160,983	34,589	12,809	(9,622)	198,759

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

24. DESCRIPTION OF FUNDS

Fund category	Purpose	Funds included in this category
General fund	The general fund is the LDBF's unrestricted undesignated fund available for any of the LDBF's purposes without restriction.	
Archdeacons Discretionary Fund	Represents grants received set aside to be used at the discretion of Archdeacons.	
Ingrow Fund	Funds from the bequest of Nora Curry left for the benefit of the parish of Ingrow.	
Mission Fund	Funds to support future SDF projects and the creation of a Parish Growth Fund.	
Carbon Reduction Fund	Funds to enable adjustments to our buildings that reduce their carbon footprint	
Section 554	Established under S86 of the Education Act 1993. Capital monies to develop or build new or existing voluntary aided schools or maintain such schools or contribute to educational purposes.	
Clergy and dependents hardship funds	Funds to provide relief of clergy and their dependents in financial hardship.	Clergy Stipend Trust, Clergy Widows and Dependents, Queen Victoria Trust, Leeds Diocese Charitable Society Trust, Aid to Parish Clergy, Widows, Clergy Retirement, Education Grants
Bradford Summer Camps Bursary	Funds to provide support to children & youths to enable them to attend summer camps in cases of financial hardship.	
Local educational funds	For educational purposes in the areas named	Shipleigh cum Heaton District CofE School Trust, Keighley St Peter Educational Trust
Retreat House support funds	Support towards the Diocesan Retreat House	Friends of Parcevall Hall, Parcevall Hall Bursary
Local Parochial purposes funds	For general parochial purposes in the area named.	North Wing Mission, Guiseley Carleton, Keighley All Saints McNish
Appeals and special purposes funds	Funds comprise donations received for specific appeals and purposes, including work in Links Dioceses.	Interfaith fund, Youth Evangelism, Special Appeals, Northern Sudan, Kadugli Appeal, Church in the World, TM Wright Sudan relief, St Martin in the Field, Duker (deaf ministry)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

24. DESCRIPTION OF FUNDS (continued)

Fund category	Purpose	Funds included in this category
Church building repair funds	For repairs to churches of the Evangelical tradition in the Church of England within the Diocese.	The First Lord Grimethorpe Charity, Church building fund, Harrogate Churches, Church Building Repair, Davy bequest
Strategic Development Funds	Funds major change projects which lead to a significant difference in dioceses' mission and financial strength.	
Pastoral Account	This fund includes the proceeds of buildings closed for regular public worship, parsonages and land sales. The purpose for which this account may be used are laid down in Section 94 of the Pastoral Measure 2011.	
Inglefield	Created from sale of Diocesan Retreat House at Barrowby, and assets transferred from the Booker Bequest. Income used to aid Diocesan Synod, conferences and theological courses.	
Training for ministry	Income used towards cost of training ordinands.	Resourcing Ministerial Education (RME)
General purposes and administration	Funds from bequests to be used to support administration and general purposes	
Maintenance of ministry	Funds from bequests to be used to support stipends in specific parishes	
Pensions	Funds from bequests to be used in supporting clergy pensions.	
Funds to provide church building repair loans	Funds to support the provision of loans to assist major works to be carried out on church buildings.	Loan fund, Kiddle Bequest
Stipends Fund Capital	The income of the fund can only be used for clergy stipends (but since 1993 capital can be used for improvements to parsonage houses) and is governed by the Diocesan Stipends Measure 1953.	
Glebe Land	This fund is governed by the Endowments and Glebe Measure 1976; It represents the value of agricultural or commercial land in the Diocese, primarily held to generate sustainable income to support clergy stipends.	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

Fund category	Purpose	Funds included in this category
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

25. CAPITAL COMMITMENTS

At 31 December 2020 the LDBF had £nil capital expenditure commitments authorised but not contracted (2019 - £nil), and contracted for but not yet due of £71k (2019 - £nil).

26. OPERATING LEASES

Total amounts payable under non-cancellable operating leases are as follows:

	2020	2019
	£'000	£'000
Land and buildings		
Within one year of the balance sheet date	30	30
In the second to fifth year of the balance sheet date	119	119
After the fifth year of the balance sheet date	117	147
	<u>146</u>	<u>296</u>

27. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events or contingent liabilities at the balance sheet date.

28. PENSIONS

During 2020 the LDBF participated in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the LDBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund**. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Church of England Funded Pension Scheme

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend (NMS) being paid as the normal pension on reaching the age of 68 on completion of maximum service of 41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's NMS payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

	December 2020	December 2019
Number of members	322	329

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

28. PENSIONS (continued)

Leeds DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions are shown in Note 13 (see also below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a. ;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.; and
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2019 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter 7 and an initial addition to mortality improvement of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2019 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018, the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025. As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and 2020 is set out in the table below.

	2020	2019
Balance sheet liability at 1 January	2,046,000	6,254,000
Deficit contribution paid	(913,000)	(913,000)
Interest cost (recognised in SoFA)	17,000	122,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(42,000)	(3,417,000)
Balance sheet liability at 31 December	1,108,000	2,046,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

28. PENSIONS (continued)

* Comprises change in agreed deficit recovery plan and change in discount rate and assumption between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	Dec 2020	Dec 2019	Dec 2018
Discount rate	0.2% pa	1.1% pa	2.1% pa
Price inflation	3.1% pa	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.3% pa	1.6% pa

The legal structure of the scheme is such that if Responsible Body fails, the Diocese of Leeds could become responsible for paying a share of that Responsible Body's pension liabilities.

Church Workers Pension Fund – Defined Benefits Scheme

Until 31 December 2018 the Leeds DBF participated in the Defined Benefits Scheme section of CWPFF 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 a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions are shown in Note 13 (see also below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

28. PENSIONS (continued)

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. The overall deficit in DBS was £11.3m. This is an improvement from the 2016 valuation.

As the valuation as at 31 December 2019 was completed in March 2021, the contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the previous valuation, the Leeds DBF entered into an agreement with the Church Workers Pension Fund for the DBS Schemes as follows:

Leeds DBF (Bradford) DBS

Following the valuation, the Diocese of Leeds has entered into an agreement with the Church Workers Pension Fund to pay expenses of £5,100 pa. In addition, deficit payments of £56,213 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Diocese of Leeds sub-pool.

Leeds DBF (Ripon & Leeds) DBS

Following the valuation, the Diocese of Leeds has entered into an agreement with the Church Workers Pension Fund to pay expenses of £9,200 pa. In addition, deficit payments of £199,114 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Diocese of Leeds sub-pool.

Leeds DBF (Ripon & Leeds Education Team) DBS Following the valuation, the Diocese of Leeds has entered into an agreement with the Church Workers Pension Fund to pay expenses of £1,800 pa. In addition, deficit payments of £21,645 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Diocese of Leeds sub-pool.

Leeds DBF (Wakefield) DBS

Following the valuation, the Diocese of Leeds has entered into an agreement with the Church Workers Pension Fund to pay expenses of £11,400 pa. In addition, deficit payments of £119,444 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Diocese of Leeds sub-pool.

These obligations have been recognised as a liability within the financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2020	2019
Balance sheet liability at 1 January	978,000	1,604,000
Deficit contribution paid	(309,000)	(309,000)
Interest cost (recognised in SoFA)	9,000	28,000
Remaining change to balance sheet liability*(recognised in SoFA)	13,000	(345,000)
Balance sheet liability at 31 December	691,000	978,000

* 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 2020

28. 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 2020	December 2019	December 2018
Leeds DBF (Bradford) DBS	0.30%	1.20%	1.90%
Leeds DBF (Bradford & Ripon Education Team) DBS	0.30%	1.20%	1.90%
Leeds DBF (Wakefield) DBS	0.30%	1.20%	1.90%
Leeds DBF (Ripon & Leeds) DBS	0.30%	1.20%	1.90%

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.

A valuation as at 31 December 2019 was underway as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

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 2020

29. PRIOR PERIOD COMPARATIVE SOFA**RESTATED**

		Unrestricted funds		Restricted	Endowment	Total
	Note	General	Designated	Funds	Funds	funds
		£'000	£'000	£'000	£'000	2019
						£'000
Income and endowments from:						
Donations	2					
Parish contributions		13,879	-	-	-	13,879
Archbishop's Council		4,047	-	639	-	4,686
Other donations		338	-	30	-	368
Charitable activities	3	1,629	-	-	-	1,629
Other activities	4	1,001	-	-	-	1,001
Investments	5	675	-	383	54	1,112
Other	6	50	-	190	154	394
Total		21,619	-	1,242	208	23,069
Expenditure on:						
Raising funds	7	79	-	-	-	79
Charitable activities	8	20,725	-	630	14	21,369
Pension deficit valuation movements	27	(3,612)	-	-	-	(3,612)
Other	9	130	-	36	-	166
Total		17,322	-	666	14	18,002
Net income before investment gains		4,297	-	576	194	5,067
Net gains/ (losses) on investments		151	2	1,578	1,565	3,296
Net income		4,448	2	2,154	1,759	8,363
Transfers between funds	14	2,250	1,090	(403)	(2,937)	-
Net movement in funds		6,698	1,092	1,751	(1,178)	8,363
Total funds brought forward		41,673	10	14,981	133,732	190,396
Total funds carried forward	21	48,371	1,102	16,732	132,554	198,759

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

30. 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.

31. 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:

	2020	2019
	£000	£000
CBF Church of England Investment Fund income shares	11,390	10,979
CBF Church of England Investment Fund accumulation shares	32	42
CBF Church of England UK Equity shares	68	70
CBF Church of Global Equity shares	500	420
CBF Church of England Fixed Interest Securities Fund shares	396	421
CBF Church of England Property Fund shares	372	391
Other common investment fund holdings	581	535
Direct holdings in UK equities	340	386
CBF Church of England Deposit Fund	1,556	1,622
	<hr/>	<hr/>
Total assets held as custodian trustee	15,235	14,866
	<hr/> <hr/>	<hr/> <hr/>