

# THE LEICESTER DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 249100

## Details

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**Status** Registered

**Legal form** Charitable company

**Company number** [00227087](#)

**Registered** 1966-10-18

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

## Contact

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**Website** [www.leicester.anglican.org](http://www.leicester.anglican.org)

## Activities

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**Objects:** The Objects for which the DBF is established are: To promote, aid, and further the objects and work of the Church of England as at present constituted or as hereafter it may be constituted, and more particularly in the Diocese of Leicester (hereinafter called 'the Diocese') for that purpose to do and carry out or assist in doing or carrying out all such matters and things as are likely to promote or help any of the said objects or work, and in particular to assist by grants, subscriptions, or payments of money or otherwise all or any of the following departments of work:- Training for the ministry and work of such Church.- Maintenance of the clergy and other persons connected with the ministry and work of such Church.- Provisions of pensions for and the support, assistance, and benefit of ministers, teachers, and workers of such Church, and of persons who have previously held any such positions, and, where such persons are deceased, their surviving partners, spouses, descendants and dependents.- Purchase, improvement and repair of houses for such clergy and other persons connected with the ministry and work of such Church.- The provision of sites for and the erection, purchase, equipment, endowment, maintenance, insurance, enlargement, alteration, and repair of churches, chapels, churchyards, burial grounds, and of buildings of all kinds, with or without gardens, or other grounds, used or to be used for the purposes of or in connection with any work of such Church.- Education of the young, and in particular their religious education.- Provision for the Cathedral.- The expenses of any organisation or work carried on wholly or partially by the DBF or by the Central Board of Finances for the Church of England. With such additions to the departments aforesaid as from time to time may be expedient for the furthering of the work and influence of such Church. To promote, aid, and further (in such matter as may be approved and sanctioned by the Bishop for the time being) the objects and work of any mission, church, or body of Christians in communion with the Church of England in any part of the world.

**Activities:** The activities of Leicester Diocese are wide but its primary activity is to support the clergy of the Diocese through the payment of stipends, the management and maintenance of parsonages and other ministerial housing and provide other facilities and resources in support of the ministry of both clergy and lay people across the Diocese.

## Classification

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

## Geography

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- **Area of benefit:** DIOCESE OF LEICESTER
- Leicester City
- Leicestershire

## Finances

Period end	Income	Expenditure	Assets	Employees
2025-12-31	£10,000,000	£11,404,000	£82,488,000	70
2024-12-31	£10,823,000	£12,270,000	£78,998,000	59
2023-12-31	£9,754,000	£12,571,000	£79,293,000	95
2022-12-31	£10,963,000	£12,008,000	£80,539,000	92
2021-12-31	£10,903,000	£11,856,000	£79,057,000	63
2020-12-31	£9,639,000	£12,104,000	£76,656,000	74

## Trustees

Name	Role	Appointed
David John Palmer	Chair	2017-11-01
Ann Margaret Greenwood		2024-12-02
Dr Stephen Mark Gorton		2025-08-01
RT REVD MARTYN JAMES SNOW		2016-02-22
Rev Jitesh Krisnakant Patel		2024-10-31
Rev Stephen Andrew Bailey		2024-05-18
Right Reverend Malayil Lukose Varghese Muthalaly		2024-05-18
Sadie Estella Batstone		2025-01-01
Stephen Mark Adshead		2023-09-14
THE VENERABLE Claire Wood		2017-10-08
The Venerable Richard John Trethewey		2025-10-02
The Very Reverend Karen Sheila Frances Rooms		2024-05-18

## Linked charities

- PROCEEDS OF SALE OF CERTAIN TRUST PROPERTY HELD IN CONNECTION WITH THE CHURCH OF ENGLAND (249100-1)

**THE LEICESTER DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 249100

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# Accounts

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# **ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

## **LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

Company number - 00227087

Registered charity number – 249100

ANNUAL REPORT

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## **CHAIR'S REPORT**

The new governance arrangements, introduced in August 2024, bedded in well over the year. Appointments to the Trustee Board and the revised committee structure operated well. There are some vacancies on some committees. The Trustees are aware of the need for diversity when making appointments. A review of the new governance structure will be carried out during 2026 to determine if any changes are needed.

At national level several issues have come to a head, some without any real conclusion, such as 'Living in Love and Faith' and the way forward on safeguarding structures (which might be resolved at the February meeting of General Synod). However, progress has been made on providing financial support for Dioceses. This was most welcome.

As outlined below, there has been positive progress in several areas, which we hope will continue in 2026.

### **Safeguarding**

Safeguarding continues to be a high priority for the Trustee Board. Every Board meeting discusses safeguarding and explores the most recent developments. It does this by examining a summary of the current work of the Diocesan Safeguarding Oversight Group (DSOG), which is an independent Group chaired by an experienced external chair, Adrienne Plunkett. It has oversight of, and routinely scrutinises, safeguarding strategy and arrangements in the Diocese. The Trustees review includes the DSOG Safeguarding and Intelligence Pack, and its Dashboard, to assist in the identification of strengths, risks and areas for development.

During the year, the Trustees approved an additional safeguarding post, the Assistant Diocesan Safeguarding Officer, to help with the growing workload, especially after the publication of the Makin Report in 2024. The Trustees also approved a Memorandum of Understanding between the Diocese and DSOG to ensure, among a range of other aspects, clear lines of accountability. The Trustees also considered the likely impact of the external audit into the Diocesan safeguarding provision. INEQE has been appointed by the Church of England to undertake audits of all Dioceses and Cathedrals. The site visit of the audit team is planned for October 2026. As this is a crucial audit, the Trustees approved additional resources to support preparations for the audit. The Trustees are grateful for all the diligent hard work carried out by the Safeguarding Team and DSOG.

### **Minster Communities**

During the year, most Parishes in the Diocese have been engaged with the Minster Communities programme. The Soar Valley Minster Community was approved by the Trustee Board on 2 September 2025. There are now two Minster Communities in operation, with Oversight Ministers commissioned. A further two proposals were agreed at the January 2026 Board meeting - Beacon in the Forest and the Cornerstone Minster Communities. The large majority of Minster Community Groups are progressing well and are expected to be completed by the end of 2026.

### **Diocesan Investment Proposal (DIP)**

For over 2 years the Diocese worked hard, in conjunction with staff in the National Church, on developing a proposal for submission for a DIP grant to support the Diocese's planned Intergenerational Hubs project, which is part of the Diocesan mission strategy. During that time, Diocesan staff had extensive engagement and exchanges with relevant national staff. However, towards the end of last year, it became clear that the Diocesan proposal had little chance of National support. The Trustees decided, therefore, not to submit a grant application, at this time. The Diocese

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is now exploring the use of Diocesan funds to launch this project.

The Diocese submitted a request to the National Church to 'reset' the Resourcing Churches Project. The request ensures the best possible use of the remaining grant budget for the ongoing work of church planting and developing new disciples. This was approved by the National Board. The project will run as planned until June 2027, with no additional cost to the Diocese.

**Financial Position**

During 2025, the National Church carried out a review of Dioceses' finances in view of their deteriorating financial sustainability. The objective was to identify ways to ease the financial stress on Dioceses to help develop the Church's longer term missional and financial health. The outcomes of the review were fed into the Triennium Spending Plans for 2026 -28, which were approved by General Synod. The changes include the provision for time limited additional financial support to Dioceses, an increase in Lowest Income Communities Funding (LINC) and several other changes, some of which will simplify complex processes. The impact for Leicester Diocese is helpful but will not permanently resolve the overall financial position in the longer term.

The underlying financial structural operating deficit is now down to £1.73m. Action has been taken over recent years with the aim of reaching a balanced budget by 2028. Tight controls have been placed on the number of Diocesan funded staff. As the cost of clergy represent much of the Diocesan budget, it is impossible to achieve a balanced budget without reducing clergy numbers. The Diocese recognises the significant impact this has on the life and mission of the church at all levels. High inflation over recent years, including increases in stipends and salaries, has also added to the financial pressure.

Parish Contributions continue to be the largest income source at circa £4m. But, as previously reported, this is not increasing to keep pace with inflation. It is hoped that the appointment of a Parish Giving Officer, Laura Taylor, will lead to an increase in parish contributions over the coming year.

The overall result is that income is not keeping up with increases in expenditure. As a result, the operating deficit for 2025 was £1.73m, when one takes out gains on parsonage and DBF property sales (see note 6 on page 38). This was slightly above the £1.5m budget. The use of the Unapplied Total Return facility covered the costs of stipend roles not covered by other restricted income.

The Diocese has also benefitted during the year from the policy change to sell agricultural land, unless it has development potential or long-term tenancy rights, and excess properties. By selling good quality agricultural land, on which present yields are poor, to buyers who will pay an attractive price, the funds raised can then be invested and deliver higher yields in a balanced portfolio managed by specialist fund managers in bonds, property and equities.

A working group has been set up to review the distribution of the significantly increased LINC funding the Diocese now receives. The membership of the group is wide ranging, including representatives from churches in highly deprived areas.

**St Martins House**

The running costs of St Martins House continue to be carefully scrutinised. Steps have been taken to increase income and reduce costs. The overall cost needs to be reduced further, and steps are being taken to achieve this.

**Staffing**

During 2025, Archdeacon Richard Worsfold left the Diocese to take up a post in Manchester Diocese to be nearer his family. The Diocese will miss Richard's considerable input into the life and work of the Diocese. Richard was replaced by a long serving member of the Diocese, Richard Tretheway, who

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has taken up the Archdeacon role with great vigour.

The Trustees have approved a couple of extra posts within Parish Giving and Safeguarding and a HR post given the increasing complexity of the work in this area. Sophie Holder started as Director of Racial Equity just before the end of 2024 and has spent 2025 increasing the profile in this area.

**Conclusion**

During 2025, steady progress was made towards achieving the goals of the Diocese, such as increasing the number of disciples, establishing Minster Communities and reaching a balanced budget. There is still some way to go, but with the continuing support of the whole Diocese we will succeed.

I would like to take this opportunity to thank all those involved with the life and work of the Diocese. All the staff and many volunteers who willingly support God's work.

**Canon David Palmer**  
**Chair of Leicester Diocesan Board of Finance**  
**18 May 2026**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
(a company limited by guarantee not having share capital)**

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2025.

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.

These accounts are consolidated as they contain the results of St Martins Hospitality Ltd. St Martins Hospitality Ltd. started trading on 1 January 2024 having been incorporated in November 2023.

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 Objects of the Diocese of Leicester covers the entire county of Leicestershire.

Leicester Diocesan Board of Finance (The)'s ("LDBF") principal object is to promote, assist and advance the work of the Church of England in the Diocese of Leicester by acting as the financial executive of the Leicester 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 custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils ("PCC's") 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 Leicester (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; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments arising from the Diocesan Synod including the Diocesan budget.

**STRATEGIC REPORT**

**Strategic aims**

The main role of the LDBF is to identify and manage the financial aspects of the provision of ministry

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within the Diocese, in order to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities in the Diocese.

The Diocese of Leicester is on a journey we are calling 'Shaped By God Together'.

The world around us has changed significantly over recent years. So, as we live out our faith and seek to grow in numbers of disciples, depth of discipleship and loving service of the world, we need to learn new ways to engage with an ever-changing world.

Looking to the future, we want to prioritise our work with children, young people and families, especially through partnership with our schools. We also want the mission and ministry across the diocese to be sustainable, both financially and in terms of the pastoral burden on clergy, lay ministers and church officers. We understand that we cannot continue as we are, which will only stretch our resources thinner.

Out of the 'Shaped by God Together' process of discernment, reflection and conversation, the plan is to form twenty Minster Communities by 2027. Minster Communities are groups of churches and fresh expressions working collaboratively and sharing resources to enable effective mission.

**Overall objectives for the year**

In response to the above strategic priorities determined by the Diocesan Synod, several groups, including the Bishop's Council, the Bishop's Leadership team and Deanery Synods, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- 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 Leicester.
- To maintain a sound financial structure required to support the clergy in the payment of stipends, managing parsonages and other ministerial housing and providing other facilities in support of the clergy and lay people in parishes across the Diocese.
- To support the National Church institutions through an annual grant, including a contribution to the cost of training Ordinands and for providing retirement housing for clergy.
- To support The Leicester Diocesan Board of Education ("LDBE") by way of a grant towards staff costs.

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. If we can do this whilst at the same time, continuing to reduce our structural deficit, then the Trustees consider that this is success.

**Activities and achievements in the year**

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We have continued to develop the Minster Community project in the period and have reduced our structural deficit compared to 2024, though we recognise we have more to do.

The Christian Presence

Clergy form a central part in the life of churches in the Leicester Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carried out 298 weddings (including marriage blessings), 1,542 funerals (both in and outside of church) and 615 baptisms during 2024 – the figures are only available one year in arrears. Whilst the LDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 73 trained stipendiary clergy and 18 training curates, assistant curates and assistant priests we had at the end of 2025 in the diocese is a priority of the LDBF and represents by far its largest financial commitment. Although the LDBF does not employ the parish clergy, it is responsible for training them, paying and housing them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of continual professional development and ministerial development review. It also gives clergy access to tribunals and other useful services.

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

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

Other related parties include:

- The Archbishops' Council to which it pays a donation based on an apportionment system for funding national training of Ordinands and the activities of the various national boards and councils, as well as General Synod.
- The Church Commissioners from which the LDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the LDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- Parochial Church Councils ("PCC's"), to which LDBF is required to be Custodian Trustee in relation to PCC property. LDBF has no control over PCC's, which are independent charities. The accounts of PCC's and deaneries do not form part of these financial statements.
- Leicester Diocesan Board of Education (charity number 1151692), to which LDBF provides grant support.
- Leicester Cathedral Chapter.

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- Launde Abbey Trustees, to which LDBF provides long term loans used to refurbish the abbey (the Diocesan Retreat house) and to cover compensation and legal fees. At 31 December 2025, the loans plus interest, totalled £865,138. All loans have been fully provided for and are secured on the value of Launde Abbey (for details see note 18 on pages 49 and 50).
- Coventry Diocesan Board of Finance (The) (company no. 00319482; charity no. 247828), with which LDBF had a joint working arrangement for one member of staff during 2025.

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.

### Volunteers

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

### **Future plans**

A central priority within Jesus' ministry was his calling of twelve disciples - "appointed... to be with him and to be sent out" Mark 3:15. He devoted much time to teaching and mentoring them. He sent them out to continue his work of announcing and giving signs of the kingdom.

The Diocese of Leicester has similarly chosen to focus on this theme of discipleship. Shaped by God in our lives and communities we seek the growth of His Kingdom in:

- the depth of discipleship,
- the number of disciples of Jesus,
- loving service of the world.

The diocesan family of churches has discerned five strategic priorities which express how we will support churches to respond to these three key areas:

- New - REACH those with no contact with church.
- Intercultural - LEARN with global majority heritage people.
- Intergenerational - BRING TOGETHER all generations.
- Reconciling - MODEL peace, justice and reconciliation.
- Eco - CHAMPION care for God's creation.

We have therefore asked our parish churches, our fresh expressions of church, our chaplaincies, and our schools to work to these priorities. Each Christian community must discern for themselves how to act on these priorities in their own context. It is not for the Board of Finance or the Bishop to dictate how individuals and communities should interpret these priorities. Rather the work of our central support staff is focused on enabling this discernment in each context and helping each community to channel their resources to these priorities. It is for the Bishop to hold each individual minister, and each community, to account for how they are doing this ("low control, high

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accountability”).

The major budget element continues to be directed towards the maintenance of a ministerial presence in every parish and the training and development of lay members of the church to support the work of the clergy.

We have embarked upon a restructure of the Diocese following a review entitled ‘Shaped by God Together’ which reported to The Diocesan Synod during Autumn 2021. We have restructured the central diocesan structure, and we are setting up Minster Communities. Our first Minster Community (a collection of parishes, fresh expressions of church and schools) was inaugurated at the end of April 2023. At the end of 2025 there were three Minster Communities.

The ongoing objective is to be able to adequately resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

### **Financial review**

#### **Financial Performance**

Parish Contribution, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. This decreased by £77k to £3.86m (2024: £3.94m).

The Trustees are grateful to all the parishes for their contributions during the year, and especially to those parishes that make regular contributions by instalments, which is essential in keeping the Diocese’s need to maintain a cash flow reserve to a minimum.

LDBF had a net £3.49m increase in total funds in 2025 (2024: £295k decrease). The 2025 result was affected by a £4.65m increase in the value of the Glebe portfolio offset by a net £1.40m deficit on operations.

Overall, the value of fixed asset investments decreased slightly; Glebe properties are £35.32m (2024: £37.66m); other investments are £8.97m (2024: £6.78m), resulting in a net decrease in investment assets of £149k.

The Trustees had prepared a 2025 budget that had a significant net operational deficit. The budget for 2026 also shows a significant deficit. These deficits can be offset by asset sales in the short term, via the Unapplied Total Return release mechanism. We have sufficient relatively liquid assets (such as our stock market investments) for the short term. It is anticipated returning to a sustainable budget by 2028. This is to be achieved by carrying out continuous reviews of the major cost areas and implementing cuts over the next three years.

The Trustees are of the opinion that LDBF continues to be a going concern.

#### **Significant Property Transactions**

Land and building additions during the year (included in tangible fixed assets and investment properties) totalled £234k (2024: £469k). The majority of funds were spent improving and refurbishing the current stock of LDBF properties.

Our policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;

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

### **Balance sheet position**

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. Whilst the net assets at the balance sheet date totalled £82.49m (2024: £79.0m), it must be remembered that included in this total are land & buildings, whose value amounted to £74.80m (2024: £74.07m). Additionally, some 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.

### **Fundraising**

LDBF raise funds through Parish Contribution (based on offers given by the Parishes) and via an annual Bishop's Lent appeal. No professional fundraisers are employed in these activities. The Lent appeal is an invitation to the General Public to contribute to a stated objective. No direct fundraising to individuals is undertaken. LDBF has not received any complaints related to our fundraising activities.

### **Reserves policy**

#### *Free reserves*

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a minimum balance of readily realisable assets in the general fund equivalent to at least three months budgeted expenditure for 2026. At 31 December 2025 the amount required under this policy totalled £2.58m (2024: £2.98m). General unrestricted free reserves at 31 December 2025 totalled £8.26m (2024: £7.70m).

Currently, the Trustees consider that the holding of unrestricted free reserves in excess of the minimum reserve policy is justified on the basis that the Diocese is experiencing structural deficits that will take several years to address and, therefore, significant unrestricted free reserves are needed.

#### *Designated funds*

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Designated funds are reviewed annually and, in the event that the purpose of a designated fund is no longer considered to be adequate justification for their retention, that fund is returned to general funds. A description of each reserve together with the intended use of the reserve is set out in note 23. At 31 December 2025, total designated reserves were £0.27m (2024: £0.27m).

#### *Restricted and endowment funds*

As set out in note 23, LDBF holds and administers several restricted and endowment funds. At 31 December 2025 restricted funds totalled £0.99m (2024: £1.43m) and endowment funds totalled £72.97m (2024: £69.61m). Neither fund category is available for the general purposes of the LDBF except for the portion of the endowment fund set aside in the Total Return policy adopted on 1<sup>st</sup>

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January 2020. Capital released, as allowed by this policy, has to be spent on clergy stipends. The balance of Unapplied Total Return at 31 December 2025 was £13.19m (2024: £11.17m).

**Grant making policy**

The Memorandum of Association of the LDBF explicitly permits the LDBF to make grants in pursuance of its objects. Grants are disclosed in note 12.

Grants are made in line with the aims of the Charity to provide and widen Christian ministry within the Diocese of Leicester.

**Investment policy**

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 for 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 21 provides detail of the assets of each fund, together with the related purposes, and note 16 summarises the movements in fixed asset investments during the year.

The Trustees' investment policy is to hold investments in a balanced mix of a charity property fund with Savills Investment Management Limited (Savills) and equities with two portfolio managers (RBC Brewin Dolphin and Charles Stanley). Both RBC Brewin Dolphin and Charles Stanley have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2025 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
RBC Brewin Dolphin listed investments	1,171	19.9%	2.60%	8. 49%
Charles Stanley listed investments	1,117	19.0%	3.22%	15. 51%
Savills Investment Management				5.3
Property Fund	3,512	59.6%	4.82%	2% (0.1
CCLA funds	41	0.7%	3.97%	3%)
Other investments	50	0.8%	0.00%	0.0 0%
	<u>5,891</u>	<u>100.0%</u>		

The Investment Committee regularly reviews the performance of the funds comparing their performance to benchmarks set out in the investors' reports and hence make recommendations to the Trustees on future investment opportunities.

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Overall, the income yield was 3.92% and the total return was 8.31%. The Trustees consider the returns to be satisfactory and at least in line with expectations.

### **Principal risks and uncertainties**

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

The risk register identifies three broad 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:

#### **External risk:**

- **Reputational risk from scandals and theological disagreements;** Incidents would be managed through Archdeacon reviews and/or the Communications department.
- **Economic risk from a fall in parish contributions;** Continued close analysis and review of budgets and treasury / investment management.
- **Demographic changes;** There is a "Shaped by God Together" strategic plan (see "future plans" on page 9 above) to diversify the Church via Minster Communities.

#### **Operational risk:**

- **Personnel risk;** There are processes for performance development and for replacing key personnel who leave. There is also a contract with an external HR consultant.
- **Property;** The risk is to not have the correct amount and/or quality of property to house clergy. To mitigate this LDBF has a fully resourced Property department. An independent review of property management and transactions is reviewed by the appropriate committee (Glebe, etc.).
- **IT;** Systems are off the shelf and easily replaceable. Data is backed up daily and can be restored within 24 hours. There are rules for internet usage monitored by the IT Manager. The IT Manager ensures compliance with The Data Protection Act and the General Data Protection Regulations.
- **Safeguarding and health & safety;** A health & safety policy has been issued to all staff. DBF has a department of 3.65 FTE staff (2024: 3.65) dedicated to safeguarding who report to the Director of Operations and Governance.
- **Insurance;** Policies are reviewed annually with a suitably qualified broker.
- **Finance;** Financial processes have been implemented and are periodically reviewed. Changes in the amount of income or cost streams are analysed and appropriate corrective action implemented.

#### **Governance risk:**

- **Trustees;** Procedures exist to appoint and retain suitable Trustees
- **Staff structure;** Staff structures are periodically reviewed and set to ensure best practice is adhered to.
- **National network;** There is engagement with national initiatives whilst liaising with other Dioceses to ensure best practice is maintained.

## **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 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into 10 deaneries, each with its own Synod. Within each parish there is a Parochial Church Council (PCC) which is a charity in its own right and, as such, legally distinct from LDBF. Each PCC 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 apply for partnership with neighbouring Dioceses.

### **Organisational structure**

The Leicester Diocesan Board of Finance (The) ("LDBF") is a company limited by guarantee (No. 00227087) and a registered charity (No. 249100) 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 Leicester. It was established in its present form in 1927 and is successor in title to the Leicester Diocesan Trustees.

Following a review of governance structures over the last few years, revised Articles of Association were adopted in 2024, and a new governance structure came into effect on 1 August 2024. This new structure brings together the Trustee responsibilities of the old Finance Committee with responsibility for the formulation and coordination of policies on mission, ministry and finance held by Bishop's Council. The new trustee body is called the Trustee Board and has 13 members. The trustees are the Bishop of Leicester (who is the ex officio President of LDBF), the Chair of LDBF, the Bishop of Loughborough, the Archdeacons of Leicester and Loughborough, the Dean of Leicester, the Chairs of the Houses of Clergy and Laity of Diocesan Synod, the Chair of the Resources and Compliance Committee, the Chair of the Audit and Risk Committee, a member of the Diocesan Board of Education (DBE), a senior school leader appointed by the DBE, and a person co-opted by the Trustee Board. Both the Chair of LDBF and the Chair of the Resources and Compliance Committee are appointed by the Diocesan Synod. The details of trustees who served during the year are set out on page 19.

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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 Bishop's Leadership Team. The Synod membership is elected every three years in accordance with the Church Representation Rules, the most recent elections having taken place in 2024. Whilst LDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association, LDBF is subject, by virtue of the National Institutions Measure 2000, to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations. It is The Synod which approves the annual LDBF budget.

**Decision making structure**

As noted above, the creation of the new Trustee Board means that there is clarity over responsibility for both strategy and finance, with the Trustee Board taking clear responsibility for both, while taking account of the directions of the Synod. The Bishop's Leadership Team is the executive of LDBF and reports to the Trustee Board. The revised Articles of Association dispense with the requirement for an annual general meeting, which means that the Annual Report and Accounts are now approved by the Trustee Board. They are also presented to Diocesan Synod for discussion. Each year Synod receives, and agrees, the annual budget, which has been prepared and approved by LDBF. The Trustee Board meets at least 6 times a year. There is also one meeting held jointly with the Bishop's Advisory Forum.

The Bishop's Advisory Forum (BAF) is a new body which reports to the Trustee Board, and which takes on the function of advising The Bishop on significant issues. It is a much larger body than the Trustee Board, with the aim of ensuring a diverse range of people and perspectives to offer input to the formation of policy and strategy. The BAF meets three times a year with one of these meetings taking place over two days and being held jointly with the Trustee Board.

Other committees which report to the Trustee Board are as follows:

**Joint Archdeaconry Mission Committee (JAMC)**, which is responsible for overseeing and recommending to the Trustee Board plans for the creation of individual Minster Communities within the diocese's overall framework. The Committee also has a role in matters covered by the Mission and Pastoral Measure, such as parish reorganisations and suspension of the patron's right of presentation.

**Audit and Risk Committee**, which is responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

**Resources and Compliance Committee**, which is responsible for ensuring that diocesan resources are used appropriately in line with the vision, budgets, plans, and strategies agreed and adopted by Diocesan Synod and the Trustee Board. The Committee also ensures compliance with relevant legislation on behalf of the Trustee Board and maintains an overview of governance arrangements.

**Nominations and Remuneration Committee**, which is responsible for monitoring and maintaining a flow of people to fill places on boards, committees and other bodies so that vacant places are filled, an appropriate turnover of members is maintained, a good mix of the necessary skills is available,

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and membership reflects the diversity of the diocese. This includes recommending people for appointment to certain specific roles. The Committee is also responsible for reviewing remuneration of senior diocesan officers where this is not set by national policies or processes.

**Assets and Liabilities Subcommittee**, reports to the Resources and Compliance Committee and is responsible for overseeing the use and stewardship of the physical and financial assets of the Diocese, in line with legal requirements, such as to best serve the ministry and mission of the church at both local and diocesan levels. This Subcommittee has delegated authority to undertake the statutory responsibilities of the diocese in relation to Houses, Glebe and Closed Church Buildings.

There are also several statutory committees which influence the operation of LDBF, although they are not subcommittees of the Trustee Board:

**Diocesan Mission and Pastoral Committee (DMPC)**, which is responsible for approving pastoral reorganisations, and other relevant matters under the Mission and Pastoral Measure, taking account of available clergy numbers, and current patterns of ministry. The Trustee Board serves as the DMPC, with detailed consideration of matters being undertaken by JAMC.

**Diocesan Advisory Committee for the Care of Churches**, which advises on matters affecting 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.

**Diocesan Board of Patronage**, which is constituted under the Patronage (Benefices) Measure 1986, and is sole or joint patron for around 20 benefices.

**Vacancy in See Committee**, which is responsible for representing the Diocese in the appointment process for the diocesan bishop.

**Diocesan Safeguarding Oversight Group (DSOG)**, which is a group made up of diocesan senior and safeguarding staff, parish representatives and external members from relevant bodies, and has responsibility for overseeing and scrutinising safeguarding provision in the diocese. The Group is chaired by an Independent Chair, with no links to the diocese, and operates in line with the responsibilities set out in the House of Bishops' Practice Guidance. In other dioceses, this group is known as the Diocesan Safeguarding Advisory Panel. DSOG previously reported to the Trustee Board, but there is now recognition that it is a statutory committee.

**Trustee recruitment, selection and induction**

Recruitment of people to governance roles has been strengthened under the new structure, with the Nominations and Remuneration Committee playing a key role. For Trustees who are appointed rather than ex officio, a process is followed involving collection of relevant information (such as a biography or CV), references and an interview. In some cases, roles are advertised. Trustees are given an induction when first appointed and are informed of the role and purpose of the committees. Terms of reference drawn up under the new structure require all bodies to undertake an annual review of their effectiveness.

**Delegation of delivery of activities of the company**

The Trustees rely upon the Bishop's Leadership Team, as the executive of LDBF, and on the Chief Executive and Diocesan Secretary, and LDBF staff, for the delivery of the activities of the company. A

## **ANNUAL REPORT**

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scheme of delegation is in place. This was reviewed and updated by the Resources and Compliance Committee in October 2025 and subsequently approved by the Trustee Board in January 2026.

### **Senior management remuneration**

Senior management remuneration is considered and authorised by the Trustee Board, following receipt of a recommendation from the Nominations and Remuneration Committee. For 2025, the same percentage increase was applied for all staff and clergy, including senior managers. No bonuses were paid to any staff or clergy in 2025. Bonuses are not paid as a matter of current policy.

### **Funds held as Custodian Trustee**

LDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £3.064m as at 31 December 2025 (2024: £3.107m), are available from the LDBF on request, and are summarised in note 26. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the LDBF's solicitor, Stone King LLP.

## **TRUSTEES' RESPONSIBILITIES STATEMENT**

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

Company law requires the Trustees (as Directors of LDBF for the purposes of Company Law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of 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 apply them consistently
- Observe methods and principles in the Charities SORP FRS 102
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

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irregularities.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information, and to establish that the Charitable Company's 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 and other information included in Annual Reports, may differ from legislation in other jurisdictions.

**APPOINTMENT OF AUDITORS**

The re-appointment of HaysMac LLP as auditors to LDBF will be proposed to the Trustee Board.

**ADMINISTRATIVE DETAILS**

**Trustees**

No Trustee had any beneficial interest in the Charitable Company during 2025. The following Trustees were in post during the year and at the date of this report:

Bishop of Leicester:	The Right Reverend M J Snow
Bishop of Loughborough:	The Right Reverend M L V Muthalaly
Dean of Leicester:	The Very Reverend K S F Rooms
Chair:	Canon D J Palmer
Member of LDBE:	Mrs S E Batstone (appointed 1 January 2025)
Archdeacons (ex officio):	The Venerable R V Worsfold - Archdeacon of Leicester (resigned 23 September 2025) The Venerable R J Trethewey - Archdeacon of Leicester (appointed 2 October 2025) The Venerable C Wood - Archdeacon of Loughborough
Elected by:	
Synod House of Clergy	Reverend S A Bailey
Synod House of Laity	Canon S Adshead
Chair of the Resources and Compliance committee:	Dr S M Gorton (appointed 1 August 2025) Mr C J Sheldon (resigned 2 July 2025)
Chair of Audit and Risk Committee:	Mrs A M Greenwood

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

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Co-opted by the Board            Reverend Dr J K Patel

**Senior staff and advisers**

Diocesan Chief Executive:	Mr Jonathan Kerry
Director of Operations & Governance:	Mr Andrew Brockbank
Director of Finance & Property:	Mr Simon Wilson
Director of Parish Transition & Ministry Development:	Reverend Stuart Burns

Registered Office:            St Martins House,  
7 Peacock Lane,  
Leicester LE1 5PZ

Bankers:                        Barclays Bank plc,  
Dominus Way,  
Meridian Business Park,  
Leicester LE19 1RP  
Leicester LE19 1RP

Auditors:  
HaysMac LLP,  
Statutory Auditors,  
10 Queen Street Place,  
London EC4R 1AG

Solicitors:                    Stone King LLP,  
Boundary House  
91 Charterhouse Street  
London EC1M 6HR

Rothera Bray LLP,  
2 Kayes Walk,  
Stoney Street,  
The Lace Market,  
Nottingham NG1 1PZ

Investment Advisers:        Savills Investment Management  
Limited,  
33 Margaret Street,  
London W1G 0JD

Charles Stanley & Co. Limited,  
25 Luke Street,  
London EC2A 4AR

RBC Brewin Dolphin,  
1<sup>st</sup> Floor,  
Waterfront House,  
Waterfront Plaza,  
35 Station Street,  
Nottingham NG32 3DQ

CCLA Investment Management  
Limited,  
80 Cheapside,  
London EC2V 6DZ

Glebe Agents  
and Valuers:                Andrew Granger & Co.,  
44 – 46 Forest Road,  
Loughborough,  
Leicestershire LE11 3NP

Christie & Co.,  
Suite 402 Bridlesmith House,  
38 Bridlesmith Gate,  
Nottingham NG1 2GQ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 6 - 13 within their capacity as company directors.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

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BY ORDER OF THE TRUSTEES

**D J Palmer**  
Chair

**J W Kerry**  
Diocesan Chief Executive

**18 May 2026**

**18 May 2026**

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

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### **Opinion**

We have audited the consolidated financial statements of Leicester Diocesan Board of Finance (The) (the 'charitable company') for the year ended 31 December 2025, which comprise the consolidated and charitable company Statement of Financial Activities, the Income and Expenditure Account, the consolidated and charitable company Balance Sheets, the Consolidated Statement of Cash Flows, and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2025 and of the group and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements section' of our report. We are independent of the group 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 consolidated 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 group's ability to continue as a going concern for a period of at least twelve months from when the consolidated 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 Trustees' Annual Report and Chair's Report. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinion 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 Strategic Report and the Directors' Report prepared for the purposes of company law), for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report by exception**

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

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company consolidated 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 for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible for assessing the group and the parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
(Continued)**

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Based on our understanding of the Group company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety and Charity Law. We considered the extent to which non-compliance might have a material effect on the consolidated financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the consolidated financial statements such as include the Companies Act 2006 and the Charities Act 2011 and consider other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the consolidated financial statements (including the risk of override of controls). We determined that the principal risks were related to fraud in revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates such as valuation of the investment properties.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the consolidated financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the consolidated financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

This report is made solely to the charitable company's members, 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.

**Lee Stokes (Senior Statutory Auditor)  
For and on behalf of HaysMac LLP, Statutory Auditor  
18 May 2026**

10 Queen Street Place  
London  
EC4R 1AG



**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 December 2025**

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2025	Total funds 2024
		General £'000	Designated £'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations							
Parish contributions	2a	3,633	-	225	-	<b>3,858</b>	3,935
Archbishops' Council	2b	-	-	2,449	-	<b>2,449</b>	2,589
Other donations	2c	5	4	5	-	<b>14</b>	30
Charitable activities	3	299	-	53	-	<b>352</b>	403
Other activities	4	952	-	-	755	<b>1,707</b>	1,864
Investments	5	154	11	75	775	<b>1,015</b>	907
Other	6	365	-	-	240	<b>605</b>	1,095
<b>Total income and endowments</b>		<b>5,408</b>	<b>15</b>	<b>2,807</b>	<b>1,770</b>	<b>10,000</b>	<b>10,823</b>
<b>Expenditure on</b>							
Raising funds	7	-	-	-	166	<b>166</b>	217
Charitable activities	8	9,705	21	65	-	<b>9,791</b>	10,170
Other	9	892	-	-	555	<b>1,447</b>	1,883
<b>Total expenditure</b>		<b>10,597</b>	<b>21</b>	<b>65</b>	<b>721</b>	<b>11,404</b>	<b>12,270</b>
<b>Net (expenditure) / income before losses and gains on investments</b>		<b>(5,189)</b>	<b>(6)</b>	<b>2,742</b>	<b>1,049</b>	<b>(1,404)</b>	<b>(1,447)</b>
(Loss) / gain on investments		(7)	-	-	4,836	<b>4,829</b>	1,848
<b>Net (expenditure) / income</b>		<b>(5,196)</b>	<b>(6)</b>	<b>2,742</b>	<b>5,885</b>	<b>3,425</b>	<b>401</b>
<b>Transfers between funds</b>	14	5,698	7	(3,181)	(2,524)	-	-
<b>Other recognised losses</b>							
Gain / (loss) on revaluation of fixed assets		65	-	-	-	<b>65</b>	(696)
<b>Net movement in funds</b>		<b>567</b>	<b>1</b>	<b>(439)</b>	<b>3,361</b>	<b>3,490</b>	<b>(295)</b>
<b>Total funds brought forward</b>		<b>7,696</b>	<b>269</b>	<b>1,426</b>	<b>69,607</b>	<b>78,998</b>	<b>79,293</b>
<b>Total funds carried forward</b>	21	<b>8,263</b>	<b>270</b>	<b>987</b>	<b>72,968</b>	<b>82,488</b>	<b>78,998</b>

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All activities derive from continuing activities. The notes on pages 31 to 59 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 December 2025**

**COMPARATIVES 2024**

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024
		General £'000	Designated £'000	£'000	£'000	£'000
<b>Income and endowments from</b>						
Donations						
Parish contributions	2a	3,813	-	122	-	3,935
Archbishops' Council	2b	-	-	2,589	-	2,589
Other donations	2c	21	5	4	-	30
Charitable activities	3	334	-	69	-	403
Other activities	4	1,070	-	-	794	1,864
Investments	5	206	11	79	611	907
Other	6	849	-	8	238	1,095
Total income and endowments		6,293	16	2,871	1,643	10,823
<b>Expenditure on</b>						
Raising funds	7	-	-	-	217	217
Charitable activities	8	10,065	18	87	-	10,170
Other	9	1,195	-	-	688	1,883
Total expenditure		11,260	18	87	905	12,270
<b>Net (expenditure) / income before losses and gains on investments</b>						
		(4,967)	(2)	2,784	738	(1,447)
Gain on investments		175	5	-	1,668	1,848
<b>Net (expenditure) / income</b>		(4,792)	3	2,784	2,406	401
<b>Transfers between funds</b>	14	5,284	8	(3,127)	(2,165)	-
<b>Other recognised losses</b>						
Loss on revaluation of fixed assets		(696)	-	-	-	(696)
<b>Net movement in funds</b>		(204)	11	(343)	241	(295)
<b>Total funds brought forward</b>		7,900	258	1,769	69,366	79,293
<b>Total funds carried forward</b>	21	<b>7,696</b>	<b>269</b>	<b>1,426</b>	<b>69,607</b>	<b>78,998</b>

All activities derive from continuing activities. The notes on pages 31 to 59 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 December 2025**

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	<b>Total 2025 £'000</b>	Total 2024 £'000
Income before losses and gains on investments	8,230	9,180
Expenditure	(10,683)	(11,365)
<b>Operating deficit for the year</b>	<b>(2,453)</b>	<b>(2,185)</b>
Net (loss) / gain on investments	(7)	180
Net transfer from endowment funds	2,524	2,165
<b>Net income for the year</b>	<b>64</b>	<b>160</b>
Other comprehensive losses:		
Revaluation of fixed assets	65	(696)
<b>Total comprehensive income / (expenditure)</b>	<b>129</b>	<b>(536)</b>

The income and expenditure account is derived from the Consolidated Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities. The notes on pages 31 to 59 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED BALANCE SHEET  
At 31 December 2025**

Company Number – 00227087

		2025		2024	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	15		<b>30,903</b>		31,329
Investments	16		<b>44,290</b>		44,439
			<u>75,193</u>		<u>75,768</u>
<b>CURRENT ASSETS</b>					
Assets held for resale	17	<b>5,582</b>		2,086	
Stock		<b>9</b>		7	
Debtors	18	<b>996</b>		796	
Cash on deposit, at bank and in hand		<b>1,531</b>		1,405	
		<u>8,118</u>		<u>4,294</u>	
<b>CREDITORS: amounts falling due within one year</b>	19	<b>(823)</b>		(1,064)	
<b>NET CURRENT ASSETS</b>			<u>7,295</u>		<u>3,230</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>82,488</u>		<u>78,998</u>
<b>NET ASSETS</b>			<u><u>82,488</u></u>		<u><u>78,998</u></u>
<b>FUNDS</b>					
<b>Endowment funds</b>					
(Including investment revaluation reserve of £32,576k (2024: £29,685k))			<b>72,968</b>		69,607
<b>Restricted income funds</b>					
(Including investment revaluation reserve of £Nil (2024: £Nil))			<b>987</b>		1,426
<b>Unrestricted income funds:</b>					
<b>General funds</b>					
(Including revaluation reserve debit of £839k (2024: debit £897k))			<b>8,263</b>		7,696
<b>Designated funds</b>					
(Including investment revaluation reserve of £31k (2024: £31k))			<b>270</b>		269
<b>TOTAL FUNDS</b>	21		<u><u>82,488</u></u>		<u><u>78,998</u></u>

The Consolidated Statement of Cash Flows and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 18 May 2026 and signed on behalf of the Board by:

**D J Palmer - Chair**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CHARITY ONLY STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 December 2025**

	Note	Unrestricted funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	funds	funds
		£'000	£'000	£'000	£'000	2025	2024
						£'000	£'000
<b>Income and endowments from</b>							
(Page 28)							
Donations							
Parish contributions	2a	3,633	-	225	-	<b>3,858</b>	3,935
Archbishops' Council	2b	-	-	2,449	-	<b>2,449</b>	2,589
Other donations	2c	5	4	5	-	<b>14</b>	30
Charitable activities	3	299	-	53	-	<b>352</b>	403
Other activities	4	634	-	-	-	<b>634</b>	703
Investments	5	154	11	75	825	<b>1,065</b>	957
Other	6	359	-	-	240	<b>599</b>	1,084
<b>Total income and endowments</b>		<b>5,084</b>	<b>15</b>	<b>2,807</b>	<b>1,065</b>	<b>8,971</b>	<b>9,701</b>
<b>Expenditure on</b>							
Raising funds	7	-	-	-	166	<b>166</b>	217
Charitable activities	8	9,705	21	65	-	<b>9,791</b>	10,170
Other	9	469	-	-	-	<b>469</b>	718
<b>Total expenditure</b>		<b>10,174</b>	<b>21</b>	<b>65</b>	<b>166</b>	<b>10,426</b>	<b>11,105</b>
<b>Net (expenditure) / income before losses and gains on investments</b>		<b>(5,090)</b>	<b>(6)</b>	<b>2,742</b>	<b>899</b>	<b>(1,455)</b>	<b>(1,404)</b>
(Loss) / Gain on investments		(7)	-	-	4,836	<b>4,829</b>	1,848
<b>Net (expenditure) / income</b>		<b>(5,097)</b>	<b>(6)</b>	<b>2,742</b>	<b>5,735</b>	<b>3,374</b>	<b>444</b>
<b>Transfers between funds</b>		<b>5,492</b>	<b>7</b>	<b>(3,181)</b>	<b>(2,318)</b>	<b>-</b>	<b>-</b>
<b>Other recognised losses</b>							
Gain / (loss) on revaluation of fixed assets		65	-	-	-	<b>65</b>	(696)
<b>Net movement in funds</b>		<b>460</b>	<b>1</b>	<b>(439)</b>	<b>3,417</b>	<b>3,439</b>	<b>(252)</b>
<b>Total funds brought forward</b>		<b>7,795</b>	<b>269</b>	<b>1,426</b>	<b>69,551</b>	<b>79,041</b>	<b>79,293</b>
<b>Total funds carried forward</b>		<b>8,255</b>	<b>270</b>	<b>987</b>	<b>72,968</b>	<b>82,480</b>	<b>79,041</b>

All activities derive from continuing activities. The notes on pages 31 to 59 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CHARITY ONLY STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 December 2025**

**COMPARATIVES 2024**

	Note	Unrestricted funds		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		£'000	£'000	£'000	£'000	2024
						£'000
<b>Income and endowments from</b>						
Donations						
Parish contributions	2a	3,813	-	122	-	3,935
Archbishops' Council	2b	-	-	2,589	-	2,589
Other donations	2c	21	5	4	-	30
Charitable activities	3	334	-	69	-	403
Other activities	4	703	-	-	-	703
Investments	5	206	11	79	661	957
Other	6	838	-	8	238	1,084
		<u>5,915</u>	<u>16</u>	<u>2,871</u>	<u>899</u>	<u>9,701</u>
<b>Total income and endowments</b>						
Expenditure on						
Raising funds	7	-	-	-	217	217
Charitable activities	8	10,065	18	87	-	10,170
Other	9	718	-	-	-	718
		<u>10,783</u>	<u>18</u>	<u>87</u>	<u>217</u>	<u>11,105</u>
<b>Total expenditure</b>						
<b>Net (expenditure) / income before losses and gains on investments</b>						
		(4,868)	(2)	2,784	682	(1,404)
Gain on investments						
		175	5	-	1,668	1,848
		<u>(4,693)</u>	<u>3</u>	<u>2,784</u>	<u>2,350</u>	<u>444</u>
<b>Net (expenditure) / income</b>						
<b>Transfers between funds</b>	14	5,284	8	(3,127)	(2,165)	-
<b>Other recognised losses</b>						
Loss on revaluation of fixed assets						
		(696)	-	-	-	(696)
		<u>(105)</u>	<u>11</u>	<u>(343)</u>	<u>185</u>	<u>(252)</u>
<b>Net movement in funds</b>						
<b>Total funds brought forward</b>		7,900	258	1,769	69,366	79,293
<b>Total funds carried forward</b>	21	<u>7,795</u>	<u>269</u>	<u>1,426</u>	<u>69,551</u>	<u>79,041</u>

All activities derive from continuing activities. The notes on pages 31 to 59 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CHARITY ONLY BALANCE SHEET  
At 31 December 2025**

Company Number – 00227087

		2025		2024	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	15		30,897		31,323
Investments	16		44,290		44,439
			<u>75,187</u>		<u>75,762</u>
<b>CURRENT ASSETS</b>					
Assets held for resale	17	5,582		2,086	
Stock		-		-	
Debtors	18	968		796	
Cash on deposit, at bank and in hand		1,421		1,318	
		<u>7,971</u>		<u>4,200</u>	
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(678)</u>		<u>(921)</u>	
<b>NET CURRENT ASSETS</b>			<u>7,293</u>		<u>3,279</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>82,480</u>		<u>79,041</u>
<b>NET ASSETS</b>			<u><u>82,480</u></u>		<u><u>79,041</u></u>
<b>FUNDS</b>					
<b>Endowment funds</b>					
(Including investment revaluation reserve of £32,576k (2024: £29,685k))			72,968		69,551
<b>Restricted income funds</b>					
(Including investment revaluation reserve of £Nil (2024: £Nil))			987		1,426
<b>Unrestricted income funds:</b>					
<b>General funds</b>					
(Including revaluation reserve debit of £839k (2024: debit of £897k))			8,255		7,795
<b>Designated funds</b>					
(Including investment revaluation reserve of £31k (2024: £31k))			270		269
<b>TOTAL FUNDS</b>			<u><u>82,480</u></u>		<u><u>79,041</u></u>

The Consolidated Statement of Cash Flows and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 18 May 2026 and signed on behalf of the Board by:



**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 December 2025**

	2025		2024	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>		<b>(899)</b>		<b>(3,534)</b>
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	1,015		907	
Proceeds from the sale of tangible fixed assets	626		1,828	
Proceeds from the sale of fixed asset investments - shares	306		251	
Proceeds from the sale of fixed asset investments - Glebe	1,740		788	
Purchase of tangible fixed assets	(328)		(344)	
Purchase of fixed asset investments	(2,334)		(482)	
<b>Net cash provided by investing activities</b>		<b>1,025</b>		<b>2,948</b>
<b>Cash flows from financing activities</b>				
	-		-	
<b>Net cash used in financing activities</b>		<b>-</b>		<b>-</b>
<b>Change in cash and cash equivalents in the period</b>		<b>126</b>		<b>(586)</b>
Cash and cash equivalents at 1 January		1,405		1,991
<b>Cash and cash equivalents at 31 December</b>		<b>1,531</b>		<b>1,405</b>

**Reconciliation of net movements in funds to net cashflow from operating activities**

<b>Net movement in funds for the year ended 31 December</b>	<b>3,490</b>	<b>(295)</b>
<b>Adjustments for:</b>		
Depreciation charges	173	146
Dividends, interest and rent from investments	(1,015)	(907)
Parish loan repayments and write offs	6	6
Advancement of parish loans	(1)	-
Profit on sale of fixed assets	(279)	(940)
(Gain) / Loss on revaluation of fixed assets	(91)	651
Transfer of fixed assets	325	1,486
Profit on sale of fixed asset investments - shares	(18)	(16)
Loss on sale of fixed asset investments - Glebe	47	75
Gain on revaluation of fixed asset investments	(4,849)	(1,907)
Transfer of fixed asset investment properties	5,257	600
Increase in assets held for resale	(3,496)	(2,086)
(Increase) / decrease in stock	(2)	37
Increase in debtors	(226)	(36)
Increase / (Decrease) in related party credit balances	31	(21)
Decrease in creditors	(251)	(327)
<b>Net cash outflow from operating activities</b>	<b>(899)</b>	<b>(3,534)</b>
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	133	110
Notice deposits (less than 3 months)	1,398	1,295
<b>Total cash and cash equivalents</b>	<b>1,531</b>	<b>1,405</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 31 December 2025

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#### 1. ACCOUNTING POLICIES

##### **Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which, in the main, are included at their market value at the balance sheet date, and certain tangible fixed assets which are included at fair value. The consolidated 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 (FRS 102). The financial statements have been prepared in UK sterling currency and rounded to the nearest £1,000.

##### **Basis of consolidation**

The consolidated financial statements incorporate those of Leicester Diocesan Board of Finance (The) ("LDBF") and its subsidiary undertaking, St Martins Hospitality Ltd ("SMHL"). All financial statements consist of the year to 31 December 2025.

LDBF holds 100% of the shares of SMHL which began trading on 1 January 2024 having been incorporated in November 2023. The Charitable company has taken the exemption to not publish a subsidiary cashflow statement.

##### **Going Concern**

The 2026 budget has a significant net operational deficit. However, this is lower than the deficit for 2025. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism which is used to fund clergy stipends. We have sufficient assets to cope in the short term. It is anticipated returning to a sustainable budget by 2028. Therefore, the Trustees consider that there is no material uncertainty regarding going concern.

The principal accounting policies are as follows;

##### **a) Income**

All income is included in the Statement of Financial Activities when LDBF is legally entitled to it as income, ultimate receipt is probable and the amount recognised can be quantified with reasonable accuracy.

- i) **Parish Contributions** are recognised as income of the year in respect of which it is received, and up to 31 January of the following year.
- ii) **Income from other trading activities;**  
Housing rental receivable is recognised as income in the period to which it relates. Café sales represent goods sold over the counter and are recognised on the date of sale. Internet sales are recognised on the date of notification. Conferencing and events income is recognised on the date of the associated event. Cancellation charges are recognised on the date of notification.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received, which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year end, are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations**, other than grants, are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended. The use of the income is restricted for clergy stipends. The income is fully expended within the year of receipt (as the expenditure is greater) and the legal restrictions therefore are satisfied. It is on this basis that the expenditure is shown in the General Fund in the Statement of Financial Activities and is offset by the income which, initially, is shown in the Restricted Fund, but then transferred to the General Fund.

##### **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 costs relating to the temporary renting out of parsonages, agent's costs for Glebe investment properties and management fees on investment assets.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

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**1. ACCOUNTING POLICIES (continued)**

- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the Diocese, and expenditure that supports education within the 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 LDBF, such grants being recognised as expenditure when the conditions attaching have been 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** are 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 based on the proportion of the net amount spent on resourcing and support of mission and ministry.
- v) **SMH trading and letting costs** are staff, cost of goods sold, and building costs charged on an accruals basis.
- vi) **Pension contributions** relate to LDBF staff who are members of the Church Workers Pension Fund. Clergy are members of the Church of England Funded Pensions Scheme (see note 24). The pension costs, charged as resources expended, represent LDBF's contribution payable in respect of the accounting period in accordance with FRS102. Deficit funding for the pension schemes is accrued at current value in creditors distinguished between contributions falling due within one year and after one year.

**c) Tangible fixed assets and depreciation**

***Freehold properties***

Depreciation is not provided on the majority of LDBF properties 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. 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. 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.

***St Martins House (SMH) and St Martins Lodge (SML)***

St Martins House is valued at open market value at 31 December. SMH is divided into a fixed asset and a fixed asset investment property. 2% straight line annual depreciation on cost is provided on the fixed asset.

St Martins Lodge is valued at open market value as at 31 December.

***Investment properties***

Glebe properties (except St Martins Lodge), which are held for investment purposes and rented out, are subject to formal revaluation every three years with the most recent revaluation being as at 31 December 2025. In between formal revaluations, management carry out an annual desk top revaluation based on appropriate and recognised property indices. Properties are, therefore, included at the year-end market value as indicated by the management revaluation exercise or the formal revaluation. The next formal revaluation will be carried out as at 31 December 2028.

***Parsonage houses***

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 strict legal form. 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 cost.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

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**1. ACCOUNTING POLICIES (continued)**

**d) Other tangible fixed assets**

All capital expenditure on other tangible fixed assets over £500 is depreciated. 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 rates:-

Computer equipment - 50% per annum on a straight-line basis

Fixtures and fittings - 50% per annum on a straight-line basis

**e) Other accounting policies**

- i) **Fixed asset investments** are included in the Balance Sheets at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Stock** is included at the lower of cost and net realisable value and relates to food and drink for public resale.
- iii) **Leases** refer to operating leases entered into for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

**f) Critical accounting estimates and judgements**

In the application of LDBF's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates, and associated assumptions, are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are;

- Investment properties are valued at the Trustees' estimate which is based on a market valuation completed by a qualified valuer every three years. In between formal valuations the Trustees use appropriate market indices.
- The present value of the clergy and lay pension schemes' defined liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying value of any pension liability.

**g) Fund balances**

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

- **Unrestricted funds** are LDBF's corporate funds and are freely available for any purpose within the Charitable Company's objects, at the discretion of LDBF. There are two types of unrestricted funds:
  - i) **General funds** which LDBF intends to use for the general purposes of LDBF, and
  - ii) **Designated funds** set aside from unrestricted funds for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to either legal measure or donor conditions.
- **Endowment funds** are those held on trust to be retained for the benefit of LDBF as a capital fund. In the case of the endowment funds administered by LDBF (Stipends Glebe and Endowment Capital Funds), there are discretionary powers to convert capital into income and therefore these funds are classified as expendable endowment. The Parsonage Houses Fund, where there is no provision for expenditure of capital, is classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where LDBF acts as Trustee and controls the management and use of the funds, are included in LDBF's own financial statements as charity branches. Trusts where LDBF acts as Custodian Trustee with no control over the management of the funds, are not included in the financial

statements but are summarised in note 29.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

**2. DONATIONS**

**2a. Parish Contributions**

**GROUP & CHARITY**

All donations are collected from the parishes of the Diocese.

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2025 £'000	Total funds 2024 £'000
	General £'000	Designated £'000				
Current year	3,633	-	225	-	<b>3,858</b>	3,935
	<u>3,633</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u><b>3,858</b></u>	<u>3,935</u>

**GROUP & CHARITY - 2024**

All donations are collected from the parishes of the Diocese.

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
	General £'000	Designated £'000			
	3,813	-	122	-	3,935
	<u>3,813</u>	<u>-</u>	<u>122</u>	<u>-</u>	<u>3,935</u>

**2b. Archbishops' Council**

**GROUP & CHARITY**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2025 £'000	Total funds 2024 £'000
	General £'000	Designated £'000				
Stipend support	-	-	1,112	-	<b>1,112</b>	1,152
Strategic change grant	-	-	382	-	<b>382</b>	345
Resource churches grant	-	-	317	-	<b>317</b>	517
IWC grant	-	-	250	-	<b>250</b>	333
Racial equity grant	-	-	127	-	<b>127</b>	8
Youth worker grant	-	-	76	-	<b>76</b>	43
Legal cost contribution	-	-	55	-	<b>55</b>	49
Parish improvement grant	-	-	50	-	<b>50</b>	85
Carbon offset grant	-	-	48	-	<b>48</b>	17
Ordinand grant	-	-	26	-	<b>26</b>	17
Fresh Expressions grant	-	-	5	-	<b>5</b>	-
Curate grant	-	-	1	-	<b>1</b>	23
	<u>-</u>	<u>-</u>	<u><b>2,449</b></u>	<u>-</u>	<u><b>2,449</b></u>	<u>2,589</u>

2024 funds are all Restricted Funds

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**2c. Other Donations**

**GROUP & CHARITY**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2025 £'000	Total funds 2024 £'000
	General £'000	Designated £'000				
Donations	5	4	5	-	14	30
	<u>5</u>	<u>4</u>	<u>5</u>	<u>-</u>	<u>14</u>	<u>30</u>

**GROUP & CHARITY - 2024**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
	General £'000	Designated £'000			
Donations	21	5	4	-	30
	<u>21</u>	<u>5</u>	<u>4</u>	<u>-</u>	<u>30</u>

**3. CHARITABLE ACTIVITIES**

**GROUP & CHARITY**

	Unrestricted funds		Restricted Funds £'000	Endowmen t Funds £'000	Total funds 2025 £'000	Total funds 2024 £'000
	General £'000	Designated £'000				
Parochial fees	168	-	-	-	168	199
Benefact Trust grant	86	-	-	-	86	102
ANIC grant	-	-	-	-	-	49
Historic England grant	-	-	50	-	50	18
Course fees and recharges	5	-	-	-	5	5
Other	40	-	3	-	43	30
	<u>299</u>	<u>-</u>	<u>53</u>	<u>-</u>	<u>352</u>	<u>403</u>

**GROUP & CHARITY -  
2024**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
	General £'000	Designated £'000			
Parochial fees	199	-	-	-	199
Benefact Trust grant	102	-	-	-	102
ANIC grant	-	-	49	-	49
Historic England grant	-	-	18	-	18
Course fees and other	5	-	-	-	5
Other	28	-	2	-	30
	<u>199</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>199</u>

334	-	69	-	403
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2025**

**4. OTHER TRADING ACTIVITIES**

GROUP	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2025	Total funds 2024
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Housing rental income	572	-	-	-	572	564
Property grants	5	-	-	-	5	6
Building insurance claim	11	-	-	-	11	7
Tenant income	40	-	-	-	40	-
Café, Lodge, NSCP and conference income	324	-	-	755	1,079	1,287
	<u>952</u>	<u>-</u>	<u>-</u>	<u>755</u>	<u>1,707</u>	<u>1,864</u>

GROUP - 2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Housing rental income	564	-	-	-	564
Property grants	6	-	-	-	6
Building insurance claim	7	-	-	-	7
Tenant income	19	-	-	-	19
Bookshop, Lodge, NSCP, café and conference income	474	-	-	794	1,268
	<u>1,070</u>	<u>-</u>	<u>-</u>	<u>794</u>	<u>1,864</u>

CHARITY	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2025	Total funds 2024
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Housing rental income	572	-	-	-	572	564
Property grants	5	-	-	-	5	6
Building insurance claim	11	-	-	-	11	7
Bookshop and tenant income	46	-	-	-	46	126
	<u>634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>634</u>	<u>703</u>

2024 funds are all Unrestricted General funds

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
For the year ended 31 December 2025

**5. INVESTMENT INCOME**

GROUP	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
	General	Designated			2025	
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe rents	-	-	-	668	<b>668</b>	552
Listed securities	-	-	-	64	<b>64</b>	59
Unlisted securities	-	9	75	43	<b>127</b>	89
SMH rental income	78	-	-	-	<b>78</b>	73
Bank and other interest	76	2	-	-	<b>78</b>	134
	<b>154</b>	<b>11</b>	<b>75</b>	<b>775</b>	<b>1,015</b>	907

GROUP - 2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2024
	£'000	£'000	£'000	£'000	£'000
Glebe rents	-	-	-	552	552
Listed securities	-	-	-	59	59
Unlisted securities	1	9	79	-	89
SMH rental income	73	-	-	-	73
Bank and other interest	132	2	-	-	134
	<b>206</b>	<b>11</b>	<b>79</b>	<b>611</b>	907

CHARITY	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
	General	Designated			2025	
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe rents	-	-	-	718	<b>718</b>	602
Listed securities	-	-	-	64	<b>64</b>	59
Unlisted securities	-	9	75	43	<b>127</b>	89
SMH rental income	78	-	-	-	<b>78</b>	73
Bank and other interest	76	2	-	-	<b>78</b>	134
	<b>154</b>	<b>11</b>	<b>75</b>	<b>825</b>	<b>1,065</b>	957

CHARITY - 2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2024
	£'000	£'000	£'000	£'000	£'000
Glebe rents	-	-	-	602	602
Listed securities	-	-	-	59	59

Unlisted securities	1	9	79	-	89
SMH rental income	73	-	-	-	73
Bank and other interest	132	2	-	-	134
	<u>206</u>	<u>11</u>	<u>79</u>	<u>661</u>	<u>957</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
For the year ended 31 December 2025

**6 OTHER INCOME**

GROUP	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on parsonage sales	-	-	-	240	240	238
Gain on DBF property sale	89	-	-	-	89	656
DBS Pension surplus	269	-	-	-	269	170
Other income	7	-	-	-	7	31
	<u>365</u>	<u>-</u>	<u>-</u>	<u>240</u>	<u>605</u>	<u>1,095</u>

GROUP - 2024	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
Gain on parsonage sales	-	-	-	238
Gain on DBF property sale	656	-	-	-
DBS Pension surplus	170	-	-	-
Other income	23	-	8	-
	<u>849</u>	<u>-</u>	<u>8</u>	<u>238</u>

CHARITY	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on parsonage sales	-	-	-	240	240	238
Gain on DBF property sale	89	-	-	-	89	656
DBS Pension surplus	269	-	-	-	269	170
Other income	1	-	-	-	1	20
	<u>359</u>	<u>-</u>	<u>-</u>	<u>240</u>	<u>599</u>	<u>1,084</u>

CHARITY - 2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000

Gain on parsonage sales	-	-	-	238	238
Gain on DBF property sale	656	-	-	-	656
DBS Pension surplus	170	-	-	-	170
Other income	12	-	8	-	20
	<u>838</u>	<u>-</u>	<u>8</u>	<u>238</u>	<u>1,084</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

**7. FUND RAISING COSTS**

GROUP & CHARITY	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2025 £'000	Total funds 2024 £'000
	General £'000	Designated £'000				
Glebe agent's fees	-	-	-	43	43	68
Other Glebe costs	-	-	-	108	108	134
Investment management fees	-	-	-	15	15	15
	<u>-</u>	<u>-</u>	<u>-</u>	<u>166</u>	<u>166</u>	<u>217</u>

2024 funds are all Endowment Funds

**8. CHARITABLE ACTIVITIES**

GROUP & CHARITY	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2025 £'000	Total funds 2024 £'000
	General £'000	Designated £'000				
<b>8a Contributions to Archbishops' Council</b>						
Training for Ministry	201	-	-	-	201	196
National Church Responsibilities	149	-	-	-	149	168
Retired clergy housing costs	87	-	-	-	87	82
	<u>437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437</u>	<u>446</u>

2024 funds are all Unrestricted General Funds

GROUP & CHARITY	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2025 £'000	Total funds 2024 £'000
	General £'000	Designated £'000				
<b>8b Resourcing Mission and Ministry</b>						
Parish Ministry stipends						

and National Insurance (NI)	3,281	-	-	-	<b>3,281</b>	3,385
Clergy pension contributions	548	-	-	-	<b>548</b>	649
Non parochial salaries, NI and pension	334	-	-	-	<b>334</b>	345
Housing costs	1,297	-	-	-	<b>1,297</b>	1,416
Ordinand, removal & resettlement grants	122	-	-	-	<b>122</b>	119
Interregna costs	65	-	-	-	<b>65</b>	52
Resource church costs	184	-	-	-	<b>184</b>	86
Other expenses	73	-	-	-	<b>73</b>	246
Support costs	847	-	-	-	<b>847</b>	838
	<b>6,751</b>	-	-	-	<b>6,751</b>	7,136

2024 funds are all Unrestricted General Funds

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

**8. CHARITABLE ACTIVITIES (continued)**

GROUP & CHARITY	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	Total funds
	General	Designated			2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
<b>8c Support for Mission and Ministry</b>						
Salaries, NI and pension costs	1,358	-	-	-	<b>1,358</b>	1,383
Leicester Cathedral grant	100	-	-	-	<b>100</b>	-
Growth fund grants	14	-	-	-	<b>14</b>	21
Other grants	94	18	26	-	<b>138</b>	211
Closed churches costs	-	-	27	-	<b>27</b>	36
Other costs	493	3	12	-	<b>508</b>	490
Support costs	308	-	-	-	<b>308</b>	285
	<b>2,367</b>	<b>21</b>	<b>65</b>	-	<b>2,453</b>	2,426

GROUP & CHARITY - 2024	Unrestricted funds		Restricted funds	Endowment funds	Total Funds
	General	Designated			2024
	£'000	£'000	£'000	£'000	£'000
<b>Support for Mission and Ministry</b>					
Salaries, NI and pension costs	1,383	-	-	-	1,383
Leicester Cathedral grant	-	-	-	-	-
Growth fund grants	21	-	-	-	21
Other grants	150	17	44	-	211
Closed churches costs	-	-	36	-	36
Other costs	482	1	7	-	490
Support costs	285	-	-	-	285
	<b>2,321</b>	<b>18</b>	<b>77</b>	-	<b>2,426</b>

GROUP & CHARITY	Unrestricted funds	Restricted	Endowment	Total funds	Total funds
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	General	Designated	Funds	Trust Funds	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
<b>8d Support for education</b>						
Support for church schools	150	-	-	-	150	162
	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>162</u>
2024 funds are all Unrestricted General Funds						
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL GROUP &amp; CHARITY CHARITABLE ACTIVITIES 2025</b>	<b>9,705</b>	<b>21</b>	<b>65</b>	<b>-</b>	<b>9,791</b>	<b>10,170</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL GROUP & CHARITY CHARITABLE ACTIVITIES 2024	10,065	18	87	-	10,170	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

**9. OTHER EXPENDITURE**

GROUP	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2025	Total funds 2024
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Café, Lodge, NSCP and conference costs	423	-	-	555	978	1,165
SMH costs	469	-	-	-	469	718
	<u>892</u>	<u>-</u>	<u>-</u>	<u>555</u>	<u>1,447</u>	<u>1,883</u>

**GROUP - 2024**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Café, Lodge, NSCP and conference costs	477	-	-	688	1,165
SMH costs	718	-	-	-	718
	<u>1,195</u>	<u>-</u>	<u>-</u>	<u>688</u>	<u>1,883</u>

**CHARITY**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2025	Total funds 2024
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
SMH costs		469	-	-	-	469

	469	-	-	-	469	718
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CHARITY - 2024	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2024
	£'000	£'000	£'000	£'000	£'000
SMH costs	718	-	-	-	718
	718	-	-	-	718

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS**

GROUP	Activities	Grant	Support	Total costs	Total costs
	undertaken	funding of			
	directly	activities	£'000	£'000	£'000
	£'000	£'000			
Raising funds	166	-	-	166	217
Charitable activities:					
Contributions to Archbishops' Council	-	437	-	437	446
Resourcing Mission and Ministry	5,655	249	847	6,751	7,136
Supporting Mission and Ministry	1,892	253	308	2,453	2,427
Support for education	150	-	-	150	162
Other expenditure	1,447	-	-	1,447	1,882
	9,310	939	1,155	11,404	12,270

GROUP - 2024	Activities	Grant	Support	Total costs
	undertaken	funding of		
	directly	activities	£'000	£'000
	£'000	£'000		
Raising funds	217	-	-	217
Charitable activities:				
Contributions to Archbishops' Council	-	446	-	446
Resourcing Mission and Ministry	6,047	251	838	7,136

Supporting Mission and Ministry	1,909	233	285	2,427
Support for education	162	-	-	162
Other expenditure	1,882	-	-	1,882
	<u>10,217</u>	<u>930</u>	<u>1,123</u>	<u>12,270</u>

#### CHARITY

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total costs 2025 £'000	Total costs 2024 £'000
Raising funds	166	-	-	166	217
Charitable activities:					
Contributions to Archbishops'	-	437	-	437	446
Council					
Resourcing Mission and Ministry	5,655	249	847	6,751	7,136
Supporting Mission and Ministry	1,892	253	308	2,453	2,426
Support for education	150	-	-	150	162
Other expenditure	469	-	-	469	718
	<u>8,332</u>	<u>939</u>	<u>1,155</u>	<u>10,426</u>	<u>11,105</u>

**LECESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2025**

<b>CHARITY - 2024</b>	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2024 £'000
Raising funds	217	-	-	217
Charitable activities:				
Contributions to Archbishops' Council	-	446	-	446
Resourcing Mission and Ministry	6,047	251	838	7,136
Supporting Mission and Ministry	1,909	232	285	2,426
Support for education	162	-	-	162
Other expenditure	718	-	-	718
	<u>9,053</u>	<u>929</u>	<u>1,123</u>	<u>11,105</u>

**11. ANALYSIS OF SUPPORT COSTS**

<b>GROUP &amp; CHARITY</b>	<b>Unrestricted funds</b>		<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>	<b>Total funds 2025 £'000</b>	<b>Total funds 2024 £'000</b>
	<b>General £'000</b>	<b>Designated £'000</b>				
Central administration	956	-	-	-	956	933
Governance:						
Registrar and Chancellor	149	-	-	-	149	135
Audit costs:						
- External audit	37	-	-	-	37	34
- Other services	2	-	-	-	2	3
Synodical costs	11	-	-	-	11	18
	<u>1,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,155</u>	<u>1,123</u>

2024 funds are all Unrestricted General Funds. External audit costs in 2025 were £36,840 (2024: £34,500). Other auditor service costs in 2025 were £2,488 (2024: £2,808). These amounts are inclusive of VAT.

**12. ANALYSIS OF GRANTS MADE**

<b>GROUP &amp; CHARITY</b>	<b>Number</b>	<b>Individuals £'000</b>	<b>Institutions £'000</b>	<b>2025 Total £'000</b>	<b>2024 Total £'000</b>
<b>From unrestricted funds for national Church responsibilities:</b>					
Contributions to Archbishops' Council	1	-	438	438	446
<b>From unrestricted funds:</b>					
Diocesan Board of Education support grants	1	-	150	150	162
University Chaplaincies	3	-	125	125	121
Leicester Cathedral	1	-	100	100	-
Maintenance grants to Ordinands	8	94	-	94	102
St Philip's Centre	1	-	55	55	53
Resettlement and first appointment grants	20	52	-	52	42
Archdeacon and retired clergy fund grants	193	18	-	18	16
Ecumenical support (Churches Together)	1	-	5	5	10
Reader and Clergy training grants	22	3	-	3	7
International Links	-	-	-	-	2
Total from unrestricted funds	<u>250</u>	<u>167</u>	<u>435</u>	<u>602</u>	<u>526</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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**12. ANALYSIS OF GRANTS MADE (continued)**

<b>GROUP &amp; CHARITY</b>	<b>Number</b>	<b>Individuals £'000</b>	<b>Institutions £'000</b>	<b>2025 Total £'000</b>	<b>2024 Total £'000</b>
<b>From restricted or endowment funds for various purposes:</b>					
Parish improvement grants	22	-	109	<b>109</b>	85
Strategic Development Fund grants	4	-	38	<b>38</b>	92
Ordinand training grants	8	24	-	<b>24</b>	40
Growth fund grants	3	-	14	<b>14</b>	21
<b>Total from restricted or endowment funds</b>	<b>37</b>	<b>24</b>	<b>161</b>	<b>185</b>	<b>238</b>
<b>Total from all funds</b>	<b>287</b>	<b>191</b>	<b>596</b>	<b>787</b>	<b>1,210</b>

**13. STAFF COSTS**

	<b>2025 £'000</b>	<b>2024 £'000</b>
Employee costs during the year were as follows:		
Wages and salaries	<b>2,089</b>	2,162
National Insurance contributions	<b>230</b>	207
Pension costs	<b>205</b>	206
	<b>2,524</b>	2,575

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

	<b>2025 Number</b>	<b>2024 Number</b>
SMH Conference Centre	<b>22.1</b>	26.8
Administration and financial management	<b>9.0</b>	8.3
Property	<b>2.8</b>	3.0
Discipleship, Ministry & Stewardship	<b>25.6</b>	25.6
Safeguarding & inclusion	<b>5.1</b>	5.0
Parochial lay staff	<b>5.0</b>	5.0
	<b>69.6</b>	73.7

based on full-time equivalents:

	<b>Number</b>	<b>Number</b>
SMH Conference Centre	<b>16.0</b>	20.2
Administration and financial management	<b>7.5</b>	7.1
Property	<b>1.8</b>	1.6
Discipleship & Ministry, Stewardship	<b>25.5</b>	25.2
Safeguarding and inclusion	<b>3.7</b>	3.7
Parochial lay staff	<b>1.0</b>	1.0
	<b>55.5</b>	58.8

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

**13. STAFF COSTS (continued)**

The numbers of staff (including diocesan appointed clergy) whose emoluments amounted to more than £60,000 (including benefits in kind but excluding pension contributions and NIC's) were as follows:

	<b>2025</b>	2024
	<b>Number</b>	Number
£60,001 - £70,000	<b>4</b>	3
£70,001 - £80,000	<b>2</b>	2
£80,001 - £90,000	<b>1</b>	1
£90,001 - £100,000	<b>1</b>	1
	<b>=====</b>	<b>=====</b>

Pension payments of £58,467 (2024: £50,741) were made for these employees.

**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 2025 they were:

Diocesan Chief Executive	Jonathan Kerry
Director of Operations and Governance	Andrew Brockbank
Director of Finance and Property	Simon Wilson
Director of Parish Transition and Ministry Development	Reverend Doctor Stuart Burns

Remuneration (including NIC's) and pensions for these 4 employees or office holders amounted to £410,123 (2024: £391,511).

**Trustees' emoluments**

No Trustee received remuneration for services as a Trustee. The Trustees received travel and out of pocket expenses, totalling nil (2024: £4,229) in respect of their duties as Trustees.

In addition, Trustees were paid fees totalling £8,172 (2024: £5,488) for Diocesan work.

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

	<b>Stipend</b>	<b>Housing</b>
The Venerable RV Worsfold	Yes	Yes
The Venerable RJ Trethewey	Yes	Yes
The Venerable C Wood	Yes	Yes
The Reverend SA Bailey	Yes	Yes
The Reverend Dr JK Patel	Yes	Yes
The Right Reverend MLV Muthalaly	No	Yes

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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The LDBF paid an average of 102 (2024: 114) clergy as office holders holding parochial or non-parochial appointments in the Diocese, and their costs were as follows:

	2025 £'000	2024 £'000
Stipends and salaries	3,204	3,432
National Insurance contributions	337	307
Pension costs	604	729
Housing allowances	83	105
	<u>4,228</u>	<u>4,573</u>

The annual rate of stipend, funded by the LDBF, paid to the two Archdeacons in 2025 was in the range £40,000 - £45,000 (2024: range £40,000 – £45,000) and other clergy who were Trustees were paid in the range £30,000 - £35,000 (2024: range £30,000 – £35,000).

**14. ANALYSIS OF TRANSFERS BETWEEN FUNDS**

	Unrestricted funds		Restricted	Endowmen t
	General £'000	Designated £'000	Funds £'000	Funds £'000
<b>2025</b>				
Church Commissioners' and Historic England grant income	2,472	-	(2,472)	-
Ephesian parish funds used to fund stipends	225	-	(225)	-
Net Glebe rental income used for general purposes	809	-	-	(809)
Stipend Glebe Unapplied Total Return transfer	1,500	-	-	(1,500)
Growth fund income transfer	5	-	(5)	-
Church Extension fund transfer	2	(2)	-	-
Ordinand fund transfer	(31)	-	31	-
Restricted income used to fund stipends	234	-	(234)	-
Restricted income used to fund retired clergy grants	-	9	(9)	-
Property fund transfers	482	-	(267)	(215)
	<u>5,698</u>	<u>7</u>	<u>(3,181)</u>	<u>(2,524)</u>
<b>2024</b>				
Church Commissioners' and Historic England grant income	2,639	-	(2,639)	-
Net Glebe rental income used for general purposes	501	-	-	(501)
Stipend Glebe Unapplied Total Return transfer	1,500	-	-	(1,500)
General fund transfer to Growth fund	4	-	(4)	-
Church Extension fund transfer	2	(2)	-	-
Ordinand fund transfer	31	-	(31)	-
Restricted income used to fund stipends	190	-	(190)	-
Restricted income used to fund retired clergy grants	-	10	(10)	-
Property fund transfers	417	-	(253)	(164)
	<u>5,284</u>	<u>8</u>	<u>(3,127)</u>	<u>(2,165)</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
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**Church Commissioners' grant income** - Within restricted funds there is income received from The Archbishops' Council of £1.11m (2024: £1.15m) to fund the payment of stipends, £317k (2024: £517k) to fund the Resource Church project, £250k (2024: £333k) to fund the IWC project, and £381k (2024: £345k) to fund The Strategic Change transition project from unrestricted funds.

**Stipends Glebe rental income** - This income is rental income from endowment properties. The income is used to fund the payment of stipends from unrestricted funds.

**Stipends Glebe Unapplied Total Return transfer** – This transfer has been made from the Unapplied Total Return fund and is for the funding of clergy stipends. The Unapplied Total Return Fund is part of the Stipends Glebe endowment fund.

**Property fund transfers** – The £482k transfer into the general fund relates to £312k (2024: £416k) of funds spent on parsonage property improvements and repairs, £71k on surveyor fees and a £100k transfer in relation to a grant given to Leicester Cathedral for its Revealed build project.

**15. TANGIBLE FIXED ASSETS**

**GROUP**

	SMH £'000	Parsonage houses £'000	DBF properties £'000	Other equipment £'000	Total £'000
<b>Cost or valuation</b>					
<b>At 1 January 2025</b>	1,230	18,178	12,759	1,177	33,344
Additions	-	92	84	152	328
Revaluation	60	-	-	-	60
Disposals	-	(67)	(280)	-	(347)
Transfers	-	(86)	(239)	-	(325)
<b>At 31 December 2025</b>	<u>1,290</u>	<u>18,117</u>	<u>12,324</u>	<u>1,329</u>	<u>33,060</u>
<b>Depreciation</b>					
<b>At 1 January 2025</b>	-	-	911	1,104	2,015
Disposals	-	-	-	-	-
Charge for the year	31	-	-	142	173
Revaluation	(31)	-	-	-	(31)
<b>At 31 December 2025</b>	<u>-</u>	<u>-</u>	<u>911</u>	<u>1,246</u>	<u>2,157</u>
<b>Net Book Value</b>					
<b>At 31 December 2025</b>	<u>1,290</u>	<u>18,117</u>	<u>11,413</u>	<u>83</u>	<u>30,903</u>
At 1 January 2025	<u>1,230</u>	<u>18,178</u>	<u>11,848</u>	<u>73</u>	<u>31,329</u>

All of the properties in the Balance Sheet are freehold and are vested in the LDBF.

All properties at 31 December 2025 and 31 December 2024 are valued at cost, apart from St Martins House which has been revalued by Christie & Co., Chartered Surveyors. All property repairs are charged as expenditure.

As at 31 December 2025, St Martins House (SMH) has been valued by Christie & Co., Chartered Surveyors. The property was valued at £2,965,000 (2024: £2,900,000) on an open market basis.

£1,290,000 (2024: £1,230,000) of the SMH value was deemed to represent a fixed asset, the balance of £1,675,000 (2024: £1,670,000) was deemed to represent a fixed asset investment (see note 16 below). If SMH had not been revalued, the

fixed asset element would have been included at its historical cost of £2,760,000 less accumulated depreciation of £648,525.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

**15. TANGIBLE FIXED ASSETS**

**CHARITY**

	SMH £'000	Parsonage houses £'000	DBF properties £'000	Other equipment £'000	Total £'000
<b>Cost or valuation</b>					
<b>At 1 January 2025</b>	<b>1,230</b>	<b>18,178</b>	<b>12,759</b>	<b>1,169</b>	<b>33,336</b>
Additions	-	92	84	149	325
Revaluation	60	-	-	-	60
Disposals	-	(67)	(280)	-	(347)
Transfers	-	(86)	(239)	-	(325)
<b>At 31 December 2025</b>	<b>1,290</b>	<b>18,117</b>	<b>12,324</b>	<b>1,318</b>	<b>33,049</b>
<b>Depreciation</b>					
<b>At 1 January 2025</b>	-	-	911	1,102	2,013
Disposals	-	-	-	-	-
Charge for the year	31	-	-	139	170
Revaluation	(31)	-	-	-	(31)
<b>At 31 December 2025</b>	-	-	911	1,241	2,152
<b>Net Book Value</b>					
<b>At 31 December 2025</b>	<b>1,290</b>	<b>18,117</b>	<b>11,413</b>	<b>77</b>	<b>30,897</b>
At 1 January 2025	1,230	18,178	11,848	67	31,323

**16. FIXED ASSETS INVESTMENTS**

**GROUP & CHARITY**

	At 1 January 2025 £'000	Additions £'000	Transfers £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2025 £'000
<b>Unrestricted funds</b>						
Investment properties	3,070	-	-	-	5	3,075
Investment in subsidiary	-	-	-	-	-	-
Unlisted investments	31	-	(31)	-	-	-
<b>Total</b>	<b>3,101</b>	<b>-</b>	<b>(31)</b>	<b>-</b>	<b>5</b>	<b>3,075</b>
<b>Designated funds</b>						
Unlisted investments	166	-	-	-	-	166
<b>Endowment funds</b>						
Investment properties	37,656	58	(5,257)	(1,787)	4,654	35,324
Listed investments	2,121	276	-	(288)	179	2,288
Unlisted investments	1,395	2,000	31	-	11	3,437
	41,172	2,334	(5,226)	(2,075)	4,844	41,049

Total	44,439	2,334	(5,257)	(2,075)	4,849	44,290
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**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2025**

The valuation of investments at 31 December 2025 was carried out by the Board's Investment Advisors as shown in the Administrative Details on pages 18 and 19.

Included in Endowment Fund investment properties is St Martins Lodge, which is a property purchased during 2015 costing a total of £4,555,349 (including subsequent refurbishment costs). St Martins Lodge has been developed into a high quality, 28 bed overnight accommodation facility. At 31 December 2025, St Martins Lodge was valued by Christie & Co. at £1,895,000 (2024: £2,160,000) on an open market basis.

The unrestricted fund fixed asset investments contain the fixed asset element of St Martins House and the Community House. The Community House was externally valued at £1,350,000 during 2023. At the end of 2025, management have used property valuation indices to revalue the property at £1,400,000. The next formal valuation will be carried out to coincide with other DBF properties in December 2028. Until then, management will continue to use property valuation indices.

The Charity owns 100% of the share capital of St Martins Hospitality Ltd (Company number: 14711191) which was incorporated in England in November 2023. The purpose of the company is to develop commercial income opportunities and income. During 2025, St Martins Hospitality Ltd had turnover of £1.08m (2024: £1.17m), total costs of £1.04m (2024: £1.20m) and a profit before taxation of £36.1k (2024: Loss of £28.2k). As at 31 December 2025, St Martins Hospitality Ltd had net assets of £7.8k (2024: net liabilities of £28.1k).

**17. ASSETS HELD FOR RESALE**

Assets held for resale comprises one property and eight parcels of Glebe land that were being actively marketed at 31 December 2025 and which are being sold in 2026. The eight parcels of land were held as investment assets, and the other property was held as a fixed asset. On 31 December 2025, the investment assets were revalued to their market value and transferred to current assets.

18. DEBTORS	GROUP	GROUP	CHARITY	CHARITY
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
<b>Due within one year</b>				
Trade debtors	63	54	-	-
Parish contribution	141	135	141	135
Loans to parishes	34	24	34	24
Amounts owed by related parties	13	34	13	34
Other debtors	192	248	247	313
Prepayments and accrued income	518	251	498	240
	<u>961</u>	<u>746</u>	<u>933</u>	<u>746</u>
<b>Due after more than one year</b>				
Loans to parishes	30	45	30	45
Equity loan	5	5	5	5
<b>Total debtors</b>	<u>996</u>	<u>796</u>	<u>968</u>	<u>796</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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**For the year ended 31 December 2025**

**18. DEBTORS (continued)**

The loans above are represented by:

<b>GROUP &amp; CHARITY</b>	<b>Due within one year £'000</b>	<b>Due after one year £'000</b>	<b>Total £'000</b>
<b>Unsecured loans</b>			
Loans to parishes	34	30	64
<b>Total unsecured loans</b>	<b>34</b>	<b>30</b>	<b>64</b>
<b>Secured loans</b>			
Trustees of Launde Abbey	-	865	865
Provision on Launde Abbey loan	-	(865)	(865)
Equity loan	-	5	5
<b>Total secured loans</b>	<b>-</b>	<b>5</b>	<b>5</b>
<b>Total loans outstanding</b>	<b>34</b>	<b>35</b>	<b>69</b>

**Unsecured loans**

The Parish loans are generally for one off cashflow support with varying periods of repayment. The loans attract a commercial rate of interest, currently varying between 3% and 5% per annum.

**Secured loans**

There is a loan to the Trustees of Launde Abbey for £865,138, which has been fully provided for (which includes accrued interest). On 31 December 2018, an agreement was reached whereby the loan was secured as a first charge against the total value of Launde Abbey. On any disposal of Launde Abbey in its entirety, LDBF would recover the greater of 21.89% of disposal proceeds - based on the valuation of the property at 9 April 2015, being £3,950,000 - or £865,138. In the event of a part disposal, LDBF would receive £865,138 on the first part disposal and then be entitled to 21.89% of total part disposal proceeds where there are future part disposals, where the total of all part disposal proceeds exceeds £865,138. Any excess of funds paid to LDBF over £865,138 is deemed to be a premium on the loan.

LDBF is the Custodian Trustee of Launde Abbey which is the Diocesan retreat house.

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

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>2025 £'000</b>	<b>2024 £'000</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
Trade creditors	300	228	284	193
Taxation and social security	106	94	90	78
Other creditors	13	225	13	225
Accruals	168	199	55	107
Deferred income	221	313	221	313
Amounts owed to related parties	15	5	15	5
<b>Total</b>	<b>823</b>	<b>1,064</b>	<b>678</b>	<b>921</b>

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**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2025**

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**20. SUMMARY OF GROUP FUND MOVEMENTS**

	Balances at 1 January 2025 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and (Losses) £'000	Balances at 31 December 2025 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	7,696	5,408	(10,597)	5,698	58	8,263
<b>Designated funds</b>						
Retired Clergy Fund	165	7	(16)	9	(1)	164
Church Extension Fund	-	2	-	(2)	-	-
Archdeacons' Discretionary Fund	104	6	(5)	-	1	106
Total Designated Funds	269	15	(21)	7	-	270
<b>Total unrestricted funds</b>	<b>7,965</b>	<b>5,423</b>	<b>(10,618)</b>	<b>5,705</b>	<b>58</b>	<b>8,533</b>
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,278	2	(27)	(266)	-	987
Church Commissioners', Historic England grant income and Ephesian fund receipts	-	2	-	(2,699)	-	-
Endowment Income Fund	169	75	(1)	(243)	-	-
Growth Fund	-	5	-	(5)	-	-
Ordinand Training Fund	(21)	26	(37)	32	-	-
<b>Total Restricted Funds</b>	<b>1,426</b>	<b>2</b>	<b>(65)</b>	<b>(3,181)</b>	<b>-</b>	<b>987</b>
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Parsonage Houses	18,178	240	-	(215)	-	18,203
<b>Expendable</b>						
Stipends Glebe (see note 22)	50,248	1,530	(721)	(2,309)	4,821	53,569
Other Endowment Capital	1,181	-	-	-	15	1,196
<b>Total Endowment Funds</b>	<b>69,607</b>	<b>1,770</b>	<b>(721)</b>	<b>(2,524)</b>	<b>4,836</b>	<b>72,968</b>
<b>Total funds</b>	<b>78,998</b>	<b>10,000</b>	<b>(11,404)</b>	<b>-</b>	<b>4,894</b>	<b>82,488</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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**20. SUMMARY OF GROUP FUND MOVEMENTS (continued) - 2024**

	Balances at 1 January 2024 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and (Losses) £'000	Balances at 31 December 2024 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	7,900	6,293	(11,260)	5,284	(521)	7,696
Designated funds						
Retired Clergy Fund	156	8	(13)	9	5	165
Church Extension Fund	-	2	-	(2)	-	-
Archdeacons' Discretionary Fund	102	6	(5)	1	-	104
Total Designated Funds	258	16	(18)	8	5	269
Total unrestricted funds	8,158	6,309	(11,278)	5,292	(516)	7,965
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,558	9	(36)	(253)	-	1,278
Church Commissioners', Historic England and other grant income	-	2	-	(2,761)	-	-
Endowment Income Fund	169	79	(2)	(77)	-	169
Growth Fund	-	4	-	(4)	-	-
Ordinand Training Fund	42	18	(49)	(32)	-	(21)
Total Restricted Funds	1,769	2	(87)	(3,127)	-	1,426
<b>ENDOWMENT FUNDS</b>						
Permanent						
Parsonage Houses	18,104	238	-	(164)	-	18,178
Expendable						
Stipends Glebe (see note 22)	50,087	1,405	(905)	(2,001)	1,662	50,248
Other Endowment Capital	1,175	-	-	-	6	1,181
Total Endowment Funds	69,366	1,643	(905)	(2,165)	1,668	69,607
Total funds	79,293	10,823	(12,270)	-	1,152	78,998

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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<b>21. SUMMARY OF ASSETS BY FUND</b>	<b>Fixed assets Tangible £'000</b>	<b>Investments £'000</b>	<b>Net Assets £'000</b>	<b>Total Assets £'000</b>
<b>Unrestricted funds – General</b>	4,938	3,075	250	8,263
<b>Unrestricted - Designated</b>				
Retired Clergy / Clergy widows	-	120	44	164
Church Extension Fund	-	-	-	-
Archdeacons' Discretionary Fund	-	46	60	106
	-	166	104	270
<b>Restricted</b>				
Pastoral Fund	-	-	987	987
Church Commissioners' Fund	-	-	-	-
Endowment Funds:				
JD Player Memorial Fund	-	-	-	-
Diocesan Growth Fund	-	-	-	-
Ordinand Training Fund	-	-	-	-
	-	-	987	987
<b>Endowment Expendable</b>				
Stipends Glebe Fund (see note 22)	7,848	39,853	5,868	53,569
Endowment Capital Funds:				
Drew Trust Investment Fund	-	193	-	193
Horwood Robinson Investment Fund	-	188	-	188
CE Huston Investment Fund	-	574	-	574
D Huston Investment Fund	-	140	-	140
Chippington Investment Fund	-	101	-	101
<b>Permanent</b>				
Parsonage Houses Fund	18,117	-	86	18,203
	25,965	41,049	5,954	72,968
<b>Total funds</b>	<b>30,903</b>	<b>44,290</b>	<b>7,295</b>	<b>82,488</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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**For the year ended 31 December 2025**

**22. ANALYSIS OF STIPENDS GLEBE ENDOWMENT FUND**

With effect from 1<sup>st</sup> January 2019, the company adopted a Total Return strategy to its Stipends Glebe fund. An exercise was carried out to determine the Endowment fund value and the unapplied Total Return value applicable to the Stipends Glebe Fund. In this regard, records and information, including those held at our Land Agents Andrew Granger & Co. were used to determine the initial value of the endowment, Subsequently, the official Retail Price Index ("RPI") was used to obtain the value of the original endowment as at 1<sup>st</sup> January 2019; The value calculated was £29,048,439. The difference between this value and the balance sheet value, being £46,395,636, at that date was deemed to be the unapplied total return available for transfer to general funds, i.e. £17,347,197.

During 2025, there were net income and investment gains in the period of £5,630,649 (2024: £2,162,707). £1,297,342 (2024: £979,105) was transferred back to the endowment capital fund as recognition of the increase in value of the endowment as measured by CPI over 2025 being 3.32%. In addition, there were transfers out of Unapplied Return to the General Fund totalling £2,309,301 (2024: £2,000,722) which was used to fund stipends. The balance as at 31 December 2025 of Unapplied Return was £13,195,807 (2024: £11,171,801).

	<b>Endowment: Stipends Glebe £'000</b>	<b>Unapplied Total Return £'000</b>	<b>Total £'000</b>
<b>As at 1 January 2025</b>	<b>39,077</b>	<b>11,171</b>	<b>50,248</b>
<b>Movements in the reporting period</b>			
Investment income: Glebe rents and dividends	-	1,530	1,530
Investment returns: Realised and unrealised gains / (losses) on shares and the Glebe portfolio	-	4,821	4,821
Less: Investment management costs	-	(721)	(721)
<b>Total movements in the reporting year</b>	<b>-</b>	<b>5,630</b>	<b>5,630</b>
<b>Unapplied Total Return allocated in Income in the year</b>	<b>-</b>	<b>(2,309)</b>	<b>(2,309)</b>
<b>Allocation to capital</b>	<b>1,297</b>	<b>(1,297)</b>	<b>-</b>
<b>Net movements in the reporting year</b>	<b>1,297</b>	<b>2,024</b>	<b>3,321</b>
<b>As at 31 December 2025</b>	<b>40,374</b>	<b>13,195</b>	<b>53,569</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2025**

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**23. DESCRIPTION OF FUNDS**

<b>GENERAL FUNDS</b>	General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.
<b>DESIGNATED FUNDS</b>	Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.
<b>RESTRICTED FUNDS</b>	Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.
<b>ENDOWMENT FUNDS</b>	Endowment funds are funds held on trust to be retained for the Charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

**Designated funds**

**The Retired Clergy Fund** represents funds set aside for the benefit of retired clergy and their spouses, including those widowed, divorced or separated.

**The Church Extension Fund** represents funds put aside over a number of years by the Board to give loans to Parochial and District Church Councils to help with extensions, improvements and repairs to church buildings.

**The Archdeacons Discretionary Fund** is used by the Archdeacons to pay grants to needy clergy and their families within the Diocese.

**Restricted funds**

**The Pastoral Fund** is a capital and income fund where both may be expended. It may be used for a variety of purposes except for employment costs. It is the Board's policy to use these funds primarily for the purchase of, and improvement (including repairs) to, parsonage houses.

Prior to 2007 the balance included funds of £281,989 held by the Church Commissioners from the sale of parsonage houses which could not be released for other uses until such time as new pastoral schemes for the parishes involved had become operative and the appropriate PCC consents to the funds being released.

In 2007 these funds were released to the Diocese but had to be ring-fenced for the same reason. £286,530 including accumulated interest was received by the Diocese, a small amount of which was immediately expendable, but the remainder placed in a separate fund in relation to one parish. At 31 December 2025 this fund stood at £313,487 (2024: £313,428) and is included in the Pastoral Fund balance.

**Restricted Income from the Church Commissioners** is received from them to support Stipends and Clergy Pension Costs. Income is transferred to the General Fund to be applied against payment of such costs.

**Endowment Income Funds** represent accumulated income and income arising from endowment funds that has not yet been expended.

**The Diocesan Growth Fund** was formerly known as the **Church Commissioners' Mission Fund** and represents additional funds given to the Board by the Church Commissioners that have arisen as a result of better returns on their investment assets.

**The Ordinand Training Fund** provides discretionary training grants to Ordinands.

**Endowment funds**

**The Stipends Glebe Fund** represents the value of property and investments held under the Endowments and Glebe Measure 1976, invested to produce income to be applied for the augmentation of stipends.

**Endowment Capital Funds** are funds, the majority of which are, for the augmentation of stipends.

**The Parsonage Houses Fund** represents the deemed value of the parsonage houses calculated as set out in note 1c

to these financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

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**24. PENSIONS**

The LDBF participates in two defined 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 (“CEFPS”)** for stipendiary clergy. The other is the **Church Workers Pension Fund (“CWPF”)** for lay staff. 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. There are no active members in the LDBF Defined Benefit Scheme section.

**Church of England Funded Pension Scheme**

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

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution applied to pensionable stipends.

At the end of the year, LDBF was paying contributions for 99 members (2024: 109) of the scheme out of a total membership of approximately 8,500 active members.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme’s assets and liabilities to each specific Responsible Body, and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, which were £604,849 (2024: £729,284), plus any contributions in respect of any Scheme deficit. The 2024 valuation showed the Scheme to be fully funded. The deficit contributions paid in 2025 were nil (2024: nil).

A valuation of the Scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2024. The 2024 valuation revealed a surplus of £560m based on assets of £2,570m and a funding target of £2,010m, assessed using the following assumptions:

- An average discount rate of 6.0%;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.7% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S4NA\_L tables, with allowance for improvements in mortality rates from 2017 in line with the CMI 2023 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 and 2021 data of 20% (i.e. w = 20%).

The 2024 valuation reflects the benefit improvements that the General Synod agreed in principle in July 2025 (and confirmed in February 2026).

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 2024 and 31 December 2025 is nil. The movement in the balance sheet liability over 2024 and 2025 is set out in the table below.

	<b>2025</b>	<b>2024</b>
	<b>£’000</b>	<b>£’000</b>
Balance sheet liability at 1 January	-	-
Deficit contributions paid	-	-
Interest cost (recognised in the SOFA)	-	-

Remaining change to the balance sheet liability (recognised in SOFA)	-	-
	_____	_____
Balance sheet liability at 31 December	-	-
	=====	=====

The remaining change to the balance sheet liability comprises changes in the agreed deficit recovery plan and

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2025**

**24. PENSIONS (continued)**

**Church of England Funded Pension Scheme (continued)**

changes in discount rates and inflation assumptions between year ends.

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

**Church Workers Pension Fund – Defined Benefits Scheme**

The Defined Benefits Scheme ("DBS") section of the CWPF provides benefits for lay staff based on final pensionable salaries. LDBF has no active members in this section.

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 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. As from 1 January 2024, LDBF had no active members in this section of the CWPF. There were nil pension costs for 2025 (2024: nil).

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 the Scheme is carried out once every three years. The most recent was carried out at 31 December 2022 and showed a surplus of £73.6m. The next actuarial valuation is due on 31 December 2025.

Since 31 December 2023, The Church of England Pensions Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the Defined Benefit Scheme of the Church Workers' Pension Fund.

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 these financial statements at 31 December 2024 or 31 December 2025.

LDBF has ceased contributions to the Defined Benefit section of the CWPF as from 1 January 2024. Active members of the Defined Benefit section as at 31 December 2023 were transferred to the Pension Builder section of the CWPF.

The movement in the provision is set out below;

	<b>2025</b>	2024
	<b>£'000</b>	£'000
Balance sheet liability at 1 January	-	-
Deficit contributions paid	-	-
Interest cost (recognised in the SOFA)	-	-
Remaining change to the balance sheet liability (recognised in the SOFA)	-	-

Balance sheet liability at 31 December

\_\_\_\_\_  
-  
\_\_\_\_\_

The remaining change to the balance sheet liability comprises changes in the agreed recovery plan and changes in discount rates between year ends.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2025**

**24. PENSIONS (continued)**

**Church Workers Pension Fund – Defined Benefits Scheme (continued)**

The balance sheet liability represents the present value of the deficit contributions agreed at 31 December 2025 and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments;

	<b>December 2025</b>	<b>December 2024</b>	<b>December 2023</b>
Discount rate (p.a.)	n/a	n/a	n/a

The legal structure of the Scheme is such that if another employer fails, LDBF may become responsible for paying a share of that employer’s pension liabilities.

**Church Workers Pension Fund – Pension Builder Scheme**

LDBF participates in the Pension Builder Scheme section of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of LDBF and the other participating employers.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections - a deferred annuity section known as **Pension Builder Classic** and a cash balance section known as **Pension Builder 2014**.

Both sections of the Pension Builder Scheme 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. LDBF has no active members in this section.

**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 subdivision of assets between employers in either section of the Pension Builder Scheme.

The Scheme is considered to be a multi-employer scheme, as described in section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme’s assets and liabilities to specific employers. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are the contributions payable and were £204,585 (2024: £206,240).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2022. The next valuation is due at 31 December 2025.

For the Pension Builder Classic section, the 2022 valuation revealed a deficit of £34.8m on the ongoing assumptions used. At the most recent annual review, effective 1 January 2026, the Pensions Board chose to grant a discretionary bonus of 10.0% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997 so that the pension increase was also 10.0% (when usually it would be calculated based on inflation up to an annual cap of 5.0% for pensions in payment in respect of service provided prior to April 2006 and 2.5% for pensions in payment in respect of service post April 2006). This followed improvements in the funding position over 2025. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the 2022 valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time. The next valuation is being carried out as at 31 December 2025.

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

## LEICESTER DIOCESAN BOARD OF FINANCE (THE) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the year ended 31 December 2025

### 25. RELATED PARTY TRANSACTIONS

As noted in the Trustees' Report, the Board is related to the Leicester Diocesan Board of Education (LDBE), the University Chaplaincies at the three universities in the Diocese of Leicester, Leicester Cathedral Chapter (LCC), Launde Abbey Trustees (LAT), St Philips Centre (SPC), Bishop's Lodge (BL), Coventry Diocesan Board of Finance (The) (CDBF), Together Leicester (ToL), and Leicester City of Sanctuary (LCOS). Details of grants made to these bodies are given in note 12 of the financial statements.

During 2025, LDBF recharged LCC £57,403 (2024: £45,241), of which nil (2024: nil) were salaries or a stipend.

During 2025, LDBF recharged LDBE £14,402 (2024: £12,087), for rent and service charges.

Conversely, LDBE recharged LDBF £2,341 (2024: £111,549). In addition, LDBF paid a grant of £150,000 (2024: £50,000) to LDBE.

During 2025, LAT recharged LDBF £20,454 (2024: £22,010).

During 2025, LDBF recharged CDBF £64,916 (2024: £61,397), of which £52,045 (2024: £49,440) were salaries.

Conversely, CDBF recharged £24,356 (2024: £20,840) for internet costs.

During 2025, LDBF recharged BL £11,475 (2024: £843).

During 2025, SPC recharged LDBF £49,851 (2024: £47,192), of which £49,851 (2024: £47,192) were salary or pension costs.

During 2025, LDBF recharged ToL £22,596 (2024: £32,464), of which £22,596 (2024: £32,464) were salary costs.

During 2025, LDBF recharged LCOS £72,453 (2024: £49,684), of which £72,453 (2024: £49,684) were salary costs.

There were no other related party transactions in the current or previous accounting period other than small payments made to Trustees as described in note 13.

At the end of the year, the following amounts, all of which are included in debtors or creditors as appropriate, were receivable / (payable) by the Board in respect of related parties:

	2025 £'000	2024 £'000
<b>Amounts receivable / (payable) by the Board</b>		
Coventry Diocesan Board of Finance (The)	(2)	5
Leicester Cathedral Chapter	1	1
Launde Abbey Trustees	(3)	23
St Philips Centre	(4)	(5)
Bishop's Lodge	-	1
Leicester City of Sanctuary	7	4

### 26. 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:

	2025 £'000	2024 £'000
CBF Church of England Deposit Fund	1,223	1,193
CBF Church of England Investment Fund - income shares	1,063	1,110
Other common investment fund holdings	474	522

Direct holdings in UK equities	<b>230</b>	195
CBF Church of England Fixed Interest Securities Fund (income shares)	<b>54</b>	53
Cash at bank	<b>20</b>	34
	<hr/>	<hr/>
<b>Total assets held as Custodian Trustee</b>	<b>3,064</b>	3,107
	<hr/> <hr/>	<hr/> <hr/>

**THE LEICESTER DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 249100

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# Accounts

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# **ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2024**

## **LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

Company number - 00227087

Registered charity number – 249100

ANNUAL REPORT

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## **CHAIR'S REPORT**

2024 saw many significant developments in the Diocese, particularly the implementation of the Governance Review recommendations and the continuing formation of Minster Communities. Some Parishes saw an increase in attendances, but not back to pre-covid levels. Regrettably, Parish Contributions continue to decline. The overall financial position of the Diocese is still weak, although steps continue to be taken to make improvements and move towards a balanced budget.

The main structural change to the Diocese's organisation during the year was the merger of the Finance Committee (also known as the DBF Trustee Board) and the Bishop's Council. This was implemented on 1 August 2024. The new Trustee Board has already held four meetings and is rapidly getting a feel for the main issues. The issues are varied and diverse, ranging from safeguarding to the development of a strategic plan for the Diocese and a subsequent grant application to the National Church. In addition, several committees have either been merged or dropped altogether. The advisory function of The Bishop's Council is carried on by the new Bishop's Advisory Forum.

The Diocesan Board of Finance and the new Trustee Board, when making appointments to Boards and committees, have been conscious of the need to diversify the membership, whilst also ensuring that the members have the balance of skills and experience necessary. The Trustee Board is most grateful for the work carried out by Madeleine Wang (Chair) and the other members of the Nominations and Remuneration Committee, in identifying suitable people for appointments. In order to encourage a more diverse Board/committee membership, a scheme of 'Participant Observer' has been introduced to give a number of people the opportunity to develop Board/committee skills. Nevertheless, it has not always been readily possible to identify suitable people to fill all the roles available.

National discussions on safeguarding are continuing, including at the recent General Synod. The Trustee Board will consider very carefully the outcome of these discussions in due course. The Board and I are, however, grateful for the diligent work of Rachael Spiers, the Diocesan Safeguarding Adviser, her team and the work of the Diocesan Safeguarding Oversight Group. The recent report of the Group provides a most helpful assessment of the positive position in the Diocese.

A considerable amount of work has been undertaken during the year on preparing a diocesan strategic plan and investment proposal for work with children and young people. This was approved by Synod at its meeting on 3 September. Work continues with the aim of submitting the diocesan investment proposal to the National Church by October 2025.

The rolling out of Minster Communities continues. Unfortunately, considerable misinformation has been spread about the purpose of Minster Communities and the financial situation in the Diocese, which has caused uncertainty and to some extent delayed the programme. The process of forming Minster Communities as a framework for our life together and our witness in the world, is more than simple organisational change; It is a deep-rooted process of discernment, of seeking God's guidance as we seek to use the resources God has given us to the best of our abilities. The Diocese really values the positive input that many people have and are putting into the Minster Community process.

The national initiative regarding 'Living in Love and Faith' continues, led at national level by Bishop Martyn. This an extremely sensitive issue which the Diocesan Synod has discussed several times. We await further guidance from the National Church before this can be taken forward.

**ANNUAL REPORT**

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The Diocese has a difficult financial situation with the underlying financial structural operating deficit being around £2m. Over the last few years, action has been taken with the aim of reaching a balanced budget by 2028. Over the last three years the number of Diocesan staff paid for from our own funds has been reduced by 13 saving circa £1m or circa £367k annually. As the cost of clergy, and associated support, represents a large majority of the Diocesan budget, it is impossible to achieve a balanced budget without reducing their number. The Diocese recognises the significant impact this has, and will continue to have, on the life and mission of the Church at all levels. Recent work carried out by National Church Institutions may lead to the provision of some additional financial assistance to dioceses, but this is most unlikely fully to resolve the Diocese's annual financial deficit.

Attention is sometimes drawn to the number of Diocesan staff compared to other Dioceses. There are 22 staff who are employed to run commercial and other income-generating activities at St Martins House and St Martins Lodge. These commercial ventures provide additional funds which support the Diocese in parishes, schools and chaplaincies. In the past year, our non-charitable trading activities have been dealt with by the subsidiary company St Martins Hospitality Ltd.

Parish Contributions continue to be the largest income source at nearly £4m. However, as mentioned in previous Annual Reports, this is not increasing with inflation and, indeed is declining in cash terms. As a result, and taking general inflation into account, including increases in stipend and salary increases, income is by not keeping up with increases in expenditure. As a result, the operating deficit (being the net loss before gains on investments and gains on sales of DBF and parsonage properties) in 2024 was £2.34m, slightly adverse to the budgeted deficit of £2.15m despite a reduction in overall costs.

Every step is being taken to reduce costs and improve income. For example, the diocesan policy on the sale of low income yielding agricultural Glebe land has been changed to facilitate the sale of this land, with the receipts being invested to ensure an improved financial return. Houses which are unlikely to be needed in the future are also being sold. The Diocese also continues to make pragmatic use of the Unapplied Total Return facility.

During the year two key new appointments have been made; Sophie Holder was appointed as the Diocesan Director of Racial Equity and Adam Clarke as Net Zero Carbon Programme Manager. Both posts are fully funded by the National Church. We look forward to seeing the outcome of their work.

I would like to take this opportunity to thank all those involved with the life and work of the Diocese. Without the hard work of all the staff and the many volunteers involved, the Diocese would not be able to undertake God's work in so many different areas.

**Canon David Palmer**  
**Chair of Leicester Diocesan Board of Finance**  
**6 May 2025**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
(a company limited by guarantee not having share capital)**

**ANNUAL REPORT**

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

These accounts are consolidated as they contain the results of St Martins Hospitality Ltd for the first time. St Martins Hospitality Ltd. started trading on 1 January 2024 having been incorporated in November 2023.

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 Objects of the Diocese of Leicester covers the entire county of Leicestershire.

Leicester Diocesan Board of Finance (The)'s ("LDBF") principal object is to promote, assist and advance the work of the Church of England in the Diocese of Leicester by acting as the financial executive of the Leicester 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 custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils ("PCC's") 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 Leicester (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; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments arising from the Diocesan Synod including the Diocesan budget.

## **STRATEGIC REPORT**

### **Strategic aims**

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

The Diocese of Leicester is on a journey we are calling 'Shaped By God Together'.

The world around us has changed significantly over recent years. So, as we live out our faith and seek to grow in numbers of disciples, depth of discipleship and loving service of the world, we need to learn new ways to engage with an ever-changing world.

Looking to the future, we want to prioritise our work with children, young people and families, especially through partnership with our schools. We also want the mission and ministry across the diocese to be sustainable, both financially and in terms of the pastoral burden on clergy, lay ministers and church officers. We understand that we cannot continue as we are, which will only stretch our resources ever thinner.

Out of the 'Shaped by God Together' process of discernment, reflection and conversation, about twenty Minster Communities will be formed by 2027. Minster Communities are groups of churches and fresh expressions working collaboratively and sharing resources to enable effective mission.

### **Overall objectives for the year**

In response to the above strategic priorities determined by the Diocesan Synod, several groups, including the Bishop's Council, the Bishop's Leadership team and Deanery Synods, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- 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 Leicester.
- To maintain a sound financial structure required to support the clergy in the payment of stipends, managing parsonages and other ministerial housing and providing other facilities in support of the clergy and lay people in parishes across the Diocese.
- To support the National Church institutions through an annual grant, including a contribution to the cost of training Ordinands and for providing retirement housing for clergy.
- To support The Leicester Diocesan Board of Education ("LDBE") by way of a grant towards staff costs.

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. If we can do this whilst at the same time, continuing to reduce our structural deficit, then the Trustees consider that this is success.

## **Activities and achievements in the year**

We have continued to develop the Minster Community project in the period and have reduced our structural deficit compared to 2023, though we recognise we have more to do in this regard.

### The Christian Presence

Clergy form a central part in the life of churches in the Leicester Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carried out 349 weddings (including marriage blessings), 1,398 funerals (both in and outside of church) and 832 baptisms during 2023 – the figures are only available one year in arrears. Whilst the LDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 76 trained stipendiary clergy and 20 training curates, assistant curates and assistant priests we had at the end of 2024 in the diocese is a priority of the LDBF and represents by far its largest financial commitment. Although the LDBF does not employ the parish clergy, it is responsible for training them, paying and housing them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of continual professional development and ministerial development review. It also gives clergy access to tribunals and other useful services.

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

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

### Other related parties include:

- The Archbishops' Council to which it pays a donation based on an apportionment system for funding national training of Ordinands and the activities of the various national boards and councils, as well as General Synod.
- The Church Commissioners from which the LDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the LDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- Parochial Church Councils ("PCC's"), to which LDBF is required to be custodian trustee in relation to PCC property. LDBF has no control over PCC's, which are independent charities. The accounts of PCC's and deaneries do not form part of these financial statements.
- Leicester Diocesan Board of Education (charity number 1151692), to which LDBF provides grant support.
- Leicester Cathedral Chapter, to which LDBF provides certain accounting services.

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- Launde Abbey Trustees, to which LDBF provides long term loans used to refurbish the abbey (the Diocesan Retreat house) and to cover compensation and legal fees. At 31 December 2024, the loans plus interest, totalled £865,138. All loans have been fully provided for and are secured on the value of Launde Abbey (for details see note 18 on pages 48 and 49).
- Coventry Diocesan Board of Finance (The) (company no. 00319482; charity no. 247828), with which LDBF had a joint working arrangement for one member of staff during 2024.

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.

Volunteers

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

**Future plans**

A central priority within Jesus' ministry was his calling of twelve disciples - "appointed... to be with him and to be sent out" Mark 3:15. He devoted much time to teaching and mentoring them. He sent them out to continue his work of announcing and giving signs of the kingdom.

The Diocese of Leicester has similarly chosen to focus on this theme of discipleship. Shaped by God in our lives and communities we seek the growth of His Kingdom in:

- the depth of discipleship,
- the number of disciples of Jesus,
- loving service of the world.

The diocesan family of churches has discerned five strategic priorities which express how we will support churches to respond to these three key areas:

- New - REACH those with no contact with church.
- Intercultural - LEARN with global majority heritage people.
- Intergenerational - BRING TOGETHER all generations.
- Reconciling - MODEL peace, justice and reconciliation.
- Eco - CHAMPION care for God's creation.

We have therefore asked our parish churches, our fresh expressions of church, our chaplaincies, and our schools to work to these priorities. Each Christian community must discern for themselves how to act on these priorities in their own context. It is not for the Board of Finance or the Bishop to dictate how individuals and communities should interpret these priorities. Rather the work of our central support staff is focused on enabling this discernment in each context and helping each community to channel their resources to these priorities. It is for the Bishop to hold each individual minister and each community to account for how they are doing this ("low control, high accountability").

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The major budget element continues to be directed towards the maintenance of a ministerial presence in every parish and the training and development of lay members of the church to support the work of the clergy.

We have embarked upon a restructure of the Diocese following a review entitled 'Shaped by God Together' which reported to The Diocesan Synod during Autumn 2021. We have already restructured the central diocesan structure and we are setting up Minster Communities. Our first Minster Community (a collection of parishes, fresh expressions of church and schools) was inaugurated at the end of April 2023.

The ongoing objective is to be able to adequately resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

### **Financial review**

#### **Financial Performance**

Parish Contribution, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. This decreased by £43k to £3.94m (2023: £3.98m).

The Trustees are grateful to all the parishes for their contributions during the year, and especially to those parishes that make regular contributions by instalments, which is essential in keeping the Diocese's need to maintain a cash flow reserve to a minimum.

LDBF had a net £295k decrease in total funds in 2024 (2023: £1.25m decrease). The 2024 result was affected by a £1.45m deficit on operations and a £1.285m decrease in the value of St Martins House offset by a £1.63m increase in the value of our Glebe portfolio.

Overall, the value of fixed asset investments increased; Glebe properties are £37.66m (2023: £37.26m); other investments are £6.78m (2023: £6.49m), resulting in a net increase in investment assets of £692k.

The Trustees had prepared a 2024 budget that had a significant net operational deficit. The budget for 2025 also shows a significant deficit. These deficits can be offset by asset sales in the short term, via the Unapplied Total Return release mechanism. We have sufficient relatively liquid assets (such as our stock market investments) for the short term. It is anticipated returning to a breakeven budget by 2028. This is to be achieved by carrying out continuous reviews of the major cost areas and implementing cuts over the next three years.

The Trustees are of the opinion that LDBF continues to be a going concern.

#### **Significant Property Transactions**

Land and building additions during the year (included in tangible fixed assets and investment properties) totalled £469k (2023: £272k). The majority of funds were spent improving and refurbishing the current stock of LDBF properties.

There was one area of land purchased during 2024 at Houghton on the Hill to complement a neighbouring holding. This land was purchased for £189k.

Our policy continues to be:

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

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### **Balance sheet position**

The Trustees consider that the Balance Sheet together with details in note 22 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. Whilst the net assets at the balance sheet date totalled £79.0m (2023: £79.29m) it must be remembered that included in this total are land & buildings, whose value amounted to £74.07m (2023: £74.25m). Additionally, some 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.

### **Fundraising**

LDBF raise funds through Parish Contribution (based on offers given by the Parishes) and via an annual Bishop's Lent appeal. No professional fundraisers are employed in these activities. The Lent appeal is an invitation to the General Public to contribute to a stated objective. No direct fundraising to individuals is undertaken. LDBF has not received any complaints related to our fundraising activities.

### **Reserves policy**

#### *Free reserves*

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a minimum balance of readily realisable assets in the general fund equivalent to at least three months budgeted expenditure for 2025. At 31 December 2024 the amount required under this policy totalled £2.98m (2023: £2.86m). General unrestricted free reserves at 31 December 2024 totalled £7.70m (2023: £7.90m).

Currently, the Trustees consider that the holding of unrestricted free reserves in excess of the minimum reserve policy is justified on the basis that the Diocese is experiencing structural deficits that will take several years to address and, therefore, significant unrestricted free reserves are needed.

#### *Designated funds*

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Designated funds are reviewed annually and, in the event that the purpose of a designated fund is no longer considered to be adequate justification for their retention, that fund is returned to general funds. A description of each reserve together with the intended use of the reserve is set out in note 23. At 31 December 2024, total designated reserves were £0.27m (2023: £0.26m).

#### *Restricted and endowment funds*

As set out in note 24, LDBF holds and administers several restricted and endowment funds. At 31 December 2024 restricted funds totalled £1.43m (2023: £1.77m) and endowment funds totalled £69.61m (2023: £69.37m). Neither fund category is available for the general purposes of the LDBF except for the portion of the endowment fund set aside in the Total Return policy adopted on 1<sup>st</sup> January 2020. Capital released, as allowed by this policy, has to be spent on clergy stipends. The balance of Unapplied Total Return at 31 December 2024 was £11.17m (2023: £11.99m).

### **Grant making policy**

The Memorandum of Association of the LDBF explicitly permits the LDBF to make grants in pursuance of its objects. Grants are disclosed in note 12.

Grants are made in line with the aims of the Charity to provide and widen Christian ministry within the Diocese of Leicester.

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**Investment policy**

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 for 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 21 provides detail of the assets of each fund, together with the related purposes, and note 16 summarises the movements in fixed asset investments during the year.

The Trustees' investment policy is to hold investments in a balanced mix of a charity property fund with Savills Investment Management Limited (Savills) and equities with two portfolio managers (RBC Brewin Dolphin and Charles Stanley). Both RBC Brewin Dolphin and Charles Stanley have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2024 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
RBC Brewin Dolphin listed investments	1,121	30.2%	2.61%	5.65%
Charles Stanley listed investments Savills Investment Management	1,000	26.9%	3.14%	10.98%
Property Fund	1,499	40.4%	4.78%	5.32%
CCLA funds	43	1.2%	3.95%	13.70%
Other investments	50	1.3%	0.00%	0.00%
	<u>3,713</u>	<u>100.0%</u>		

The Investment Committee regularly reviews the performance of the funds comparing their performance to benchmarks set out in the investors' reports and hence make recommendations to the Trustees on future investment opportunities.

Overall, the income yield was 3.67% and the total return was 7.06%. The Trustees consider the returns to be satisfactory and at least in line with expectations.

## **Principal risks and uncertainties**

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

The risk register identifies three broad 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:

### **External risk:**

- **Reputational risk from scandals and theological disagreements;** Incidents would be managed through Archdeacon reviews and/or the Communications department.
- **Economic risk from a fall in parish contributions;** Continued close analysis and review of budgets and treasury / investment management.
- **Demographic changes;** There is a "Shaped by God Together" strategic plan (see "future plans" on page 8 above) to diversify the Church via Minster Communities.

### **Operational risk:**

- **Personnel risk;** There are processes for performance development and for replacing key personnel who leave. There is also a contract with an external HR consultant.
- **Property;** The risk is to not have the correct amount and/or quality of property to house clergy. To mitigate this LDBF has a fully resourced Property department. An independent review of property management and transactions is reviewed by the appropriate committee (Glebe, etc.).
- **IT;** Systems are off the shelf and easily replaceable. Data is backed up daily and can be restored within 24 hours. There are rules for internet usage monitored by the IT Manager. The IT Manager ensures compliance with The Data Protection Act and the General Data Protection Regulations.
- **Safeguarding and health & safety;** A health & safety policy has been issued to all staff. DBF has a department of 3.65 FTE staff (2023: 3.65) dedicated to safeguarding who report to the Director of Operations and Governance.
- **Insurance;** Policies are reviewed annually with a suitably qualified broker.
- **Finance;** Financial processes have been implemented and are periodically reviewed. Changes in the amount of income or cost streams are analysed and appropriate corrective action implemented.

### **Governance risk:**

- **Trustees;** Procedures exist to appoint and retain suitable Trustees
- **Staff structure;** Staff structures are periodically reviewed and set to ensure best practice is adhered to.
- **National network;** There is engagement with national initiatives whilst liaising with other Dioceses to ensure best practice is maintained.

## **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 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into 10 deaneries, each with its own Synod. Within each parish there is a Parochial Church Council (PCC) which is a charity in its own right and, as such, legally distinct from LDBF. Each PCC 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 apply for partnership with neighbouring Dioceses.

### **Organisational structure**

The Leicester Diocesan Board of Finance (The) ("LDBF") is a company limited by guarantee (No. 00227087) and a registered charity (No. 249100) 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 Leicester. It was established in its present form in 1927 and is successor in title to the Leicester Diocesan Trustees.

Following a review of governance structures over the last few years, revised Articles of Association were adopted in 2024, and a new governance structure came into effect on 1 August 2024. This new structure brings together the Trustee responsibilities of the old Finance Committee with responsibility for the formulation and coordination of policies on mission, ministry and finance held by Bishop's Council. The new trustee body is called the Trustee Board and has 13 members. The trustees are the Bishop of Leicester (who is the ex officio President of LDBF), the Chair of LDBF, the Bishop of Loughborough, the Archdeacons of Leicester and Loughborough, the Dean of Leicester, the Chairs of the Houses of Clergy and Laity of Diocesan Synod, the Chair of the Resources and Compliance Committee, the Chair of the Audit and Risk Committee, a member of the Diocesan Board of Education (DBE), a senior school leader appointed by the DBE, and a person co-opted by the Trustee Board. Both the Chair of LDBF and the Chair of the Resources and Compliance Committee are appointed by the Diocesan Synod. The details of trustees who served during the year are set out on page 17.

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 Bishop's Leadership Team. The Synod membership is elected every three years in accordance with the Church Representation Rules, the most recent elections having taken place in 2024. Whilst LDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing

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Memorandum and Articles of Association, LDBF is subject, by virtue of the National Institutions Measure 2000, to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations. It is The Synod which approves the annual LDBF budget.

**Decision making structure**

As noted above, the creation of the new Trustee Board means that there is clarity over responsibility for both strategy and finance, with the Trustee Board taking clear responsibility for both, while taking account of the directions of the Synod. The Bishop's Leadership Team is the executive of LDBF and reports to the Trustee Board. The revised Articles of Association dispense with the requirement for an annual general meeting, which means that the Annual Report and Accounts are now approved by the Trustee Board. They are also presented to Diocesan Synod for discussion. Each year Synod receives, and agrees, the annual budget, which has been prepared and approved by LDBF. The Trustee Board meets at least 6 times a year. There is also one meeting held jointly with the Bishop's Advisory Forum.

The Bishop's Advisory Forum (BAF) is a new body which reports to the Trustee Board, and which takes on the function of advising The Bishop on significant issues. It is a much larger body than the Trustee Board, with the aim of ensuring a diverse range of people and perspectives to offer input to the formation of policy and strategy. The BAF meets three times a year with one of these meetings taking place over two days and being held jointly with the Trustee Board.

Other committees which report to the Trustee Board are as follows:

**Joint Archdeaconry Mission Committee**, which is responsible for overseeing and recommending to the Trustee Board plans for the creation of individual Minster Communities within the diocese's overall framework. The Committee also has a role in matters covered by the Mission and Pastoral Measure, such as parish reorganisation and suspension of the patron's right of presentation.

**Diocesan Safeguarding Oversight Group**, which is a group made up of diocesan senior and safeguarding staff, parish representatives and external members from relevant bodies, and has responsibility for overseeing and scrutinising safeguarding provision in the diocese. The Group is chaired by an Independent Chair, with no links to the diocese, and operates in line with the responsibilities set out in the House of Bishops' Practice Guidance. In other dioceses, this group is known as the Diocesan Safeguarding Advisory Panel.

**Audit and Risk Committee**, which is responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

**Resources and Compliance Committee**, which is responsible for ensuring that diocesan resources are used appropriately in line with the vision, budgets, plans, and strategies agreed and adopted by Diocesan Synod and the Trustee Board. The Committee also ensures compliance with relevant legislation on behalf of the Trustee Board and maintains an overview of governance arrangements.

**Nominations and Remuneration Committee**, which is responsible for monitoring and maintaining a flow of people to fill places on boards, committees and other bodies so that vacant places are filled, an appropriate turnover of members is maintained, a good mix of the necessary skills is available, and membership reflects the diversity of the diocese. This includes recommending people for appointment to certain specific roles. The Committee is also responsible for reviewing remuneration of senior diocesan officers where this is not set by national policies or processes.

There is a further level of bodies reporting to some of the committees above. One key subcommittee, reporting to the Resources and Compliance Committee, is the Assets and Liabilities Subcommittee.

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**Assets and Liabilities Subcommittee**, which is responsible for overseeing the use and stewardship of the physical and financial assets of the Diocese, in line with legal requirements such as to best serve the ministry and mission of the church at both local and diocesan levels. This Subcommittee has delegated authority to undertake the statutory responsibilities of the diocese in relation to Houses, Glebe and Closed Church Buildings.

There are also a number of statutory committees which influence the operation of LDBF, although not subcommittees of the Trustee Board:

**Diocesan Mission and Pastoral Committee (DMPC)**, which is responsible for approving pastoral reorganisations, and other relevant matters under the Mission and Pastoral Measure, taking account of available clergy numbers, and current patterns of ministry. The Trustee Board serves as the DMPC, with detailed consideration of matters being undertaken by the Joint Archdeaconry Mission Committee.

**Diocesan Advisory Committee for the Care of Churches**, which advises on matters affecting 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.

**Diocesan Board of Patronage**, which is constituted under the Patronage (Benefices) Measure 1986, and is sole or joint patron for around 20 benefices.

**Vacancy in See Committee**, which is responsible for representing the Diocese in the appointment process for the diocesan bishop.

### **Trustee recruitment, selection and induction**

Recruitment of people to governance roles has been strengthened under the new structure, with the Nominations and Remuneration Committee playing a key role. For Trustees who are appointed rather than ex officio, a process is followed involving collection of relevant information (such as a biography or CV), references and an interview. In some cases, roles are advertised. Trustees are given an induction when first appointed and are informed of the role and purpose of the committees. Terms of reference drawn up under the new structure require all bodies to undertake an annual review of their effectiveness.

### **Delegation of delivery of activities of the company**

The Trustees rely upon the Bishop's Leadership Team, as the executive of LDBF, and on the Chief Executive and Diocesan Secretary, and their colleagues, for the delivery of the activities of the company. A scheme of delegation is in place. This was reviewed and updated by the Resources and Compliance Committee and subsequently approved by the Trustee Board in 2024.

### **Senior management remuneration**

Senior management remuneration is considered and authorised by the Trustee Board, following receipt of a recommendation from the Nominations and Remuneration Committee. For 2024, the same percentage increase was applied for all staff and clergy, including senior managers. No bonuses were paid to any staff or clergy in 2024. Bonuses are not paid as a matter of current policy.

### **Funds held as Custodian Trustee**

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

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assets, whose market value amounted to £3.107m as at 31 December 2024 (2023: £2.717m), 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 by the LDBF's solicitor, Stone King LLP.

**TRUSTEES' RESPONSIBILITIES STATEMENT**

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

Company law requires the Trustees (as Directors of LDBF for the purposes of Company Law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of 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 apply them consistently
- Observe methods and principles in the Charities SORP FRS 102
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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. The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information, and to establish that the Charitable Company's 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 and other information included in Annual Reports, may differ from legislation in other jurisdictions.

**APPOINTMENT OF AUDITORS**

The re-appointment of HaysMac LLP (who changed their name from Haysmacintyre LLP during 2024) as auditors to LDBF will be proposed to the Trustee Board.

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**ADMINISTRATIVE DETAILS**

**Trustees**

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

Bishop of Leicester:	The Right Reverend M J Snow
Bishop of Loughborough:	The Right Reverend M L V Muthalaly (appointed 18 May 2024)
Dean of Leicester:	Reverend K S F Rooms (appointed 25 June 2024)
Chair:	Canon D J Palmer
Vice Chair:	Mr C J Sheldon
Chair of LDBE:	Mr R M Andrews (appointed 18 May 2024, resigned 31 December 2024)
Archdeacons (ex officio):	The Venerable R V Worsfold - Archdeacon of Leicester The Venerable C Wood - Archdeacon of Loughborough
Elected by:	
Synod House of Clergy	The Reverend A R Leighton (resigned 31 July 2024) The Reverend C D Taylor (resigned 31 July 2024) The Reverend S A Bailey (appointed 18 May 2024)
Synod House of Laity	Mr D B Beeson (resigned 31 July 2024) Mrs M V Wang (resigned 31 July 2024) Canon S Adshead
Bishop's Nominees	Dr S M Gorton (resigned 1 August 2024)
Co-opted by the Board	Reverend Dr J K Patel (appointed 31 October 2024) Mrs A M Greenwood (appointed 2 December 2024)

**Senior staff and advisers**

Diocesan Chief Executive:	Mr Jonathan Kerry
Director of Operations & Governance:	Mr Andrew Brockbank
Director of Finance & Property:	Mr Simon Wilson
Director of Parish Transition & Ministry Development:	Reverend Stuart Burns

Registered Office: St Martins House,  
7 Peacock Lane,  
Leicester LE1 5PZ

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**Bankers:**

Barclays Bank plc,  
Dominus Way,  
Meridian Business Park,  
Leicester LE19 1RP

**Auditors:**

HaysMac LLP,  
Statutory Auditors,  
10 Queen Street Place,  
London EC4R 1AG

**Solicitors:**

Stone King LLP,  
Boundary House  
91 Charterhouse Street  
London EC1M 6HR

**Investment Advisers:**

Savills Investment Management  
Limited,  
33 Margaret Street,  
London W1G 0JD

Charles Stanley & Co. Limited,  
25 Luke Street,  
London EC2A 4AR

RBC Brewin Dolphin,  
1<sup>st</sup> Floor,  
Waterfront House,  
Waterfront Plaza,  
35 Station Street,  
Nottingham NG32 3DQ

CCLA Investment Management  
Limited,  
80 Cheapside,  
London EC2V 6DZ

**Glebe Agents  
and Valuers:**

Andrew Granger & Co.,  
44 – 46 Forest Road,  
Loughborough,  
Leicestershire LE11 3NP

Christie & Co.,  
Suite 402 Bridlesmith House,  
38 Bridlesmith Gate,  
Nottingham NG1 2GQ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 6 - 12 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

**D J Palmer**  
Chair

**J W Kerry**  
Diocesan Chief Executive

**6 May 2025**

**6 May 2025**

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

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### **Opinion**

We have audited the consolidated financial statements of Leicester Diocesan Board of Finance (The) (the 'charitable company') for the year ended 31 December 2024, which comprise the consolidated and charitable company Statement of Financial Activities, the Income and Expenditure Account, the consolidated and charitable company Balance Sheets, the Consolidated Statement of Cash Flows, and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the consolidated financial statements:

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements section' of our report. We are independent of the group 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 consolidated 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 group's ability to continue as a going concern for a period of at least twelve months from when the consolidated 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 Trustees' Annual Report and Chair's Report. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinion 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 Strategic Report and the Directors' Report prepared for the purposes of company law), for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report by exception**

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

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company consolidated 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 for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible for assessing the group and the parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
(Continued)**

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Based on our understanding of the Group company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety and Charity Law. We considered the extent to which non-compliance might have a material effect on the consolidated financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the consolidated financial statements such as include the Companies Act 2006 and the Charities Act 2011 and consider other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the consolidated financial statements (including the risk of override of controls). We determined that the principal risks were related to fraud in revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates such as valuation of the investment properties.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the consolidated financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the consolidated financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

This report is made solely to the charitable company's members, 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.

**Lee Stokes (Senior Statutory Auditor)**  
**For and on behalf of HaysMac LLP, Statutory Auditor**  
**6 May 2025**

10 Queen Street Place  
London  
EC4R 1AG

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 December 2024**

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	Total funds
		General	Designated	Funds	Funds	2024	2023
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations							
Parish contributions	2a	3,813	-	122	-	<b>3,935</b>	3,978
Archbishops' Council	2b	-	-	2,589	-	<b>2,589</b>	2,735
Other donations	2c	21	5	4	-	<b>30</b>	19
Charitable activities	3	334	-	69	-	<b>403</b>	453
Other activities	4	1,070	-	-	794	<b>1,864</b>	1,567
Investments	5	206	11	79	611	<b>907</b>	968
Other	6	849	-	8	238	<b>1,095</b>	986
Total income and endowments		<u>6,293</u>	<u>16</u>	<u>2,871</u>	<u>1,643</u>	<u><b>10,823</b></u>	<u>10,706</u>
<b>Expenditure on</b>							
Raising funds	7	-	-	-	217	<b>217</b>	165
Charitable activities	8	10,065	18	87	-	<b>10,170</b>	10,617
Other	9	1,195	-	-	688	<b>1,883</b>	1,789
Total expenditure		<u>11,260</u>	<u>18</u>	<u>87</u>	<u>905</u>	<u><b>12,270</b></u>	<u>12,571</u>
<b>Net (expenditure) / income before losses and gains on investments</b>		<u>(4,967)</u>	<u>(2)</u>	<u>2,784</u>	<u>738</u>	<u><b>(1,447)</b></u>	<u>(1,865)</u>
Gain on investments		<u>175</u>	<u>5</u>	<u>-</u>	<u>1,668</u>	<u><b>1,848</b></u>	<u>973</u>
<b>Net (expenditure) / income</b>		<u>(4,792)</u>	<u>3</u>	<u>2,784</u>	<u>2,406</u>	<u><b>401</b></u>	<u>(892)</u>
<b>Transfers between funds</b>	14	5,284	8	(3,127)	(2,165)	-	-
<b>Other recognised losses</b>							
Loss on revaluation of fixed assets		<u>(696)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>(696)</b></u>	<u>(354)</u>
<b>Net movement in funds</b>		<u>(204)</u>	<u>11</u>	<u>(343)</u>	<u>241</u>	<u><b>(295)</b></u>	<u>(1,246)</u>
<b>Total funds brought forward</b>		<u>7,900</u>	<u>258</u>	<u>1,769</u>	<u>69,366</u>	<u><b>79,293</b></u>	<u>80,539</u>
<b>Total funds carried forward</b>	21	<u><u><b>7,696</b></u></u>	<u><u><b>269</b></u></u>	<u><u><b>1,426</b></u></u>	<u><u><b>69,607</b></u></u>	<u><u><b>78,998</b></u></u>	<u><u>79,293</u></u>

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 December 2024**

**COMPARATIVES 2023**

	Note	Unrestricted funds		Restricted	Endowment	Total
		General	Designated	Funds	Funds	funds
		£'000	£'000	£'000	£'000	2023
						£'000
<b>Income and endowments from</b>						
Donations						
Parish contributions	2a	3,978	-	-	-	<b>3,978</b>
Archbishops' Council	2b	-	-	2,735	-	<b>2,735</b>
Other donations	2c	16	-	3	-	<b>19</b>
Charitable activities	3	379	5	69	-	<b>453</b>
Other activities	4	864	-	-	703	<b>1,567</b>
Investments	5	206	10	125	627	<b>968</b>
Other	6	510	-	-	476	<b>986</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total income and endowments		5,953	15	2,932	1,806	<b>10,706</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditure on</b>						
Raising funds	7	-	-	-	165	<b>165</b>
Charitable activities	8	10,449	22	146	-	<b>10,617</b>
Other	9	1,229	-	-	560	<b>1,789</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditure		11,678	22	146	725	<b>12,571</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net (expenditure) / income before losses and gains on investments</b>						
		(5,725)	(7)	2,786	1,081	<b>(1,865)</b>
<b>(Loss) / Gain on investments</b>						
		(1,229)	(10)	-	2,212	<b>973</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net (expenditure) / income</b>						
		(6,954)	(17)	2,786	3,293	<b>(892)</b>
<b>Transfers between funds</b>						
	14	8,649	(554)	(3,439)	(4,656)	-
<b>Other recognised losses</b>						
Loss on revaluation of fixed assets		(354)	-	-	-	<b>(354)</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net movement in funds</b>						
		1,341	(571)	(653)	(1,363)	<b>(1,246)</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds brought forward</b>						
		6,559	829	2,422	70,729	<b>80,539</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds carried forward</b>						
	21	<u>7,900</u>	<u>258</u>	<u>1,769</u>	<u>69,366</u>	<u>79,293</u>

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 December 2024**

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	<b>Total 2024 £'000</b>	Total 2023 £'000
Income before losses and gains on investments	9,180	8,900
Expenditure	(11,365)	(11,846)
<b>Operating deficit for the year</b>	<b>(2,185)</b>	<b>(2,946)</b>
Net gain / (loss) on investments	180	(1,239)
Net transfer from endowment funds	2,165	4,656
<b>Net income for the year</b>	<b>160</b>	<b>471</b>
Other comprehensive losses:		
Revaluation of fixed assets	(696)	(354)
<b>Total comprehensive (expenditure) / income</b>	<b>(536)</b>	<b>117</b>

The income and expenditure account is derived from the Consolidated Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities. The notes on pages 30 to 60 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED BALANCE SHEET  
At 31 December 2024**

Company Number – 00227087

		2024		2023	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	15		<b>31,329</b>		34,157
Investments	16		<b>44,439</b>		43,747
			<u>75,768</u>		<u>77,904</u>
<b>CURRENT ASSETS</b>					
Assets held for resale	17	<b>2,086</b>		-	
Stock		<b>7</b>		44	
Debtors	18	<b>796</b>		766	
Cash on deposit, at bank and in hand		<b>1,405</b>		4,341	
		<u>4,294</u>		<u>5,151</u>	
<b>CREDITORS: amounts falling due within one year</b>	19	<b>(1,064)</b>		<b>(3,726)</b>	
<b>NET CURRENT ASSETS</b>			<u>3,230</u>		<u>1,425</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>78,998</b>		<b>79,329</b>
<b>CREDITORS: amounts falling due after more than one year</b>	20		<b>-</b>		<b>(36)</b>
<b>NET ASSETS</b>			<u><b>78,998</b></u>		<u><b>79,293</b></u>
<b>FUNDS</b>					
<b>Endowment funds</b>					
(Including investment revaluation reserve of £29,685k (2023: £28,288k))			<b>69,607</b>		69,366
<b>Restricted income funds</b>					
(Including investment revaluation reserve of £Nil (2023: £Nil))			<b>1,426</b>		1,769
<b>Unrestricted income funds:</b>					
<b>General funds</b>					
(Including revaluation reserve debit of £897k (2023: credit £421k))			<b>7,696</b>		7,900
<b>Designated funds</b>					
(Including investment revaluation reserve of £31k (2023: £26k))			<b>269</b>		258
<b>TOTAL FUNDS</b>	21		<u><b>78,998</b></u>		<u><b>79,293</b></u>

The Consolidated Statement of Cash Flows and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 6 May 2025 and signed on behalf of the Board by:

**D J Palmer - Chair**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CHARITY ONLY STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 December 2024**

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds	Total funds
		General	Designated	Funds	Funds	2024	2023
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>							
Donations							
Parish contributions	2a	3,813	-	122	-	<b>3,935</b>	3,978
Archbishops' Council	2b	-	-	2,589	-	<b>2,589</b>	2,735
Other donations	2c	21	5	4	-	<b>30</b>	19
Charitable activities	3	334	-	69	-	<b>403</b>	453
Other activities	4	703	-	-	-	<b>703</b>	1,567
Investments	5	206	11	79	661	<b>957</b>	968
Other	6	838	-	8	238	<b>1,084</b>	986
Total income and endowments		<u>5,915</u>	<u>16</u>	<u>2,871</u>	<u>899</u>	<u><b>9,701</b></u>	<u>10,706</u>
<b>Expenditure on</b>							
Raising funds	7	-	-	-	217	<b>217</b>	165
Charitable activities	8	10,065	18	87	-	<b>10,170</b>	10,617
Other	9	718	-	-	-	<b>718</b>	1,789
Total expenditure		<u>10,783</u>	<u>18</u>	<u>87</u>	<u>217</u>	<u><b>11,105</b></u>	<u>12,571</u>
<b>Net (expenditure) / income before losses and gains on investments</b>		<u>(4,868)</u>	<u>(2)</u>	<u>2,784</u>	<u>682</u>	<u><b>(1,404)</b></u>	<u>(1,865)</u>
Gain on investments		<u>175</u>	<u>5</u>	<u>-</u>	<u>1,668</u>	<u><b>1,848</b></u>	<u>973</u>
<b>Net (expenditure) / income</b>		<u>(4,693)</u>	<u>3</u>	<u>2,784</u>	<u>2,350</u>	<u><b>444</b></u>	<u>(892)</u>
<b>Transfers between funds</b>	14	5,284	8	(3,127)	(2,165)	-	-
<b>Other recognised losses</b>							
Loss on revaluation of fixed assets		<u>(696)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>(696)</b></u>	<u>(354)</u>
<b>Net movement in funds</b>		<u>(105)</u>	<u>11</u>	<u>(343)</u>	<u>185</u>	<u><b>(252)</b></u>	<u>(1,246)</u>
<b>Total funds brought forward</b>		<u>7,900</u>	<u>258</u>	<u>1,769</u>	<u>69,366</u>	<u><b>79,293</b></u>	<u>80,539</u>
<b>Total funds carried forward</b>		<u><b>7,795</b></u>	<u><b>269</b></u>	<u><b>1,426</b></u>	<u><b>69,551</b></u>	<u><b>79,041</b></u>	<u>79,293</u>

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CHARITY ONLY STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 December 2024**

**COMPARATIVES 2023**

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds
		General £'000	Designated £'000	£'000	£'000	2023 £'000
<b>Income and endowments from</b>						
Donations						
Parish contributions	2a	3,978	-	-	-	<b>3,978</b>
Archbishops' Council	2b	-	-	2,735	-	<b>2,735</b>
Other donations	2c	16	-	3	-	<b>19</b>
Charitable activities	3	379	5	69	-	<b>453</b>
Other activities	4	864	-	-	703	<b>1,567</b>
Investments	5	206	10	125	627	<b>968</b>
Other	6	510	-	-	476	<b>986</b>
Total income and endowments		<u>5,953</u>	<u>15</u>	<u>2,932</u>	<u>1,806</u>	<u><b>10,706</b></u>
<b>Expenditure on</b>						
Raising funds	7	-	-	-	165	<b>165</b>
Charitable activities	8	10,449	22	146	-	<b>10,617</b>
Other	9	1,229	-	-	560	<b>1,789</b>
Total expenditure		<u>11,678</u>	<u>22</u>	<u>146</u>	<u>725</u>	<u><b>12,571</b></u>
<b>Net (expenditure) / income before losses and gains on investments</b>						
		(5,725)	(7)	2,786	1,081	<b>(1,865)</b>
(Loss) / Gain on investments						
		(1,229)	(10)	-	2,212	<b>973</b>
<b>Net (expenditure) / income</b>						
		(6,954)	(17)	2,786	3,293	<b>(892)</b>
<b>Transfers between funds</b>	14	8,649	(554)	(3,439)	(4,656)	-
<b>Other recognised losses</b>						
Loss on revaluation of fixed assets						
		(354)	-	-	-	<b>(354)</b>
<b>Net movement in funds</b>						
		<u>1,341</u>	<u>(571)</u>	<u>(653)</u>	<u>(1,363)</u>	<u><b>(1,246)</b></u>
<b>Total funds brought forward</b>						
		<u>6,559</u>	<u>829</u>	<u>2,422</u>	<u>70,729</u>	<u><b>80,539</b></u>
<b>Total funds carried forward</b>						
	21	<u><u>7,900</u></u>	<u><u>258</u></u>	<u><u>1,769</u></u>	<u><u>69,366</u></u>	<u><u>79,293</u></u>

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CHARITY ONLY BALANCE SHEET  
At 31 December 2024**

Company Number – 00227087

		2024		2023	
	Note	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	15		<b>31,323</b>		34,157
Investments	16		<b>44,439</b>		43,747
			<u><b>75,762</b></u>		<u>77,904</u>
<b>CURRENT ASSETS</b>					
Assets held for resale	17	<b>2,086</b>		-	
Stock		-		44	
Debtors	18	<b>796</b>		766	
Cash on deposit, at bank and in hand		<b>1,318</b>		4,341	
		<u><b>4,200</b></u>		<u>5,151</u>	
<b>CREDITORS: amounts falling due within one year</b>	19	<b>(921)</b>		<b>(3,726)</b>	
<b>NET CURRENT ASSETS</b>			<u><b>3,279</b></u>		<u>1,425</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>79,041</b>		79,329
<b>CREDITORS: amounts falling due after more than one year</b>	20		-		(36)
<b>NET ASSETS</b>			<u><b>79,041</b></u>		<u>79,293</u>
<b>FUNDS</b>					
<b>Endowment funds</b>					
(Including investment revaluation reserve of £29,685k (2023: £28,288k))			<b>69,551</b>		69,366
<b>Restricted income funds</b>					
(Including investment revaluation reserve of £Nil (2023: £Nil))			<b>1,426</b>		1,769
<b>Unrestricted income funds:</b>					
<b>General funds</b>					
(Including revaluation reserve debit of £897k (2023: credit of £421k))			<b>7,795</b>		7,900
<b>Designated funds</b>					
(Including investment revaluation reserve of £31k (2023: £26k))			<b>269</b>		258
<b>TOTAL FUNDS</b>			<u><b>79,041</b></u>		<u>79,293</u>

The Consolidated Statement of Cash Flows and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 6 May 2025 and signed on behalf of the Board by:

**D J Palmer - Chair**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 December 2024**

	2024		2023	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>		<b>(3,534)</b>		<b>(3,564)</b>
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	907		1,030	
Proceeds from the sale of tangible fixed assets	1,828		1,888	
Proceeds from the sale of fixed asset investments - shares	251		2,695	
Proceeds from the sale of fixed asset investments - Glebe	788		1,360	
Purchase of tangible fixed assets	(344)		(363)	
Purchase of fixed asset investments	(482)		(259)	
<b>Net cash provided by investing activities</b>		<b>2,948</b>		<b>6,351</b>
<b>Cash flows from financing activities</b>				
Contributions to Clergy and Lay staff pension plans	-		-	
<b>Net cash used in financing activities</b>		<b>-</b>		<b>-</b>
<b>Change in cash and cash equivalents in the period</b>		<b>(586)</b>		<b>2,787</b>
Cash and cash equivalents at 1 January		1,991		(796)
<b>Cash and cash equivalents at 31 December</b>		<b>1,405</b>		<b>1,991</b>
<b>Reconciliation of net movements in funds to net cashflow from operating activities</b>				
<b>Net movement in funds for the year ended 31 December</b>		<b>(295)</b>		<b>(1,246)</b>
<b>Adjustments for:</b>				
Depreciation charges		146		418
Dividends, interest and rent from investments		(907)		(1,030)
Repayment and write off of parish loans		6		54
Advancement of Parish loans		-		(1)
Profit on sale of fixed assets		(940)		(977)
Loss on revaluation of fixed assets		651		354
Transfer of fixed assets		1,486		-
(Profit) / Loss on sale of fixed asset investments - shares		(16)		22
Loss / (Profit) on sale of fixed asset investments - Glebe		75		(221)
Gain on revaluation of fixed asset investments		(1,907)		(780)
Transfer of fixed asset investment properties		600		-
Increase in assets held for resale		(2,086)		-
Decrease / (Increase) in stock		37		(5)
Increase in debtors		(36)		(66)
Decrease in related party credit balances		(21)		(12)
Decrease in creditors		(327)		(74)
<b>Net cash outflow from operating activities</b>		<b>(3,534)</b>		<b>(3,564)</b>
<b>Analysis of cash and cash equivalents</b>				
Cash at bank and in hand		110		1,791
Notice deposits (less than 3 months)		1,295		2,550
		<b>1,405</b>		<b>4,341</b>
<b>Borrowings</b>				
Bank loans due within one year		-		(2,350)
<b>Total cash and cash equivalents</b>		<b>1,405</b>		<b>1,991</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2024**

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**1. ACCOUNTING POLICIES**

**Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which, in the main, are included at their market value at the balance sheet date, and certain tangible fixed assets which are included at fair value. The consolidated 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 (FRS 102). The financial statements have been prepared in UK sterling currency and rounded to the nearest £1,000.

**Basis of consolidation**

The consolidated financial statements incorporate those of Leicester Diocesan Board of Finance (The) ("LDBF") and, for the first time, its subsidiary undertaking, St Martins Hospitality Ltd ("SMHL"). All financial statements consist of the year to 31 December 2024.

LDBF holds 100% of the shares of SMHL which began trading on 1 January 2024 having been incorporated in November 2023. The Charitable company has taken the exemption to not publish a subsidiary cashflow statement.

**Going Concern**

The 2025 budget has a significant net operational deficit. However, this is lower than the deficit for 2024. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism which is used to fund clergy stipends. We have sufficient assets to cope in the short term. It is anticipated returning to a breakeven budget by 2028. Therefore, the Trustees consider that there is no material uncertainty regarding going concern.

The principal accounting policies are as follows;

**a) Income**

All income is included in the Statement of Financial Activities when LDBF is legally entitled to it as income, ultimate receipt is probable and the amount recognised can be quantified with reasonable accuracy.

- i) **Parish Contributions** are recognised as income of the year in respect of which it is received, and up to 31 January of the following year.
- ii) **Income from other trading activities;**  
Housing rental receivable is recognised as income in the period to which it relates. Bookshop and Café sales represent goods sold over the counter and are recognised on the date of sale. Internet sales are recognised on the date of notification. Conferencing and events income is recognised on the date of the associated event. Cancellation charges are recognised on the date of notification.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received, which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year end, are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations**, other than grants, are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended. The use of the income is restricted for clergy stipends. The income is fully expended within the year of receipt (as the expenditure is greater) and the legal restrictions therefore are satisfied. It is on this basis that the expenditure is shown in the General Fund in the Statement of Financial Activities and is offset by the income which, initially, is shown in the Restricted Fund, but then transferred to the General Fund.

**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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2024**

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**1. ACCOUNTING POLICIES (continued)**

- i) **Costs of raising funds** are costs relating to the temporary renting out of parsonages, agent's costs for Glebe investment properties and management fees on investment assets.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the Diocese, and expenditure that supports education within the 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 LDBF, such grants being recognised as expenditure when the conditions attaching have been 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** are 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 based on the proportion of the net amount spent on resourcing and support of mission and ministry.
- v) **SMH trading and letting costs** are staff, cost of goods sold, and building costs charged on an accruals basis.
- vi) **Pension contributions** relate to LDBF staff who are members of the Church Workers Pension Fund. Clergy are members of the Church of England Funded Pensions Scheme (see note 27). The pension costs, charged as resources expended, represent LDBF's contribution payable in respect of the accounting period in accordance with FRS102. Deficit funding for the pension schemes is accrued at current value in creditors distinguished between contributions falling due within one year and after one year.

**c) Tangible fixed assets and depreciation**

***Freehold properties***

Depreciation is not provided on the majority of LDBF properties 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. 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. 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.

***St Martins House (SMH) and St Martins Lodge (SML)***

St Martins House is valued at open market value at 31 December. SMH is divided into a fixed asset and a fixed asset investment property. 2% straight line annual depreciation on cost is provided on the fixed asset.

St Martins Lodge is valued at open market value at 31 December.

***Properties subject to value linked loans***

There was one property which had been bought with the assistance of a value-linked loan from the Church Commissioners. The property and loan were carried at original cost. This property was sold during the year. The Church Commissioners are entitled to be repaid the appropriate proportion of the value of the property when disposed. The appropriate proportion being the proportion of the loan supplied compared to the original cost of the property.

***Investment properties***

Glebe properties (except St Martins Lodge), which are held for investment purposes and rented out, are subject to formal revaluation every three years with the most recent revaluation being as at 31 December 2024. In between formal revaluations, management carry out an annual desk top revaluation based on appropriate and recognised property indices. Properties are, therefore, included at the year-end market value as indicated by the management revaluation exercise or the formal revaluation. The next formal revaluation will be carried out as at 31 December 2027.

***Parsonage houses***

LDBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

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**1. ACCOUNTING POLICIES (continued)**

requires the accounting treatment to follow the substance of arrangements rather than strict legal form. 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 cost.

**d) Other tangible fixed assets**

All capital expenditure on other tangible fixed assets over £500 is depreciated. 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 rates:-

Computer equipment - 50% per annum on a straight-line basis

Fixtures and fittings - 50% per annum on a straight-line basis

**e) Other accounting policies**

- i) **Fixed asset investments** are included in the Balance Sheets at market value and the gain or loss taken to the Statement of Financial Activities.
- ii) **Stock** is included at the lower of cost and net realisable value and relates to food and drink for public resale.
- iii) **Leases** refer to operating leases entered into for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

**f) Critical accounting estimates and judgements**

In the application of LDBF's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates, and associated assumptions, are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are;

- Investment properties are valued at the Trustees' estimate which is based on a market valuation completed by a qualified valuer every three years. In between formal valuations the Trustees use appropriate market indices.
- The present value of the clergy and lay pension schemes' defined liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying value of any pension liability.

**g) Fund balances**

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

- **Unrestricted funds** are LDBF's corporate funds and are freely available for any purpose within the Charitable Company's objects, at the discretion of LDBF. There are two types of unrestricted funds:
  - i) **General funds** which LDBF intends to use for the general purposes of LDBF, and
  - ii) **Designated funds** set aside from unrestricted funds for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to either legal measure or donor imposed conditions.
- **Endowment funds** are those held on trust to be retained for the benefit of LDBF as a capital fund. In the case of the endowment funds administered by LDBF (Stipends Glebe and Endowment Capital Funds), there are discretionary powers to convert capital into income and therefore these funds are classified as expendable endowment. The Parsonage Houses Fund, where there is no provision for expenditure of capital, is classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where LDBF acts as Trustee and controls

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2024**

**1. ACCOUNTING POLICIES (continued)**

the management and use of the funds, are included in LDBF's own financial statements as charity branches. Trusts where LDBF acts as Custodian Trustee with no control over the management of the funds, are not included in the financial statements but are summarised in note 30.

**2. DONATIONS**

**2a. Parish Contributions**

**GROUP & CHARITY**

All donations are collected from the parishes of the Diocese.

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
Current year	3,813	-	122	-	3,935	3,978
	<u>3,813</u>	<u>-</u>	<u>122</u>	<u>-</u>	<u>3,935</u>	<u>3,978</u>

2023 funds are all Unrestricted General Funds

**2b. Archbishops' Council**

**GROUP & CHARITY**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
Stipend support	-	-	1,152	-	1,152	1,187
Resource churches grant	-	-	517	-	517	756
Strategic change grant	-	-	345	-	345	193
IWC grant	-	-	333	-	333	310
Parish Church grant	-	-	85	-	85	-
Legal cost contribution	-	-	49	-	49	47
Youth worker grant	-	-	43	-	43	48
Curate grant	-	-	23	-	23	44
Ordinand grant	-	-	17	-	17	132
Carbon offset grant	-	-	17	-	17	15
Racial equity grant	-	-	8	-	8	-
Other grants	-	-	-	-	-	3
	<u>-</u>	<u>-</u>	<u>2,589</u>	<u>-</u>	<u>2,589</u>	<u>2,735</u>

2023 funds are all Restricted Funds

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
For the year ended 31 December 2024

**2c. Other Donations**

**GROUP & CHARITY**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
Donations	21	5	4	-	30	19
	<u>21</u>	<u>5</u>	<u>4</u>	<u>-</u>	<u>30</u>	<u>19</u>

**GROUP & CHARITY - 2023**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
Donations	16	-	3	-	19
	<u>16</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>19</u>

**3. CHARITABLE ACTIVITIES**

**GROUP & CHARITY**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
Parochial fees	199	-	-	-	199	206
Benefact Trust grant	102	-	-	-	102	119
ANIC grant	-	-	49	-	49	-
Historic England grant	-	-	18	-	18	30
Course fees and other	5	-	-	-	5	2
Other	28	-	2	-	30	59
Tree of Life donations	-	-	-	-	-	37
	<u>334</u>	<u>-</u>	<u>69</u>	<u>-</u>	<u>403</u>	<u>453</u>

**GROUP & CHARITY - 2023**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
Parochial fees	206	-	-	-	206
Benefact Trust grant	119	-	-	-	119
Historic England grant	-	-	30	-	30
Course fees and other	2	-	-	-	2
Other	52	5	2	-	59
Tree of Life donations	-	-	37	-	37
	<u>379</u>	<u>5</u>	<u>69</u>	<u>-</u>	<u>453</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**4. OTHER TRADING ACTIVITIES**

GROUP	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General	Designated				
	£'000	£'000				
Housing rental income	564	-	-	-	<b>564</b>	389
Property grants	6	-	-	-	<b>6</b>	6
Building insurance claim	7	-	-	-	<b>7</b>	43
SM Lodge & New Street income	-	-	-	794	<b>794</b>	703
Bookshop, café and conferencing income	493	-	-	-	<b>493</b>	426
	<u>1,070</u>	<u>-</u>	<u>-</u>	<u>794</u>	<u><b>1,864</b></u>	<u>1,567</u>

CHARITY	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General	Designated				
	£'000	£'000				
Housing rental income	564	-	-	-	<b>564</b>	389
Property grants	6	-	-	-	<b>6</b>	6
Building insurance claim	7	-	-	-	<b>7</b>	43
SM Lodge & New Street income	-	-	-	-	-	703
Bookshop, café and conferencing income	126	-	-	-	<b>126</b>	426
	<u>703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>703</b></u>	<u>1,567</u>

GROUP & CHARITY 2023	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2023 £'000
	General	Designated			
	£'000	£'000			
Housing rental income	389	-	-	-	389
Property grants	6	-	-	-	6
Building insurance claim	43	-	-	-	43
SM Lodge & New Street income	-	-	-	703	703
Bookshop, café and conferencing income	426	-	-	-	426
	<u>864</u>	<u>-</u>	<u>-</u>	<u>703</u>	<u>1,567</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**5. INVESTMENT INCOME**

GROUP	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General	Designated				
	£'000	£'000				
Glebe rents	-	-	-	552	<b>552</b>	549
Listed securities	-	-	-	59	<b>59</b>	78
Unlisted securities	1	9	79	-	<b>89</b>	132
SMH rental income	73	-	-	-	<b>73</b>	138
Bank and other interest	132	2	-	-	<b>134</b>	71
	<b>206</b>	<b>11</b>	<b>79</b>	<b>611</b>	<b>907</b>	<b>968</b>

CHARITY	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General	Designated				
	£'000	£'000				
Glebe rents	-	-	-	602	<b>602</b>	549
Listed securities	-	-	-	59	<b>59</b>	78
Unlisted securities	1	9	79	-	<b>89</b>	132
SMH rental income	73	-	-	-	<b>73</b>	138
Bank and other interest	132	2	-	-	<b>134</b>	71
	<b>206</b>	<b>11</b>	<b>79</b>	<b>661</b>	<b>957</b>	<b>968</b>

GROUP & CHARITY 2023	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2023 £'000
	General	Designated			
	£'000	£'000			
Glebe rents	-	-	-	549	549
Listed securities	-	-	-	78	78
Unlisted securities	-	7	125	-	132
SMH rental income	138	-	-	-	138
Bank and other interest	68	3	-	-	71
	<b>206</b>	<b>10</b>	<b>125</b>	<b>627</b>	<b>968</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**6. OTHER INCOME**

GROUP	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General	Designated				
	£'000	£'000				
Gain on parsonage sales	-	-	-	238	<b>238</b>	470
Glebe sundry income	-	-	-	-	-	6
Gain on DBF property sale	656	-	-	-	<b>656</b>	507
DBS Pension surplus	170	-	-	-	<b>170</b>	-
Other income	23	-	8	-	<b>31</b>	3
	<b>849</b>	-	<b>8</b>	<b>238</b>	<b>1,095</b>	986

CHARITY	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General	Designated				
	£'000	£'000				
Gain on parsonage sales	-	-	-	238	<b>238</b>	470
Glebe sundry income	-	-	-	-	-	6
Gain on DBF property sale	656	-	-	-	<b>656</b>	507
DBS Pension surplus	170	-	-	-	<b>170</b>	-
Other income	12	-	8	-	<b>20</b>	3
	<b>838</b>	-	<b>8</b>	<b>238</b>	<b>1,084</b>	986

GROUP & CHARITY - 2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General	Designated			
	£'000	£'000			
Gain on parsonage sales	-	-	-	470	470
Glebe sundry income	-	-	-	6	6
Gain on DBF property sales	507	-	-	-	507
Other income	3	-	-	-	3
	<b>510</b>	-	-	<b>476</b>	<b>986</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2024**

**7. FUND RAISING COSTS**

GROUP & CHARITY	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
Glebe agent's fees	-	-	-	68	<b>68</b>	48
Other Glebe costs	-	-	-	134	<b>134</b>	97
Investment management fees	-	-	-	15	<b>15</b>	20
	<u>-</u>	<u>-</u>	<u>-</u>	<u>217</u>	<u><b>217</b></u>	<u>165</u>

2023 funds are all Endowment Funds

**8. CHARITABLE ACTIVITIES**

GROUP & CHARITY	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
<b>8a Contributions to Archbishops' Council</b>						
Training for Ministry	196	-	-	-	<b>196</b>	195
National Church Responsibilities	168	-	-	-	<b>168</b>	176
Retired clergy housing costs	82	-	-	-	<b>82</b>	77
	<u>446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>446</b></u>	<u>448</u>

2023 funds are all Unrestricted General Funds

GROUP & CHARITY	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
<b>8b Resourcing Mission and Ministry</b>						
Parish Ministry stipends and National Insurance (NI)	3,385	-	-	-	<b>3,385</b>	3,533
Clergy pension contributions	649	-	-	-	<b>649</b>	728
Non parochial salaries, NI and pension	345	-	-	-	<b>345</b>	361
Housing costs	1,416	-	-	-	<b>1,416</b>	1,330
Ordinand, removal & resettlement grants	119	-	-	-	<b>119</b>	127
Interregna costs	52	-	-	-	<b>52</b>	43
Resource church costs	86	-	-	-	<b>86</b>	181
Other expenses	246	-	-	-	<b>246</b>	287
Support costs	838	-	-	-	<b>838</b>	732
	<u>7,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>7,136</b></u>	<u>7,322</u>

2023 funds are all Unrestricted General Funds

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
For the year ended 31 December 2024

**8. CHARITABLE ACTIVITIES (continued)**

GROUP & CHARITY	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
<b>8c Support for Mission and Ministry</b>						
Salaries, NI and pension costs	1,383	-	-	-	<b>1,383</b>	1,298
Leicester Cathedral grants	-	-	-	-	-	525
Growth fund grants	21	-	-	-	<b>21</b>	38
Capital fund grants	-	-	-	-	-	-
Other grants	150	17	44	-	<b>211</b>	202
Closed churches costs	-	-	36	-	<b>36</b>	23
Other costs	482	1	7	-	<b>490</b>	355
Support costs	285	-	-	-	<b>285</b>	272
	<b>2,321</b>	<b>18</b>	<b>87</b>	-	<b>2,426</b>	2,713
<b>GROUP &amp; CHARITY - 2023</b>						
	Unrestricted funds General £'000	Designated £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2023 £'000	
<b>Support for Mission and Ministry (continued)</b>						
Salaries, NI and pension costs	1,298	-	-	-	1,298	
Leicester Cathedral grants	525	-	-	-	525	
Growth fund grants	34	-	4	-	38	
Capital fund grants	-	-	-	-	-	
Other grants	64	19	119	-	202	
Closed churches costs	-	-	23	-	23	
Other costs	352	3	-	-	355	
Support costs	272	-	-	-	272	
	2,545	22	146	-	2,713	
<b>GROUP &amp; CHARITY</b>	<b>Unrestricted funds General £'000</b>	<b>Designated £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>	<b>Total funds 2024 £'000</b>	<b>Total funds 2023 £'000</b>
<b>8d Support for education</b>						
Support for church schools	162	-	-	-	<b>162</b>	134
	<b>162</b>	-	-	-	<b>162</b>	134
2023 funds are all Unrestricted General Funds						
<b>TOTAL GROUP &amp; CHARITY CHARITABLE ACTIVITIES 2024</b>	<b>10,065</b>	<b>18</b>	<b>87</b>	-	<b>10,170</b>	10,617
TOTAL GROUP & CHARITY CHARITABLE ACTIVITIES 2023	10,449	22	146	-	10,617	

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
For the year ended 31 December 2024

**9. OTHER EXPENDITURE**

GROUP	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
SM Lodge & New Street costs	-	-	-	688	<b>688</b>	560
SMH costs	1,195	-	-	-	<b>1,195</b>	1,229
	<u>1,195</u>	<u>-</u>	<u>-</u>	<u>688</u>	<u><b>1,883</b></u>	<u>1,789</u>

CHARITY	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
	General £'000	Designated £'000				
SM Lodge & New Street costs	-	-	-	-	-	560
SMH costs	718	-	-	-	<b>718</b>	1,229
	<u>718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>718</b></u>	<u>1,789</u>

GROUP & CHARITY - 2023	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
	General £'000	Designated £'000			
SM Lodge & New Street costs	-	-	-	560	560
SMH costs	1,229	-	-	-	1,229
	<u>1,229</u>	<u>-</u>	<u>-</u>	<u>560</u>	<u>1,789</u>

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

GROUP	Activities		Grant Funding of Activities £'000	Support Costs £'000	Total costs 2024 £'000	Total costs 2023 £'000
	Undertaken Directly £'000					
Raising funds	217	-	-	-	<b>217</b>	165
Charitable activities:						
Contributions to Archbishops' Council	-	446	-	-	<b>446</b>	448
Resourcing Mission and Ministry	6,047	251	838	-	<b>7,136</b>	7,322
Supporting Mission and Ministry	1,909	233	285	-	<b>2,427</b>	2,713
Support for education	162	-	-	-	<b>162</b>	134
Other expenditure	1,882	-	-	-	<b>1,882</b>	1,789
	<u>10,217</u>	<u>930</u>	<u>1,123</u>	<u>1,123</u>	<u><b>12,270</b></u>	<u>12,571</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (continued)**

CHARITY	Activities	Grant	Support	Total costs	Total costs
	Undertaken	Funding of			
	Directly	Activities			
	£'000	£'000	£'000	£'000	£'000
Raising funds	217	-	-	217	165
Charitable activities:					
Contributions to Archbishops' Council	-	446	-	446	448
Resourcing Mission and Ministry	6,047	251	838	7,136	7,322
Supporting Mission and Ministry	1,909	232	285	2,426	2,713
Support for education	162	-	-	162	134
Other expenditure	718	-	-	718	1,789
	<b>9,053</b>	<b>929</b>	<b>1,123</b>	<b>11,105</b>	<b>12,571</b>

**GROUP & CHARITY - 2023**

	Activities	Grant	Support	Total costs
	Undertaken	Funding of		
	Directly	Activities		
	£'000	£'000	£'000	£'000
Raising funds	165	-	-	165
Charitable activities:				
Contributions to Archbishops' Council	-	448	-	448
Resourcing Mission and Ministry	6,353	237	732	7,322
Supporting Mission and Ministry	1,677	764	272	2,713
Support for education	134	-	-	134
Other expenditure	1,789	-	-	1,789
	<b>10,118</b>	<b>1,449</b>	<b>1,004</b>	<b>12,571</b>

**11. ANALYSIS OF SUPPORT COSTS**

GROUP & CHARITY	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Central administration	933	-	-	-	933	826
Governance:						
Registrar and Chancellor	135	-	-	-	135	129
Audit costs:						
- External audit	34	-	-	-	34	31
- Other services	3	-	-	-	3	4
Synodical costs	18	-	-	-	18	14
	<b>1,123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,123</b>	<b>1,004</b>

2023 funds are all Unrestricted General Funds.

External audit costs in 2024 were £34,500 (2023: £31,350). Other auditor service costs in 2024 were £2,808 (2023: £3,960). These amounts are inclusive of VAT.

**LECESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**12. ANALYSIS OF GRANTS MADE**

<b>GROUP &amp; CHARITY</b>	<b>Number</b>	<b>Individuals £'000</b>	<b>Institutions £'000</b>	<b>2024 Total £'000</b>	<b>2023 Total £'000</b>
<b>From unrestricted funds for national Church responsibilities:</b>					
Contributions to Archbishops' Council	1	-	446	<b>446</b>	448
<b>From unrestricted funds:</b>					
Diocesan Board of Education support grants	2	-	162	<b>162</b>	134
University Chaplaincies	3	-	121	<b>121</b>	117
Maintenance grants to Ordinands	12	102	-	<b>102</b>	88
St Philip's Centre	1	-	53	<b>53</b>	51
Resettlement and first appointment grants	15	42	-	<b>42</b>	58
Leicester Cathedral	-	-	-	-	25
St Peter's Church grant for Premises Officer	-	-	-	-	13
Retired clergy fund grants	191	11	-	<b>11</b>	11
Citizens UK grant	1	-	11	<b>11</b>	10
Ecumenical support (Churches Together)	1	-	10	<b>10</b>	10
Reader and Clergy training grants	22	7	-	<b>7</b>	9
Archdeacons' fund grants	17	5	-	<b>5</b>	7
International Links	1	-	2	<b>2</b>	-
<b>Total</b>	<b>266</b>	<b>167</b>	<b>359</b>	<b>526</b>	<b>533</b>
<b>From restricted or endowment funds for various purposes:</b>					
Strategic Development Fund grants	27	-	92	<b>92</b>	55
Parish church grants	21	-	85	<b>85</b>	-
Ordinand training grants	11	40	-	<b>40</b>	110
Growth fund grants	3	-	21	<b>21</b>	38
Leicester Cathedral	-	-	-	-	500
JD Player interest	-	-	-	-	6
<b>Total</b>	<b>62</b>	<b>40</b>	<b>198</b>	<b>238</b>	<b>709</b>
<b>Total</b>	<b>329</b>	<b>207</b>	<b>1,003</b>	<b>1,210</b>	<b>1,690</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**13. STAFF COSTS**

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Employee costs during the year were as follows:		
Wages and salaries	<b>2,162</b>	1,891
National Insurance contributions	<b>207</b>	182
Pension costs	<b>206</b>	132
	<u><b>2,575</b></u>	<u>2,205</u>

	<b>2024</b>	2023
	<b>Number</b>	Number
The average number of persons employed by LDBF during the year:		
SMH Conference Centre	<b>26.8</b>	31.0
Administration and financial management	<b>8.3</b>	8.0
Property	<b>3.0</b>	3.0
Discipleship, Ministry & Stewardship	<b>25.6</b>	26.7
Safeguarding & inclusion	<b>5.0</b>	5.0
Parochial lay staff	<b>5.0</b>	2.0
	<u><b>73.7</b></u>	<u>75.7</u>

	<b>2024</b>	2023
	<b>Number</b>	Number
The average number of persons employed by LDBF during the year based on full-time equivalents:		
SMH Conference Centre	<b>20.2</b>	25.9
Administration and financial management	<b>7.1</b>	7.3
Property	<b>1.6</b>	1.6
Discipleship & Ministry, Stewardship	<b>25.2</b>	23.5
Safeguarding and inclusion	<b>3.7</b>	3.7
Parochial lay staff	<b>1.0</b>	1.5
	<u><b>58.8</b></u>	<u>63.5</u>

	<b>2024</b>	2023
	<b>Number</b>	Number
The numbers of staff (including diocesan appointed clergy) whose emoluments amounted to more than £60,000 (including benefits in kind but excluding pension contributions and NIC's) were as follows:		
£60,001 - £70,000	<b>3</b>	2
£70,001 - £80,000	<b>2</b>	1
£80,001 - £90,000	<b>1</b>	1
£90,001 - £100,000	<b>1</b>	-
	<u><b>1</b></u>	<u>-</u>

Pension payments of £50,741 (2023: £23,520) were made for these employees.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED 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 Chief Executive	Jonathan Kerry
Director of Operations and Governance	Andrew Brockbank
Director of Finance and Property	Simon Wilson
Director of Parish Transition and Ministry Development	Reverend Doctor Stuart Burns

Remuneration (excluding NIC's) and pensions for these 4 employees or office holders amounted to £352,289 (2023: £333,791).

**Trustees' emoluments**

No Trustee received remuneration for services as a Trustee. The Trustees received travel and out of pocket expenses, totalling £4,229 (2023: £2,244) in respect of their duties as Trustees.

In addition, Trustees were paid fees totalling £5,488 (2023: £11,227) for Diocesan work.

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

	<b>Stipend</b>	<b>Housing</b>
The Venerable RV Worsfold	Yes	Yes
The Venerable C Wood	Yes	Yes
The Reverend SA Bailey	Yes	Yes
The Reverend Dr J K Patel	Yes	Yes

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

The LDBF paid an average of 114 (2023: 126) clergy as office holders holding parochial or non-parochial appointments in the Diocese, and their costs were as follows:

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Stipends and salaries	<b>3,432</b>	3,589
National Insurance contributions	<b>307</b>	313
Pension costs	<b>729</b>	841
Housing allowances	<b>105</b>	118
	<b><u>4,573</u></b>	<u>4,861</u>

The annual rate of stipend, funded by the LDBF, paid to the two Archdeacons in 2024 was in the range £40,000 - £45,000 (2023: range £35,000 – £40,000) and other clergy who were Trustees were paid in the range £30,000 - £35,000 (2023: range £0 – £30,000).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
<b>2024</b>				
Church Commissioners' and Historic England grant income	2,639	-	(2,639)	-
Net Glebe rental income used for general purposes	501	-	-	(501)
Stipend Glebe Unapplied Total Return transfer	1,500	-	-	(1,500)
Growth fund transfer	4	-	(4)	-
Church Extension fund transfer	2	(2)	-	-
Ordinand fund transfer	31	-	(31)	-
Restricted income used to fund stipends	190	-	(190)	-
Restricted income used to fund retired clergy grants	-	10	(10)	-
Property fund transfers	417	-	(253)	(164)
	<b>5,284</b>	<b>8</b>	<b>(3,127)</b>	<b>(2,165)</b>
<b>2023</b>				
Church Commissioners' and Historic England grant income	2,670	-	(2,670)	-
Net Glebe rental income used for general purposes	605	-	-	(605)
Stipend Glebe Unapplied Total Return transfer	1,200	-	-	(1,200)
General fund transfer to Growth fund	(1)	-	1	-
Ordinand fund transfer	36	-	(36)	-
Endowment income used to fund stipends	32	-	-	(32)
Other Restricted fund transfers	3	-	(3)	-
Designated fund transfers to General fund	562	(562)	-	-
Restricted income used to fund retired clergy grants	575	8	(583)	-
Property fund transfers	2,967	-	(148)	(2,819)
	<b>8,649</b>	<b>(554)</b>	<b>(3,439)</b>	<b>(4,656)</b>

**Church Commissioners' grant income** - Within restricted funds there is income received from The Archbishops' Council of £1.15m (2023: £1.19m) to fund the payment of stipends, £517k (2023: £756k) to fund the Resource Church project, £333k (2023: £310k) to fund the IWC project, and £345k (2023: £193k) to fund The Strategic Change transition project from unrestricted funds.

**Stipends Glebe rental income** - This income is rental income from endowment properties. The income is used to fund the payment of stipends from unrestricted funds.

**Stipends Glebe Unapplied Total Return transfer** – This transfer has been made from the Unapplied Total Return fund and is for the funding of clergy stipends. The Unapplied Total Return Fund is part of the Stipends Glebe endowment fund.

**Property fund transfers** – This relates to £416k of funds spent on parsonage property improvements and repairs.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2024**

**15. TANGIBLE FIXED ASSETS**

**GROUP**

	SMH £'000	Parsonage houses £'000	DBF properties £'000	Other equipment £'000	Total £'000
<b>Cost or valuation</b>					
<b>At 1 January 2024</b>	<b>2,685</b>	<b>18,104</b>	<b>14,217</b>	<b>1,065</b>	<b>36,071</b>
Additions	-	159	73	112	344
Revaluation	(1,455)	-	759	-	(696)
Disposals	-	(85)	(804)	-	(889)
Transfers	-	-	(1,486)	-	(1,486)
<b>At 31 December 2024</b>	<b>1,230</b>	<b>18,178</b>	<b>12,759</b>	<b>1,177</b>	<b>33,344</b>
<b>Depreciation</b>					
<b>At 1 January 2024</b>	-	-	<b>911</b>	<b>1,003</b>	<b>1,914</b>
Disposals	-	-	-	-	-
Charge for the year	45	-	-	101	146
Revaluation	(45)	-	-	-	(45)
<b>At 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>911</b>	<b>1,104</b>	<b>2,015</b>
<b>Net Book Value</b>					
<b>At 31 December 2024</b>	<b>1,230</b>	<b>18,178</b>	<b>11,848</b>	<b>73</b>	<b>31,329</b>
At 1 January 2024	2,685	18,104	13,306	62	34,157

All of the properties in the Balance Sheet are freehold and are vested in the LDBF. One property had been purchased with the help of a value-linked loan from the Church Commissioners. That property has been disposed of in 2024; the appropriate share of the net sale proceeds requires to be remitted to the Commissioners, and the related loan liability extinguished. The holding cost of the property at the date of sale was £40,046. The property was sold for a net £44,663 (after extinguishing the loan amount).

All properties at 31 December 2024 and 31 December 2023 are valued at cost, apart from St Martins House which has been revalued by Christie & Co., Chartered Surveyors. All property repairs are charged as expenditure.

As at 31 December 2024, St Martins House (SMH) has been valued by Christie & Co., Chartered Surveyors. The property was valued at £2,900,000 (2023: £4,230,000) on an open market basis.

£1,230,000 (2023: £2,684,802) of the SMH value was deemed to represent a fixed asset, the balance of £1,670,000 (2023: £1,545,198) was deemed to represent a fixed asset investment (see note 16 below). If SMH had not been revalued, the fixed asset element would have been included at its historical cost of £2,760,000 less accumulated depreciation of £588,197.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**15. TANGIBLE FIXED ASSETS**

**CHARITY**

	SMH £'000	Parsonage houses £'000	DBF properties £'000	Other equipment £'000	Total £'000
<b>Cost or valuation</b>					
<b>At 1 January 2024</b>	<b>2,685</b>	<b>18,104</b>	<b>14,217</b>	<b>1,065</b>	<b>36,071</b>
Additions	-	159	73	104	336
Revaluation	(1,455)	-	759	-	(696)
Disposals	-	(85)	(804)	-	(889)
Transfers	-	-	(1,486)	-	(1,486)
<b>At 31 December 2024</b>	<b>1,230</b>	<b>18,178</b>	<b>12,759</b>	<b>1,169</b>	<b>33,336</b>
<b>Depreciation</b>					
<b>At 1 January 2024</b>	-	-	<b>911</b>	<b>1,003</b>	<b>1,914</b>
Disposals	-	-	-	-	-
Charge for the year	45	-	-	99	144
Revaluation	(45)	-	-	-	(45)
<b>At 31 December 2024</b>	-	-	<b>911</b>	<b>1,102</b>	<b>2,013</b>
<b>Net Book Value</b>					
<b>At 31 December 2024</b>	<b>1,230</b>	<b>18,178</b>	<b>11,848</b>	<b>67</b>	<b>31,323</b>
At 1 January 2024	2,685	18,104	13,306	62	34,157

**16. FIXED ASSETS INVESTMENTS**

**GROUP & CHARITY**

	At 1 January 2024 £'000	Additions £'000	Transfers £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2024 £'000
<b>Unrestricted funds</b>						
Investment properties	2,895	-	-	-	175	<b>3,070</b>
Investment in subsidiary	-	-	-	-	-	-
Unlisted investments	-	-	31	-	-	<b>31</b>
<b>Total</b>	<b>2,895</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>175</b>	<b>3,101</b>
<b>Designated funds</b>						
Unlisted investments	161	-	-	-	5	<b>166</b>
<b>Endowment funds</b>						
Investment properties	37,256	237	(600)	(863)	1,626	<b>37,656</b>
Listed investments	2,016	245	-	(234)	94	<b>2,121</b>
Unlisted investments	1,419	-	(31)	-	7	<b>1,395</b>
	<b>40,691</b>	<b>482</b>	<b>(631)</b>	<b>(1,097)</b>	<b>1,727</b>	<b>41,172</b>
<b>Total</b>	<b>43,747</b>	<b>482</b>	<b>(600)</b>	<b>(1,097)</b>	<b>1,907</b>	<b>44,439</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2024**

The valuation of investments at 31 December 2024 was carried out by the Board's Investment Advisors as shown in the Administrative Details on page 18.

Included in Endowment Fund investment properties is St Martins Lodge, which is a property purchased during 2015 costing a total of £4,531,444 (including subsequent refurbishment costs). St Martins Lodge has been developed into a high quality, 28 bed overnight accommodation facility. At 31 December 2024, St Martins Lodge was valued by Christie & Co. at £2,160,000 (2023: £2,175,000) on an open market basis.

The unrestricted fund fixed asset investments contain the fixed asset element of St Martins House and the Community House. The Community House was revalued by Andrew Granger & Co. at £1,350,000 during 2023. At the end of 2024, management have used property valuation indices to revalue the property at £1,400,000. The next formal valuation will be carried out to coincide with other DBF properties in December 2027. Until then, management will continue to use property valuation indices.

The Charity owns 100% of the share capital of St Martins Hospitality Ltd (Company number: 14711191) which was incorporated in England in November 2023. The purpose of the company is to develop commercial income opportunities and income. In its first year of trading, St Martins Hospitality Ltd had turnover of £1.17m, total costs of £1.20m and a loss before taxation of £28.2k. As at 31 December 2024, St Martins Hospitality Ltd had net liabilities of £28.1k.

**17. ASSETS HELD FOR RESALE**

Assets held for resale comprises five properties that were being actively marketed at 31 December 2024 and which were sold in early 2025. One property was held as an investment asset and the other four were held as fixed assets. On 31 December 2024, the assets were revalued, within investment assets and fixed assets, to their market value and transferred to current assets.

18. DEBTORS	GROUP	GROUP	CHARITY	CHARITY
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<b>Due within one year</b>				
Trade debtors	54	33	-	33
Parish contribution	135	200	135	200
Loans to parishes	24	30	24	30
Amounts owed by related parties	34	34	34	34
Other debtors	248	147	313	147
Prepayments and accrued income	251	272	240	272
	<b>746</b>	<b>716</b>	<b>746</b>	<b>716</b>
<b>Due after more than one year</b>				
Loans to parishes	45	45	45	45
Equity loan	5	5	5	5
<b>Total debtors</b>	<b>796</b>	<b>766</b>	<b>796</b>	<b>766</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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For the year ended 31 December 2024**

**18. DEBTORS (continued)**

The loans above are represented by:

<b>GROUP &amp; CHARITY</b>	<b>Due within one year £'000</b>	<b>Due after one year £'000</b>	<b>Total £'000</b>
<b>Unsecured loans</b>			
Loans to parishes	24	45	69
<b>Total unsecured loans</b>	<b>24</b>	<b>45</b>	<b>69</b>
<b>Secured loans</b>			
Trustees of Launde Abbey	-	865	865
Provision on Launde Abbey loan	-	(865)	(865)
Equity loan	-	5	5
<b>Total secured loans</b>	<b>-</b>	<b>5</b>	<b>5</b>
<b>Total loans outstanding</b>	<b>24</b>	<b>50</b>	<b>74</b>

**Unsecured loans**

The Parish loans are generally for one off cashflow support with varying periods of repayment. The loans attract a commercial rate of interest, currently varying between 3% and 5% per annum.

**Secured loans**

There is a loan to the Trustees of Launde Abbey for £865,138, which has been fully provided for (which includes accrued interest). On 31 December 2018, an agreement was reached whereby the loan was secured as a first charge against the total value of Launde Abbey. On any disposal of Launde Abbey in its entirety, LDBF would recover the greater of 21.89% of disposal proceeds - based on the valuation of the property at 9 April 2015, being £3,950,000 - or £865,138. In the event of a part disposal, LDBF would receive £865,138 on the first part disposal and then be entitled to 21.89% of total part disposal proceeds where there are future part disposals, where the total of all part disposal proceeds exceeds £865,138. Any excess of funds paid to LDBF over £865,138 is deemed to be a premium on the loan.

LDBF is the Custodian Trustee of Launde Abbey which is the Diocesan retreat house.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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**For the year ended 31 December 2024**

19. CREDITORS: amounts falling due within one year	GROUP		CHARITY	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade creditors	228	293	193	293
Bank loan	-	2,350	-	2,350
Taxation and social security	94	94	78	94
Other creditors	225	307	225	307
Accruals	199	579	107	579
Deferred income	313	77	313	77
Amounts owed to related parties	5	26	5	26
<b>Total</b>	<b>1,064</b>	<b>3,726</b>	<b>921</b>	<b>3,726</b>

20. CREDITORS: amounts falling due after more than one year	GROUP AND CHARITY	
	2024	2023
	£'000	£'000
Church Commissioners' value-linked loan	-	36
<b>Total</b>	<b>-</b>	<b>36</b>

The £2,350,000 bank loan was provided by Barclays Bank Plc since 20<sup>th</sup> September 2023 and was repaid on 20<sup>th</sup> September 2024.

The value-linked loan (VLL) was secured by guarantee against a property. The loan was repayable, when the property was sold, in proportion to the sale value to the original percentage of the cost of the house originally loaned. The proportion of the loan on this property was 94.74%. The property was sold during 2024.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**21. SUMMARY OF GROUP FUND MOVEMENTS**

	Balances at 1 January 2024 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and (Losses) £'000	Balances at 31 December 2024 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	7,900	6,293	(11,260)	5,284	(521)	7,696
<b>Designated funds</b>						
Retired Clergy Fund	156	8	(13)	9	5	165
Church Extension Fund	-	2	-	(2)	-	-
Archdeacons' Discretionary Fund	102	6	(5)	1	-	104
Total Designated Funds	258	16	(18)	8	5	269
<b>Total unrestricted funds</b>	<b>8,158</b>	<b>6,309</b>	<b>(11,278)</b>	<b>5,292</b>	<b>(516)</b>	<b>7,965</b>
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,558	9	(36)	(253)	-	1,278
Church Commissioners', Historic England and other grant income	-	2,761	-	(2,761)	-	-
Endowment Income Fund	169	79	(2)	(77)	-	169
Growth Fund	-	4	-	(4)	-	-
Ordinand Training Fund	42	18	(49)	(32)	-	(21)
<b>Total Restricted Funds</b>	<b>1,769</b>	<b>2,871</b>	<b>(87)</b>	<b>(3,127)</b>	<b>-</b>	<b>1,426</b>
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Parsonage Houses	18,104	238	-	(164)	-	18,178
<b>Expendable</b>						
Stipends Glebe (see note 23)	50,087	1,405	(905)	(2,001)	1,662	50,248
Other Endowment Capital	1,175	-	-	-	6	1,181
<b>Total Endowment Funds</b>	<b>69,366</b>	<b>1,643</b>	<b>(905)</b>	<b>(2,165)</b>	<b>1,668</b>	<b>69,607</b>
<b>Total funds</b>	<b>79,293</b>	<b>10,823</b>	<b>(12,270)</b>	<b>-</b>	<b>1,152</b>	<b>78,998</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**21. SUMMARY OF GROUP 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
<b>UNRESTRICTED FUNDS</b>						
General Funds	6,559	5,953	(11,678)	8,649	(1,583)	7,900
Designated funds						
Retired Clergy Fund	164	5	(14)	8	(7)	156
Church Extension Fund	558	2	-	(560)	-	-
Workplace Chaplaincy Fund	2	-	-	(2)	-	-
Archdeacons' Discretionary Fund	105	8	(8)	-	(3)	102
Total Designated Funds	829	15	(22)	(554)	(10)	258
Total unrestricted funds	7,388	5,968	(11,700)	8,095	(1,593)	8,158
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,727	2	(23)	(148)	-	1,558
Church Commissioners', Historic England and other grant income	-	2,670	-	(2,670)	-	-
Endowment Income Fund	635	125	(8)	(583)	-	169
Growth Fund	-	3	(4)	1	-	-
Bishop Jeune Ordinands' Fund	1	-	-	(1)	-	-
The Alan Everitt Fund	2	-	-	(2)	-	-
Diocesan Capital Fund	-	-	-	-	-	-
Ordinand Training Fund	57	132	(111)	(36)	-	42
CofE Stipend Trust Reserve	-	-	-	-	-	-
Total Restricted Funds	2,422	2,932	(146)	(3,439)	-	1,769
<b>ENDOWMENT FUNDS</b>						
Permanent						
Parsonage Houses	20,453	470	-	(2,819)	-	18,104
Expendable						
Stipends Glebe (see note 23)	48,996	1,336	(725)	(1,806)	2,286	50,087
Other Endowment Capital	1,280	-	-	(31)	(74)	1,175
Total Endowment Funds	70,729	1,806	(725)	(4,656)	2,212	69,366
Total funds	80,539	10,706	(12,571)	-	619	79,293

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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22. SUMMARY OF ASSETS BY FUND	Fixed assets Tangible £'000	Investments £'000	Net Assets / (Liabilities) £'000	Total Assets £'000
<b>Unrestricted funds – General</b>	13,151	3,101	(8,556)	7,696
<b>Unrestricted - Designated</b>				
Retired Clergy / Clergy widows	-	121	44	165
Church Extension Fund	-	-	-	-
Archdeacons' Discretionary Fund	-	45	59	104
	-	166	103	269
<b>Restricted</b>				
Pastoral Fund	-	-	1,278	1,278
Church Commissioners' Fund	-	-	-	-
Endowment Funds:				
Drew Trust Income Fund	-	-	-	-
Horwood Robinson Income Fund	-	-	-	-
CE Huston Income Fund	-	-	-	-
D Huston Income Fund	-	-	-	-
Chippington Income Fund	-	-	-	-
JD Player Memorial Fund	-	-	169	169
Diocesan Growth Fund	-	-	-	-
Ordinand Training Fund	-	-	(21)	(21)
	-	-	1,426	1,426
<b>Endowment Expendable</b>				
Stipends Glebe Fund (see note 23)	-	39,991	10,257	50,248
Endowment Capital Funds:				
Drew Trust Investment Fund	-	191	-	191
Horwood Robinson Investment Fund	-	186	-	186
CE Huston Investment Fund	-	567	-	567
D Huston Investment Fund	-	138	-	138
Chippington Investment Fund	-	99	-	99
<b>Permanent</b>				
Parsonage Houses Fund	18,178	-	-	18,178
	18,178	41,172	10,257	69,607
<b>Total funds</b>	<b>31,329</b>	<b>44,439</b>	<b>3,230</b>	<b>78,998</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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**23. ANALYSIS OF STIPENDS GLEBE ENDOWMENT FUND**

With effect from 1<sup>st</sup> January 2019, the company adopted a Total Return strategy to its Stipends Glebe fund. An exercise was carried out to determine the Endowment fund value and the unapplied Total Return value applicable to the Stipends Glebe Fund. In this regard, records and information, including those held at our Land Agents Andrew Granger & Co. were used to determine the initial value of the endowment, Subsequently, the official Retail Price Index ("RPI") was used to obtain the value of the original endowment as at 1<sup>st</sup> January 2019; The value calculated was £29,048,439. The difference between this value and the balance sheet value, being £46,395,636, at that date was deemed to be the unapplied total return available for transfer to general funds, i.e. £17,347,197.

During 2024, there were income and investment gains in the period of £2,162,707 (2023: £2,896,864). £979,105 (2023: £1,440,614) was transferred back to the endowment capital fund as recognition of the increase in value of the endowment as measured by CPI over 2024 being 2.57%. In addition, there were transfers out of Unapplied Return to the General Fund totalling £2,000,722 (2023: £1,805,414) which was used to fund stipends. The balance as at 31 December 2024 was £11,171,801 (2023: £11,988,922).

	Endowment: Stipends Glebe £'000	Unapplied Total Return £'000	Total £'000
<b>As at 1 January 2024</b>	<b>38,098</b>	<b>11,989</b>	<b>50,087</b>
<b>Movements in the reporting period</b>			
Investment income: Glebe rents and dividends	-	1,405	1,405
Investment returns: Realised and unrealised gains / (losses) on shares and the Glebe portfolio	-	1,662	1,662
Less: Investment management costs	-	(905)	(905)
<b>Total movements in the reporting year</b>	<b>-</b>	<b>2,162</b>	<b>2,162</b>
<b>Unapplied Total Return allocated in Income in the year</b>	<b>-</b>	<b>(2,001)</b>	<b>(2,001)</b>
<b>Allocation to capital</b>	<b>979</b>	<b>(979)</b>	<b>-</b>
<b>Net movements in the reporting year</b>	<b>979</b>	<b>(818)</b>	<b>161</b>
<b>As at 31 December 2024</b>	<b>39,077</b>	<b>11,171</b>	<b>50,248</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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**24. DESCRIPTION OF FUNDS**

<b>GENERAL FUNDS</b>	General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.
<b>DESIGNATED FUNDS</b>	Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.
<b>RESTRICTED FUNDS</b>	Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.
<b>ENDOWMENT FUNDS</b>	Endowment funds are funds held on trust to be retained for the Charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

**Designated funds**

**The Retired Clergy Fund** represents funds set aside for the benefit of retired clergy and their spouses, including those widowed, divorced or separated.

**The Church Extension Fund** represents funds put aside over a number of years by the Board to give loans to Parochial and District Church Councils to help with extensions, improvements and repairs to church buildings.

**The Archdeacons Discretionary Fund** is used by the Archdeacons to pay grants to needy clergy and their families within the Diocese.

**Restricted funds**

**The Pastoral Fund** is a capital and income fund where both may be expended. It may be used for a variety of purposes except for employment costs. It is the Board's policy to use these funds primarily for the purchase of, and improvement (including repairs) to, parsonage houses.

Prior to 2007 the balance included funds of £281,989 held by the Church Commissioners from the sale of parsonage houses which could not be released for other uses until such time as new pastoral schemes for the parishes involved had become operative and the appropriate PCC consents to the funds being released.

In 2007 these funds were released to the Diocese but had to be ring-fenced for the same reason. £286,530 including accumulated interest was received by the Diocese, a small amount of which was immediately expendable, but the remainder placed in a separate fund in relation to one parish. At 31 December 2024 this fund stood at £313,428 (2023: £313,363) and is included in the Pastoral Fund balance.

**Restricted Income from the Church Commissioners** is received from them to support Stipends and Clergy Pension Costs. Income is transferred to the General Fund to be applied against payment of such costs.

**Endowment Income Funds** represent accumulated income and income arising from endowment funds that has not yet been expended.

**The Diocesan Growth Fund** was formerly known as the **Church Commissioners' Mission Fund** and represents additional funds given to the Board by the Church Commissioners that have arisen as a result of better returns on their investment assets.

**The Ordinand Training Fund** provides discretionary training grants to Ordinands.

**Endowment funds**

**The Stipends Glebe Fund** represents the value of property and investments held under the Endowments and Glebe Measure 1976, invested to produce income to be applied for the augmentation of stipends.

**Endowment Capital Funds** are funds, the majority of which are, for the augmentation of stipends.

**The Parsonage Houses Fund** represents the deemed value of the parsonage houses calculated as set out in note 1c to these financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**25. CAPITAL COMMITMENTS**

At 31 December 2024 the LDBF had nil (2023: £166,250) capital expenditure commitments authorised but not contracted for, and nil (2023: nil) contracted for but not yet due.

**26. OPERATING LEASES**

Total commitments under non-cancellable operating leases are as follows:

	<b>2024</b>	2023
	<b>£'000</b>	£'000
<b>Non land &amp; buildings operating leases where the lease expires:</b>		
Within one year of the balance sheet date	<b>1</b>	-
In the second to fifth years inclusive of the balance sheet date	<b>22</b>	8
More than five years from balance sheet date	-	-
	<b>=====</b>	<b>=====</b>

**27. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES**

There were no post balance sheet events or contingent liabilities.

**28. PENSIONS**

The LDBF participates in two defined 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 ("CEFPS")** for stipendiary clergy. The other is the **Church Workers Pension Fund ("CWPF")** for lay staff. 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. There are no active members in the LDBF Defined Benefit Scheme section.

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

**Church of England Funded Pension Scheme**

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend 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 National Minimum Stipend payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided by the Church Commissioners under the previous arrangements.

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

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution applied to pensionable stipends.

At the end of the year, LDBF was paying contributions for 109 members (2023: 115) of the scheme out of a total membership of approximately 8,500 active members.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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**28. PENSIONS (continued)**

**Church of England Funded Pension Scheme (continued)**

This scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, which were £729,284 (2023: £841,250), plus any contributions in respect of any Scheme deficit. The 2021 valuation showed the Scheme to be fully funded. The deficit contributions paid in 2024 were nil (2023: nil).

A valuation of the Scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 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%;
- 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 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI 2020 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 2021 valuation, deficit contributions ceased with effect from 1 January 2023.

The deficit recovery contributions payable under the recovery plan in force at each 31 December was 7.1% at 31 December 2021 (payable from 1 January 2021 to 31 December 2022), nil at 31 December 2022, nil at 31 December 2023 and nil at 31 December 2024. 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.

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. The movement in the balance sheet liability over 2023 and 2024 is set out in the table below.

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Balance sheet liability at 1 January	-	-
Contributions paid	-	-
Interest cost (recognised in the SOFA)	-	-
Remaining change to the balance sheet liability (recognised in SOFA)	-	-
	<u>          </u>	<u>          </u>
Balance sheet liability at 31 December	<u>          </u>	<u>          </u>

The remaining change to the balance sheet liability comprises changes in the agreed deficit recovery plan and changes in discount rates and inflation assumptions between year ends.

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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**For the year ended 31 December 2024**

**28. PENSIONS (continued)**

**Church Workers Pension Fund – Defined Benefits Scheme**

The Defined Benefits Scheme (“DBS”) section of the CWPF provides benefits for lay staff based on final pensionable salaries. LDBF has no active members in this section.

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 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. As from 1 January 2024, LDBF had no active members in this section of the CWPF. There were nil pension costs for 2024 (2023: credit of £37,482).

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 the Scheme is carried out once every three years. The most recent was carried out at 31 December 2022 and showed a surplus of £73.6m. The next actuarial valuation is due on 31 December 2025.

Since 31 December 2023, The Church of England Pensions Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the Defined Benefit Scheme of the Church Workers’ Pension Fund.

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 these financial statements at 31 December 2023 or 31 December 2024.

LDBF has ceased contributions to the Defined Benefit section of the CWPF as from 1 January 2024. Active members of the Defined Benefit section as at 31 December 2023 have been transferred to the Pension Builder section of the CWPF.

The movement in the provision is set out below;

	<b>2024</b>	<b>2023</b>
	<b>£’000</b>	<b>£’000</b>
Balance sheet liability at 1 January	-	-
Deficit contributions paid	-	-
Interest cost (recognised in the SOFA)	-	-
Remaining change to the balance sheet liability (recognised in the SOFA)	-	-
	<u>          </u>	<u>          </u>
Balance sheet liability at 31 December	<u>          </u>	<u>          </u>

The remaining change to the balance sheet liability comprises changes in the agreed recovery plan and changes in discount rates between year ends.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2024**

**28. PENSIONS (continued)**

The balance sheet liability represents the present value of the deficit contributions agreed at 31 December 2024 and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments;

	<b>December 2024</b>	<b>December 2023</b>	<b>December 2022</b>
Discount rate (p.a.)	n/a	n/a	0.0%

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

**Church Workers Pension Fund – Pension Builder Scheme**

LDBF participates in the Pension Builder Scheme section of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of LDBF and the other participating employers.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections - a deferred annuity section known as **Pension Builder Classic** and a cash balance section known as **Pension Builder 2014**.

Both sections of the Pension Builder Scheme 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 subdivision of assets between employers in either section of the Pension Builder Scheme.

The Scheme is considered to be a multi-employer scheme, as described in section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are the contributions payable and were £149,180 (2023: £121,684).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2022. The next valuation is due at 31 December 2025.

For the Pension Builder Classic section, the 2022 valuation revealed a deficit of £34.8m on the ongoing assumptions used. At the most recent annual review, effective 1 January 2025, the Pensions 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% (when 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.

For the Pension Builder 2014 section, the 2022 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, LDBF may become responsible for paying a share of that employer's pension liabilities.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2024**

**29. RELATED PARTY TRANSACTIONS**

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education (LDBE), the University Chaplaincies at the three universities in the Diocese of Leicester, Leicester Cathedral Chapter (LCC), Launde Abbey Trustees (LAT), St Philips Centre (SPC), Bishop's Lodge (BL), Coventry Diocesan Board of Finance (The) (CDBF), Together Leicester (ToL), and Leicester City of Sanctuary (LCOS). Details of grants made to these bodies are given in note 12 of the financial statements.

During 2024, LDBF recharged LCC £45,241 (2023: £91,366), of which nil (2023: £15,683) were salaries or a stipend. During 2024, LDBF recharged LDBE £12,087 (2023: £26,817), for rent and service charges. Conversely, LDBE recharged LDBF £111,549 (2023: £114,077) all of which was a recharge for the Diocesan Director of Education. In addition, LDBF paid a grant of £50,000 (2023: £20,000) to LDBE.

During 2024, LAT recharged LDBF £22,010 (2023: £33,666).

During 2024, LDBF recharged CDBF £61,397 (2023: £152,828), of which £49,440 (2023: £51,318) were salaries. Conversely, CDBF recharged £20,840 (2023: £18,456) for internet costs.

During 2024, LDBF recharged BL £843 (2023: £3,046).

During 2024, SPC recharged LDBF £47,192 (2023: £44,592), of which £47,192 (2023: £43,385) were salary or pension costs.

During 2024, LDBF recharged ToL £32,464 (2023: £31,266), of which £32,464 (2023: £31,232) were salary costs.

During 2024, LDBF recharged LCOS £49,684 (2023: £73,264), of which £49,684 (2023: £73,192) were salary costs.

There were no other related party transactions in the current or previous accounting period other than small payments made to Trustees as described in note 13.

At the end of the year, the following amounts, all of which are included in debtors or creditors as appropriate, were receivable / (payable) by the Board in respect of related parties:

	2024 £'000	2023 £'000
<b>Amounts receivable / (payable) by the Board</b>		
Leicester Diocesan Board of Education	-	(19)
Coventry Diocesan Board of Finance (The)	5	10
Leicester Cathedral Chapter	1	15
Launde Abbey Trustees	23	(2)
St Philips Centre	(5)	(4)
Bishop's Lodge	1	-
Together Leicester	-	5
Leicester City of Sanctuary	4	7

**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 £'000	2023 £'000
CBF Church of England Investment Fund - income shares	1,110	1,085
CBF Church of England Deposit Fund	1,193	855
Other common investment fund holdings	522	507
Direct holdings in UK equities	195	194
CBF Church of England Fixed Interest Securities Fund – income shares	53	51
Cash at bank	34	25
<b>Total assets held as Custodian Trustee</b>	<b>3,107</b>	<b>2,717</b>

**THE LEICESTER DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 249100

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# Accounts

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# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2023**

## **LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

Company number - 00227087

Registered charity number – 249100

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## **CHAIR'S REPORT**

The year 2023 was in many ways the year that 'normal' life was resumed, following the Covid-19 pandemic, but this was a new sort of normality, and the pandemic has a long tail. Church attendance picked up, but it has not recovered to the levels of 2019 and indeed it still appears that the long trajectory of decline has been permanently accelerated. More positively, there is evidence that individual giving to churches has improved and there has been a modest growth in Parish contributions to support the work of the Diocese, for which we are very grateful.

Nevertheless, the underlying financial position of the Diocese remains extremely challenging. In 2023 our structural operating deficit (i.e. the excess of expenditure over income once 'one off' movements in funds, together with gains on the sales of assets, are excluded) stands at £2.351m. This compares with £1.947m in 2022 and is expected to rise to £2.45m in 2024.

The principal cause of these increases is the high rate of inflation in the past 2 to 3 years, with which parish contributions (our largest source of income) have not kept pace. If parish contributions had increased in line with inflation from a base in 2014, around an extra £2m per annum would have been available, which would have, more or less, have covered the operational financial deficit. This deficit would be even higher if significant ongoing savings of about £0.5m a year had not been achieved in the centre three years ago. Other areas are being explored to increase income, such as selling low yielding agriculture Glebe land and investing the return in stocks and shares, but the main emphasis has to be on increasing parish contributions.

The only alternative to achieve a balanced budget is to reduce expenditure. As around 80% of the Diocese expenditure relates to direct or indirect clergy costs and support, there is no alternative but to reduce the number of clergy through not filling vacancies. A further review of central costs is already under way, which will provide some savings, but not enough to balance the budget. The bottom line is that we either increase diocesan income or reduce expenditure, or a combination of both.

Whilst we can fund deficits in the medium term, but probably for no longer than 4 or 5 years, through the use of reserves, such deficits are not sustainable in the long-term. The Trustees and Executive Team are taking urgent action to address the problem and to bring us back to break-even. This will require vision, difficult choices, and support from the whole diocese.

Meanwhile, the diocese, and even more so our parishes, continue to offer regular worship and a wide range of other activities, whilst offering faithful service to local communities and especially those people in greatest need. Much of what the Church does is locally focused and individually-centred. At the same time, we are all impacted by wider-world events such as climate change, the continuing war in Ukraine and rising tensions in the Middle East. In the midst of all this, the Church seeks to offer reconciliation, hope and a prophetic voice.

The Board of Finance is pleased to work in partnership with the Diocesan Board of Education in supporting the 97 Church of England schools and academies within Leicester and Leicestershire – our plans envisage that this will strengthen and grow in the coming years as a result of our 'Intergenerational Communities' strategic priority.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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On behalf of the Board, I conclude by offering heartfelt thanks to God and to all those who serve this diocese day by day throughout the year, in so many varied and wonderful ways.

**Canon David Palmer**  
**Chair of Leicester Diocesan Board of Finance**  
**18 May 2024**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 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 Objects of the Diocese of Leicester covers the entire county of Leicestershire.

Leicester Diocesan Board of Finance (The)'s ("LDBF") principal object is to promote, assist and advance the work of the Church of England in the Diocese of Leicester by acting as the financial executive of the Leicester 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 custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils ("PCC's") 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 Leicester (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; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments arising from the Diocesan Synod including the Diocesan budget.

## **STRATEGIC REPORT**

### **Strategic aims**

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

The Diocese of Leicester is on a journey we are calling 'Shaped By God Together'.

The world around us has changed significantly over recent years. So, as we live out our faith and seek to grow in numbers of disciples, depth of discipleship and loving service of the world, we need to learn new ways to engage with an ever-changing world.

Looking to the future, we want to prioritise our work with children, young people and families, especially through partnership with our schools. We also want the mission and ministry across the diocese to be sustainable, both financially and in terms of the pastoral burden on clergy, lay ministers and church officers. We understand that we cannot continue as we are, and simply stretch our resources ever thinner.

Out of the 'Shaped by God Together' process of discernment, reflection and conversation, about twenty Minster Communities will be formed by 2027. Minster Communities are groups of churches and fresh expressions working collaboratively and sharing resources to enable effective mission.

### **Overall objectives for the year**

In response to the above strategic priorities determined by the Diocesan Synod, several groups, including the Bishop's Council, the Bishop's Leadership team and Deanery Synods, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- 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 Leicester.
- To maintain a sound financial structure required to support the clergy in the payment of stipends, managing parsonages and other ministerial housing and providing other facilities in support of the clergy and lay people in parishes across the Diocese.
- To support the National Church institutions through an annual grant, including a contribution to the cost of training Ordinands and for providing retirement housing for clergy.
- To support The Leicester Diocesan Board of Education ("LDBE") by way of a grant towards staff costs.

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

## **Activities and achievements in the year**

### The Christian Presence

Clergy form a central part in the life of churches in the Leicester Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carried out 511 weddings (including marriage blessings), 1,529 funerals (both in and outside of church) and 914 baptisms during 2022 – the figures are only available one year in arrears. Whilst the LDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 82 trained stipendiary clergy and 26 training curates we had at the end of 2023 in the diocese is a priority of the LDBF and represents by far its largest financial commitment. Although the LDBF does not employ the parish clergy, it is responsible for training them, paying and housing them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of continual professional development and ministerial development review. It also gives clergy access to tribunals and other useful services.

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

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

### Other related parties include:

- The Archbishops' Council to which it pays a donation based on an apportionment system for funding national training of Ordinands and the activities of the various national boards and councils, as well as General Synod.
- The Church Commissioners from which the LDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the LDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.
- Parochial Church Councils ("PCC's"), to which LDBF is required to be custodian trustee in relation to PCC property. LDBF has no control over PCC's, which are independent charities. The accounts of PCC's and deaneries do not form part of these financial statements.
- Leicester Diocesan Board of Education (charity number 1151692), to which LDBF provides grant support.
- Leicester Cathedral Chapter, to which LDBF provides certain accounting services.

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- Launde Abbey Trustees, to which LDBF provides long term loans used to refurbish the abbey (which is the Diocesan Retreat house) and to cover compensation and legal fees. At 31 December 2023, the loans plus interest totalled £865,138. All loans have been fully provided for and are secured on the value of Launde Abbey (for details see note 17 on page 41).
- Coventry Diocesan Board of Finance (The) (company no. 00319482; charity no. 247828), with which LDBF had a joint working arrangement for one member of staff during 2023.

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.

Volunteers

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

**Future plans**

A central priority within Jesus' ministry was his calling of twelve disciples - "appointed... to be with him and to be sent out" Mark 3:15. He devoted much time to teaching and mentoring them. He sent them out to continue his work of announcing and giving signs of the kingdom.

The Diocese of Leicester has similarly chosen to focus on this priority of discipleship. Shaped by God in our lives and communities we seek the growth of His Kingdom in:

- the depth of discipleship,
- the number of disciples of Jesus,
- loving service of the world.

We have therefore asked our parish churches, our fresh expressions of church, our chaplaincies, and our schools to work to these priorities. Each Christian community must discern for themselves how to act on these priorities in their own context. It is not for the Board of Finance or the Bishop to dictate how individuals and communities should interpret these priorities. Rather the work of our central support staff is focused on enabling this discernment in each context and helping each community to channel their resources to these priorities. It is for the Bishop to hold each individual minister and each community to account for how they are doing this ("low control, high accountability").

The major budget element continues to be directed towards the maintenance of a ministerial presence in every parish and the training and development of lay members of the church to support the work of the clergy.

We have embarked upon a restructure of the Diocese following a review entitled 'Shaped by God Together' which reported to The Diocesan Synod during Autumn 2021. We have already restructured the central diocesan structure and we are setting up Minster Communities. Our first Minster Community (a collection of parishes, fresh expressions of church and schools) was inaugurated at the end of April 2023.

The ongoing objective is to be able to adequately resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

## **ANNUAL REPORT**

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### **Financial review**

#### **Financial Performance**

Parish Contribution, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. This increased by £37k to £3.98m (2022: £3.94m).

The Trustees are grateful to all the parishes for their contributions during the year, and especially to those parishes that make regular contributions by instalments, which is essential in keeping the Diocese's need to maintain a cash flow reserve to a minimum.

LDBF had a net £1.25m decrease in total funds in 2023 (2022: £1.48m increase). The 2023 result was affected by a £2.85m deficit on operations offset by a net increase in the value of properties and profits from property sales.

Overall, the value of fixed asset investments decreased slightly; Glebe properties are £37.26m (2022: £36.39m); other investments are £6.49m (2022: £7.37m), resulting in a small net decrease in investment assets of £7k.

The Trustees had prepared a 2023 budget that had a significant net operational deficit. The budget for 2024 also shows a significant deficit. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism. We have sufficient relatively liquid assets (such as our stock market investments) for the short term. It is anticipated returning to a breakeven budget by 2028. This is to be achieved by carrying out reviews of the major cost areas and implementing cost cuts over the next three years.

The Trustees are of the opinion that LDBF continues to be a going concern.

#### **Significant Property Transactions**

Land and building additions during the year (included in tangible fixed assets and investment properties) totalled £272k (2022: £320k). The majority of funds were spent improving and refurbishing the current stock of LDBF properties.

There were no new properties purchased during 2023.

Our policy continues to be:

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

#### **Balance sheet position**

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. Whilst the net assets at the balance sheet date totalled £79.29m (2022: £80.54m) it must be remembered that included in this total are land & buildings, whose value amounted to £74.25m (2022 £75.97m). Additionally, some 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.

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**Fundraising**

LDBF raise funds through Parish Contribution (based on offers given by the Parishes) and via an annual Bishop's Lent appeal. No professional fundraisers are employed in these activities. The Lent appeal is an invitation to the General Public to contribute to a stated objective. No direct fundraising to individuals is undertaken. LDBF has not received any complaints related to our fundraising activities.

**Reserves policy**

*Free reserves*

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a minimum balance of readily realisable assets in the general fund equivalent to at least three months budgeted expenditure for 2024. At 31 December 2023 the amount required under this policy totalled £2.86m (2022: £2.75m). General unrestricted free reserves as at 31 December 2023 totalled £7.90m (2022: £6.56m).

Currently, the Trustees consider that the holding of unrestricted free reserves in excess of the minimum reserve policy is justified on the basis that the Diocese is experiencing structural deficits that will take several years to address and, therefore, significant unrestricted free reserves are needed.

*Designated funds*

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Designated funds are reviewed annually and, in the event that the purpose of a designated fund is no longer considered to be adequate justification for their retention, that fund is returned to general funds. 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 £0.26m (2022: £0.83m).

*Restricted and endowment funds*

As set out in note 23, LDBF holds and administers several restricted and endowment funds. At 31 December 2023 restricted funds totalled £1.77m (2022: £2.42m) and endowment funds totalled £69.37m (2022: £70.73m). Neither fund category is available for the general purposes of the LDBF except for the portion of the endowment fund set aside in the Total Return policy adopted on 1<sup>st</sup> January 2020. The balance of Unapplied Total Return at 31 December 2023 was £11.99m (2022: £12.34m).

**Grant making policy**

The Memorandum of Association of the LDBF explicitly permits the LDBF to make grants in pursuance of its objects. Grants are disclosed in note 12.

**Investment policy**

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 21 provides detail of the assets of each fund, together with the related purposes, and note 16 summarises the movements in fixed asset investments during the year.

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The Trustees' investment policy is to hold investments in a balanced mix of a charity property fund with Savills Investment Management Limited (Savills) and equities with two portfolio managers (Brewin Dolphin and Charles Stanley). Both Brewin Dolphin and Charles Stanley have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2023 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
Brewin Dolphin listed investments	1,050	29.2%	2.63%	8.28%
Charles Stanley listed investments	966	26.9%	3.21%	7.29%
Savills Investment Management Property Fund	1,491	41.4%	6.47%	0.04%
CCLA funds	39	1.1%	3.19%	-1.43%
Other investments	50	1.4%	0.0%	0.0%
	<u>3,596</u>	<u>100.0%</u>		

The Investment Committee regularly reviews the performance of the funds comparing their performance to benchmarks set out in the investors' reports and hence make recommendations to the Trustees on future investment opportunities.

Overall, the income yield was 4.45% and the total return was 4.37%.

LDBF is a member of the Church Investors Group. The Church Investors Group represents institutional investors from many mainstream Church denominations and church related charities. Its aims are to encourage the formulation of investment policies based on Christian ethical principles, to encourage responsible business practice through engagement with company managements and to share information and views on ethical matters related to investment. The CIG has 67 members, predominantly drawn from the UK and Ireland, with combined investment assets of over £26bn.

## **Principal risks and uncertainties**

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

The risk register identifies three broad 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:

### **External risk:**

- **Reputational risk from scandals and theological disagreements;** Incidents would be managed through Archdeacon reviews and/or the Communications department.
- **Economic risk from a fall in parish contributions;** Continued close analysis and review of budgets and treasury / investment management.
- **Demographic changes;** There is a "Shaped by God Together" strategic plan (see "future plans" on pages 8 & 9 above) to diversify the Church via Minster Communities.

### **Operational risk:**

- **Personnel risk;** There are processes for performance development and for replacing key personnel who leave. There is also a contract with an external HR consultant.
- **Property;** The risk is to not have the correct amount and/or quality of property to house clergy. To mitigate this LDBF has a fully resourced Property department. An independent review of property management and transactions is reviewed by the appropriate committee (Glebe, etc.).
- **IT;** Systems are off the shelf and easily replaceable. Data is backed up daily and can be restored within 24 hours. There are rules for internet usage monitored by the IT Manager. The IT Manager ensures compliance with The Data Protection Act and the General Data Protection Regulations.
- **Safeguarding and health & safety;** A health & safety policy has been issued to all staff. DBF has a department of 3.65 FTE staff (2022: 3.65) dedicated to safeguarding who report to the Director of Operations and Governance.
- **Insurance;** Policies are reviewed annually with a suitably qualified broker.
- **Finance;** Financial processes have been implemented and are periodically reviewed. Changes in the amount of income or cost streams are analysed and appropriate corrective action implemented.

### **Governance risk:**

- **Trustees;** Procedures exist to appoint and retain suitable Trustees
- **Staff structure;** Staff structures are periodically reviewed and set to ensure best practice is adhered to.
- **National network;** There is engagement with national initiatives whilst liaising with other Dioceses to ensure best practice is maintained.

## **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 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into 10 deaneries, each with its own Synod. Within each parish there is a Parochial Church Council (PCC) which is a charity in its own right and, as such, legally distinct from LDBF. Each PCC 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 apply for partnership with neighbouring Dioceses.

### **Organisational structure**

The Leicester Diocesan Board of Finance (The) ("LDBF") is a company limited by guarantee (No. 00227087) and a registered charity (No. 249100) 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 Leicester. It was established in its present form in 1927 and is successor in title to the Leicester Diocesan Trustees.

Governance and policy of Leicester Diocesan Board of Finance (The) ("LDBF") is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. The Trustees are The Bishop of Leicester, who is the ex-officio president of LDBF, The Archdeacons of Leicester and Loughborough (also ex-officio) along with eight people elected from and by the members of Diocesan Synod every three years (with the most recent elections held in 2021), up to three members co-opted by the Board of Trustees, and up to two members nominated by The Bishop. The Chair and Vice Chair are nominated by The Bishop and approved by the Diocesan Synod every three years (with the most recent nomination and approval being in 2021). The details of Trustees who served during the year are set out on page 16.

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 Bishop's Leadership Team. The Synod membership is elected every three years, the last elections having been in 2021. The Synod elects eight of the possible eighteen Trustees of the Diocesan Board of Finance. Whilst the LDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association, by virtue of the National Institutions Measure 2000, the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

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Following a review of our governance structures over the last few years, proposals for revised Articles of Association for LDBF and a new structure of sub-committees are expected to be adopted during 2024, subject to approval by the Charity Commission and the Diocesan Synod.

**Decision making structure**

Corporate priorities and the financial strategy for the Diocese are set by The Diocesan Synod and LDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. Each year, the Diocesan Synod receives and agrees the annual budget, which has been prepared and approved by the LDBF. The Trustees hold up to 6 meetings during the year.

The Bishop's Council has eleven ex-officio members being the Diocesan Bishop, the Bishop of Loughborough, the two Archdeacons, three clergy elected by the House of Clergy, five lay persons elected by the members of the House of Laity, a Lay Chair, an Area Dean and up to four members co-opted by the Bishop's Council.

The Bishop's Council and Standing Committee meet to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Planning the business of the Synod and preparing the agenda for its session
- Advising the Bishop on any matters he may refer to the Committee
- Initiating consideration of restructuring of Synod Committees which may be necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

There are several Diocesan Synod committees, though not all are sub-committees of LDBF, that influence the operation of LDBF. The following are statutory committees:

**Houses Committee;** which is responsible for managing and maintaining LDBF houses, including buying, repairing, maintaining and disposing of LDBF houses (including parsonages and vicarages).

**Glebe Committee;** which is responsible for implementing policy and making major decisions concerning the management of Glebe property and investments for the benefit of the Diocesan Stipends Fund.

**The Diocesan Mission and Pastoral Committee;** which is responsible for approving pastoral reorganisation, taking account of available clergy numbers, and making use of new patterns of ministry.

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

**Leicester Diocesan Board of Patronage;** which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

**Closed Church Buildings Committee;** which is responsible for finding appropriate alternative uses for churches that have been declared redundant.

**Vacancy in See Committee;** which is responsible for representing the Diocese in the appointment

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process of a Diocesan Bishop.

The Trustees, who also meet during the year as **The Finance Committee**, whose members are the Directors of the Company and Trustees of the Charity, are responsible for considering the financial affairs of the Diocese. The Committee reviews management accounts, the budget, the use of assets and investment policies. It also undertakes the LDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 2011 (with regard to redundant churches). They also advise Bishop's Council on the financial aspects of strategic matters. They are also supported by:-

**The Investment Committee (a sub-committee of the Finance Committee);** which is responsible for determining and overseeing the investment policy of LDBF.

**The Audit Committee (a sub-committee of the Finance Committee);** which is responsible for assisting the Trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

### **Trustee recruitment, selection and induction**

Trustees are given induction when first appointed. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff possess the title 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest.

### **Delegation of delivery of activities of the company**

The Trustees, and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the activities of the company. The Diocesan Chief Executive is given specific and general delegated authority to deliver the business of the LDBF in accordance with the policies framed by the Trustees.

### **Senior management remuneration**

The Trustees as a board consider, and authorise, senior management remuneration. The level of remuneration is heavily influenced by the awards given to clergy and other diocesan staff. For 2023, the same percentage increase was applied for all staff and clergy, including senior managers. No bonuses were paid to any staff or clergy in 2023. Bonuses are not paid as a matter of current policy.

### **Funds held as Custodian Trustee**

LDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £2.717m at 31 December 2023 (2022: £2.543m), 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 by the LDBF's solicitor, Stone King LLP.

## **TRUSTEES' RESPONSIBILITIES STATEMENT**

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

Company law requires the Trustees (as Directors of LDBF for the purposes of Company Law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of 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 apply them consistently
- Observe methods and principles in the Charities SORP FRS 102
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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. The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information, and to establish that the Charitable Company's 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 and other information included in Annual Reports, may differ from legislation in other jurisdictions.

## **APPOINTMENT OF AUDITORS**

The re-appointment of Haysmacintyre LLP as auditors to LDBF will be proposed at the Annual General Meeting.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

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**ADMINISTRATIVE DETAILS**

**Trustees**

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

President (ex-officio):	The Right Reverend M J Snow – Lord Bishop of Leicester
Chair:	Canon D J Palmer
Vice Chair:	Mr C J Sheldon
Archdeacons (ex officio):	The Venerable R V Worsfold - Archdeacon of Leicester The Venerable C Wood - Archdeacon of Loughborough
Elected by:	
Synod House of Clergy	The Reverend A R Leighton The Reverend C Taylor
Synod House of Laity	Mr D B Beeson Mrs M V Wang
Bishop's Nominees	Dr S Gorton Mr S Adshead (Appointed 14 September 2023)
Co-opted by the Board	Mr G Brown (Resigned 14 September 2023) Reverend W Dalrymple (Appointed 1 March 2023, resigned 14 September 2023)

**Senior staff and advisers**

Diocesan Chief Executive:	Jonathan Kerry
Director of Operations and Governance:	Andrew Brockbank
Director of Finance and Property:	Simon Wilson
Director of Parish Transition and Ministry Development:	Stuart Burns

Registered Office: St Martins House,  
7 Peacock Lane,  
Leicester LE1 5PZ

Bankers:	Barclays Bank plc, Dominus Way, Meridian Business Park, Leicester LE19 1RP	Auditors:	Haysmacintyre LLP, Statutory Auditors, 10 Queen Street Place, London EC4R 1AG
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Solicitors:	Stone King LLP, Boundary House 91 Charterhouse Street London EC1M 6HR	
Investment Advisers:	Savills Investment Management Limited, 33 Margaret Street, London W1G 0JD	Charles Stanley & Co. Limited, 25 Luke Street, London EC2A 4AR
	Brewin Dolphin, 1 <sup>st</sup> Floor, Waterfront House, Waterfront Plaza, 35 Station Street, Nottingham NG32 3DQ	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Glebe Agents and Valuers:	Andrew Granger & Co., 44 – 46 Forest Road, Loughborough, Leicestershire LE11 3NP	Christie & Co., Suite 402 Bridlesmith House, 38 Bridlesmith Gate, Nottingham NG1 2GQ
Insurance brokers:	Cornerstone Business Insurance Limited, 8 Princess Road West, Leicester LE1 6TP	

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 6 - 12 within their capacity as company directors.

BY ORDER OF THE TRUSTEES  
**D J Palmer**  
Chair

**J W Kerry**  
Diocesan Chief Executive

**18 May 2024**

**18 May 2024**

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

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### **Opinion**

We have audited the financial statements of Leicester Diocesan Board of Finance (The) (the 'charitable company') for the year ended 31 December 2023, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### **Basis for opinion**

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

### **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 Trustee's Annual Report and Chair's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinion 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 Strategic Report and the Directors' Report prepared for the purposes of company law), for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report by exception**

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

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

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

**Responsibilities of trustees for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety and Charity Law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
(Continued)**

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impact on the preparation of the financial statements such as include the Companies Act 2006 and the Charities Act 2011 and consider other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). We determined that the principal risks were related to fraud in revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates such as valuation of the investment properties.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

This report is made solely to the charitable company's members, 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.

**Lee Stokes (Senior Statutory Auditor)**  
**For and on behalf of Haysmacintyre LLP, Statutory Auditor**  
**18 May 2024**

10 Queen Street Place  
London  
EC4R 1AG

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**STATEMENT OF 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
<b>Income and endowments from</b>							(Note 30)
Donations							
Parish contributions	2a	3,978	-	-	-	<b>3,978</b>	3,941
Archbishops' Council	2b	-	-	2,735	-	<b>2,735</b>	3,257
Other donations	2c	16	-	3	-	<b>19</b>	13
Charitable activities	3	379	5	69	-	<b>453</b>	556
Other activities	4	864	-	-	641	<b>1,505</b>	1,344
Investments	5	206	10	125	689	<b>1,030</b>	950
Other	6	510	-	-	476	<b>986</b>	902
<b>Total income and endowments</b>		<b>5,953</b>	<b>15</b>	<b>2,932</b>	<b>1,806</b>	<b>10,706</b>	<b>10,963</b>
<b>Expenditure on</b>							
Raising funds	7	-	-	-	165	<b>165</b>	201
Charitable activities	8	10,449	22	146	-	<b>10,617</b>	10,340
Other	9	1,229	-	-	560	<b>1,789</b>	1,467
<b>Total expenditure</b>		<b>11,678</b>	<b>22</b>	<b>146</b>	<b>725</b>	<b>12,571</b>	<b>12,008</b>
<b>Net (expenditure) / income before losses and gains on investments</b>		<b>(5,725)</b>	<b>(7)</b>	<b>2,786</b>	<b>1,081</b>	<b>(1,865)</b>	<b>(1,045)</b>
(Loss) / Gain on investments		(1,229)	(10)	-	2,212	<b>973</b>	2,670
<b>Net (expenditure) / income</b>		<b>(6,954)</b>	<b>(17)</b>	<b>2,786</b>	<b>3,293</b>	<b>(892)</b>	<b>1,625</b>
<b>Transfers between funds</b>	14	8,649	(554)	(3,439)	(4,656)	-	-
<b>Other recognised gains:</b>							
Loss on revaluation of fixed assets		(354)	-	-	-	<b>(354)</b>	(143)
<b>Net movement in funds</b>		<b>1,341</b>	<b>(571)</b>	<b>(653)</b>	<b>(1,363)</b>	<b>(1,246)</b>	<b>1,482</b>
<b>Total funds brought forward</b>		<b>6,559</b>	<b>829</b>	<b>2,422</b>	<b>70,729</b>	<b>80,539</b>	<b>79,057</b>
<b>Total funds carried forward</b>	20	<b>7,900</b>	<b>258</b>	<b>1,769</b>	<b>69,366</b>	<b>79,293</b>	<b>80,539</b>

All activities derive from continuing activities. The notes on pages 26 to 55 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 December 2023**

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	<b>Total 2023 £'000</b>	Total 2022 £'000
Income before losses and gains on investments	8,900	9,152
Expenditure	(11,846)	(11,326)
<b>Operating deficit for the year</b>	<b>(2,946)</b>	<b>(2,174)</b>
Net (loss) / profit on investments	(1,239)	129
Net transfer from endowment funds	4,656	2,261
<b>Net income for the year</b>	<b>471</b>	<b>216</b>
Other comprehensive losses:		
Revaluation of fixed assets	(354)	(143)
<b>Total comprehensive income</b>	<b>117</b>	<b>73</b>

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. The notes on pages 26 to 55 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**BALANCE SHEET**  
**At 31 December 2023**

Company Number – 00227087

	Note	2023 £'000	2022 £'000
<b>FIXED ASSETS</b>			
Tangible assets	15	34,157	38,287
Investments	16	43,747	43,754
		<u>77,904</u>	<u>82,041</u>
<b>CURRENT ASSETS</b>			
Stock		44	39
Debtors	17	766	752
Cash on deposit, at bank and in hand		4,341	1,704
		<u>5,151</u>	<u>2,495</u>
<b>CREDITORS: amounts falling due within one year</b>	18	<u>(3,726)</u>	<u>(3,961)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>1,425</u>	<u>(1,466)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>79,329</u>	<u>80,575</u>
<b>CREDITORS: amounts falling due after more than one year</b>	19	<u>(36)</u>	<u>(36)</u>
<b>NET ASSETS</b>		<u><u>79,293</u></u>	<u><u>80,539</u></u>
<b>FUNDS</b>			
<b>Endowment funds</b> (Including investment revaluation reserve of £28,288k (2022: £27,865k))		69,366	70,729
<b>Restricted income funds</b> (Including investment revaluation reserve of £Nil (2022: £Nil))		1,769	2,422
<b>Unrestricted income funds:</b>			
<b>General funds</b> (Including revaluation reserve of £421k (2022: £625k))		7,900	6,559
<b>Designated funds</b> (Including investment revaluation reserve of £26k (2022: £36k))		258	829
<b>TOTAL FUNDS</b>	20	<u><u>79,293</u></u>	<u><u>80,539</u></u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 18 May 2024 and signed on behalf of the Board by:

**D J Palmer - Chair**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**CASH FLOW STATEMENT**  
**For the year ended 31 December 2023**

	2023		2022	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>		<b>(3,564)</b>		<b>(2,039)</b>
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	1,030		950	
Proceeds from the sale of tangible fixed assets	1,888		1,001	
Proceeds from the sale of fixed asset investments - shares	2,695		644	
Proceeds from the sale of fixed asset investments - Glebe	1,360		378	
Purchase of tangible fixed assets	(363)		(307)	
Purchase of fixed asset investments	(259)		(741)	
<b>Net cash provided by investing activities</b>		<b>6,351</b>		<b>1,925</b>
<b>Cash flows from financing activities</b>				
Contributions to Clergy and Lay staff pension plans	-		(147)	
<b>Net cash used in financing activities</b>		<b>-</b>		<b>(147)</b>
<b>Change in cash and cash equivalents in the period</b>		<b>2,787</b>		<b>(261)</b>
Cash and cash equivalents at 1 January		(796)		(535)
<b>Cash and cash equivalents at 31 December</b>		<b>1,991</b>		<b>(796)</b>
<b>Reconciliation of net movements in funds to net cashflow from operating activities</b>				
<b>Net movement in funds for the year ended 31 December</b>		<b>(1,246)</b>		<b>1,482</b>
<b>Adjustments for:</b>				
Depreciation charges		418		265
Dividends, interest and rent from investments		(1,030)		(950)
Repayment and write off of Parish loans		54		36
Advancement of Parish loans		(1)		(35)
Profit on sale of fixed assets		(977)		(676)
Loss on revaluation of fixed assets		354		66
Loss on sale of fixed asset investments - shares		22		2
Profit on sale of fixed asset investments - Glebe		(221)		(48)
Gain on revaluation of fixed asset investments		(780)		(2,616)
Increase in stock		(5)		-
Increase in debtors		(66)		(57)
Clergy & Lay pension interest and liability adjustments		-		(111)
Increase in related party debit balances		(12)		(10)
(Decrease) / Increase in creditors		(74)		613
<b>Net cash used in operating activities</b>		<b>(3,564)</b>		<b>(2,039)</b>
<b>Analysis of cash and cash equivalents</b>				
Cash at bank and in hand		1,791		1,632
Notice deposits (less than 3 months)		2,550		72
		<b>4,341</b>		<b>1,704</b>
<b>Borrowings</b>				
Bank loans due within one year		(2,350)		(2,500)
Bank loans due after more than one year		-		-
<b>Total cash and cash equivalents</b>		<b>1,991</b>		<b>(796)</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2023**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which, in the main, are included at their market value at the balance sheet date, and certain tangible fixed assets which are included at fair value. 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 (FRS 102). The financial statements have been prepared in UK sterling currency and rounded to the nearest £1,000.

**Going Concern**

The Trustees had prepared a 2023 budget that had a significant net operational deficit. There is a reduced budgeted deficit for 2024. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism. We have sufficient assets to cope in the short term. It is anticipated returning to a breakeven budget by 2028. Therefore, the Trustees consider that there is no material uncertainty regarding going concern.

The principal accounting policies are as follows;

**a) Income**

All income is included in the Statement of Financial Activities when LDBF is legally entitled to it as income, ultimate receipt is probable and the amount recognised can be quantified with reasonable accuracy.

- i) **Parish Contributions** are recognised as income of the year in respect of which it is received, and up to 31 January of the following year.
- ii) **Income from other trading activities;**  
Housing rental receivable is recognised as income in the period to which it relates. Bookshop and Café sales represent goods sold over the counter and are recognised on the date of sale. Internet sales are recognised on the date of notification. Conferencing and events income is recognised on the date of the associated event. Cancellation charges are recognised on the date of notification.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received, which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year end, are included in creditors to be carried forward to the following year.
- v) **Government grants** are recognised as income of the year to which they relate.
- vi) **Parochial fees** are recognised as income of the year to which they relate.
- vii) **Donations**, other than grants, are recognised when receivable.
- viii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- ix) **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 (as the expenditure is greater) and the legal restrictions, therefore, are satisfied. It is on this basis that the expenditure is shown in the General Fund in the Statement of Financial Activities and is offset by the income which, initially, is shown in the Restricted Fund, but then transferred to the General Fund.

**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 costs relating to the temporary renting out of parsonages, agent's costs for Glebe investment properties and management fees on investment assets.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the Diocese, and expenditure that supports education within Church of England schools in the Diocese.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

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**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 LDBF, such grants being recognised as expenditure when the conditions attaching have been 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** are 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 based on the proportion of the net amount spent on resourcing and support of mission and ministry.
- v) **SMH trading and letting costs** are staff, cost of goods sold, and building costs charged on an accruals basis.
- vi) **Pension contributions** relate to LDBF staff who are members of the Church Workers Pension Fund. Clergy are members of the Church of England Funded Pensions Scheme (see note 27). The pension costs, charged as resources expended, represent LDBF's contribution payable in respect of the accounting period in accordance with FRS102. Deficit funding for the pension schemes is accrued at current value in creditors distinguished between contributions falling due within one year and after one year.

**c) Tangible fixed assets and depreciation**

***Freehold properties***

Depreciation is not provided on the majority of LDBF properties 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. 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. 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.

***St Martins House (SMH) and St Martins Lodge (SML)***

St Martins House is valued at open market value at 31 December. SMH is divided into a fixed asset and a fixed asset investment property. 2% straight line annual depreciation on cost is provided on the fixed asset.

St Martins Lodge is valued at open market value at 31 December.

***Properties subject to value linked loans***

There is one property which has been bought with the assistance of a value-linked loan from the Church Commissioners. The property and loan are carried at original cost. However, the Church Commissioners are entitled to be repaid the appropriate proportion of the value of the property when disposed. The appropriate proportion being the proportion of the loan supplied compared to the original cost of the property.

***Investment properties***

Glebe properties (except St Martins Lodge), which are held for investment purposes and rented out, are subject to formal revaluation every three years with the last formal revaluation being as at 31 December 2021. In between formal revaluations, management carry out an annual desk top revaluation based on appropriate and recognised property indices. Properties are, therefore, included at the year-end market value as indicated by the management revaluation exercise or the formal revaluation. The next formal revaluation will be carried out as at 31 December 2024.

***Parsonage houses***

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 strict legal form. 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 cost.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

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**1. ACCOUNTING POLICIES (continued)**

**d) Other tangible fixed assets**

All capital expenditure on other tangible fixed assets over £500 is depreciated. 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 rates:-

Computer equipment - 50% per annum on a straight-line basis

Fixtures and fittings - 50% per annum on a straight-line basis

**e) 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) **Stock** is included at the lower of cost and net realisable value and relates to books purchased for resale to the general public.
- iii) **Leases** refer to operating leases entered into for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates

**f) Critical accounting estimates and judgements**

In the application of LDBF's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates, and associated assumptions, are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are;

- Investment properties are valued at the Trustees' estimate which is based on a market valuation completed by a qualified valuer every three years. In between formal valuations the Trustees use appropriate market indices.
- The present value of the clergy and lay pension schemes' defined liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying value of any pension liability.

**g) Fund balances**

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

- **Unrestricted funds** are LDBF's corporate funds and are freely available for any purpose within the Charitable Company's objects, at the discretion of LDBF. There are two types of unrestricted funds:
  - i) **General funds** which LDBF intends to use for the general purposes of LDBF, and
  - ii) **Designated funds** set aside from unrestricted funds for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to either legal measure or donor imposed conditions.
- **Endowment funds** are those held on trust to be retained for the benefit of LDBF as a capital fund. In the case of the endowment funds administered by LDBF (Stipends Glebe and Endowment Capital Funds), there are discretionary powers to convert capital into income and therefore these funds are classified as expendable endowment. The Parsonage Houses Fund, where there is no provision for expenditure of capital, is classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where LDBF acts as Trustee and controls the management and use of the funds, are included in LDBF's own financial statements as charity branches. Trusts where LDBF acts as Custodian Trustee with no control over the management of the funds, are not included in the financial statements but are summarised in note 29.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**2. DONATIONS**

**2a. Parish Contributions**

All donations are collected from the parishes of the Diocese.

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General	Designated				
	£'000	£'000				
Current year	3,978	-	-	-	3,978	3,941
	<u>3,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,978</u>	<u>3,941</u>

2022 funds are all Unrestricted General Funds

**2b. Archbishops' Council**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General	Designated				
	£'000	£'000				
Stipend support	-	-	1,187	-	1,187	1,523
Resource churches grant	-	-	756	-	756	738
IWC grant	-	-	310	-	310	401
Strategic change grant	-	-	193	-	193	113
Ordinand grant	-	-	132	-	132	197
Youth worker grant	-	-	48	-	48	-
Curate grant	-	-	44	-	44	73
Carbon offset grant	-	-	15	-	15	-
Other grants	-	-	3	-	3	5
Restructuring funding	-	-	-	-	-	156
Legal cost contribution	-	-	47	-	47	51
	<u>-</u>	<u>-</u>	<u>2,735</u>	<u>-</u>	<u>2,735</u>	<u>3,257</u>

2022 funds are all Restricted Funds

**2c. Other Donations**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General	Designated				
	£'000	£'000				
Donations	16	-	3	-	19	13
	<u>16</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>19</u>	<u>13</u>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General	Designated			
	£'000	£'000			
Donations	11	2	-	-	13
	<u>11</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>13</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**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	206	-	-	-	206	244
Benefact Trust grant	119	-	-	-	119	136
Tree of Life donations	-	-	37	-	37	100
Historic England grant	-	-	30	-	30	58
Course fees and other	2	-	-	-	2	3
Other	52	5	2	-	59	15
	<b>379</b>	<b>5</b>	<b>69</b>	<b>-</b>	<b>453</b>	<b>556</b>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
Statutory fees	244	-	-	-	244
Benefact Trust grant	136	-	-	-	136
Tree of Life donations	-	-	100	-	100
Historic England grant	-	-	58	-	58
Course fees and other	3	-	-	-	3
Other	12	-	3	-	15
	<b>395</b>	<b>-</b>	<b>161</b>	<b>-</b>	<b>556</b>

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
Housing rental income	389	-	-	-	389	393
Property grants	6	-	-	-	6	4
Building insurance claim	43	-	-	-	43	-
SMLodge & New Street income	-	-	-	641	641	582
Bookshop, café and conferencing income	426	-	-	-	426	365
	<b>864</b>	<b>-</b>	<b>-</b>	<b>641</b>	<b>1,505</b>	<b>1,344</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**4. OTHER TRADING ACTIVITIES (continued)**

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
Housing rental income	393	-	-	-	393
Property grants	4	-	-	-	4
SMLodge & New Street income	-	-	-	582	582
Bookshop, café and conferencing income	365	-	-	-	365
	<u>762</u>	<u>-</u>	<u>-</u>	<u>582</u>	<u>1,344</u>

**5. INVESTMENT INCOME**

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
Glebe rents	-	-	-	611	611	603
Listed securities	-	-	-	78	78	94
Unlisted securities	-	7	125	-	132	107
SMH rental income	138	-	-	-	138	137
Bank and other interest	68	3	-	-	71	9
	<u>206</u>	<u>10</u>	<u>125</u>	<u>689</u>	<u>1,030</u>	<u>950</u>

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
Glebe rents	-	-	-	603	603
Listed securities	-	-	-	94	94
Unlisted securities	-	6	101	-	107
SMH rental income	137	-	-	-	137
Bank and other interest	6	3	-	-	9
	<u>143</u>	<u>9</u>	<u>101</u>	<u>697</u>	<u>950</u>

**6. OTHER INCOME**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
Gain on parsonage sales	-	-	-	470	470	440
Glebe overages	-	-	-	6	6	92
Gain on DBF property sales	507	-	-	-	507	243
Remeasurement of DBS pension liability	-	-	-	-	-	119
Other income	3	-	-	-	3	8
	<u>510</u>	<u>-</u>	<u>-</u>	<u>476</u>	<u>986</u>	<u>902</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**6. OTHER INCOME (continued)**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
Gain on parsonage sales	-	-	-	440	440
Glebe overages	-	-	-	92	92
Gain on DBF property sales	243	-	-	-	243
Remeasurement of DBS pension liability	119	-	-	-	119
Other income	8	-	-	-	8
	<u>370</u>	<u>-</u>	<u>-</u>	<u>532</u>	<u>902</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				
Glebe agent's fees	-	-	-	48	48	47
Other Glebe costs	-	-	-	97	97	133
Investment management fees	-	-	-	20	20	21
	<u>-</u>	<u>-</u>	<u>-</u>	<u>165</u>	<u>165</u>	<u>201</u>

2022 funds are all Endowment Funds

**8. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
<b>8a Contributions to Archbishops' Council</b>						
Training for Ministry National Church Responsibilities	195	-	-	-	195	195
Retired clergy housing costs	176	-	-	-	176	96
	<u>77</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77</u>	<u>73</u>
	<u>448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448</u>	<u>364</u>

2022 funds are all Unrestricted General Funds

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**8. CHARITABLE ACTIVITIES (continued)**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
<b>8b Resourcing Mission and Ministry</b>						
Parish Ministry stipends and National Insurance (NI)	3,533	-	-	-	<b>3,533</b>	3,592
Clergy pension contributions	728	-	-	-	<b>728</b>	880
Non clergy salaries, NI and pensions	361	-	-	-	<b>361</b>	405
Housing costs	1,330	-	-	-	<b>1,330</b>	1,220
Ordinand, removal & resettlement grants	127	-	-	-	<b>127</b>	233
Interregna costs	43	-	-	-	<b>43</b>	34
Resource church costs	181	-	-	-	<b>181</b>	180
Other expenses	287	-	-	-	<b>287</b>	253
Support costs	732	-	-	-	<b>732</b>	731
	<b>7,322</b>	-	-	-	<b>7,322</b>	7,528

2022 funds are all Unrestricted General Funds

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
<b>8c Support for Mission and Ministry</b>						
Salaries, NI and pension costs	1,298	-	-	-	<b>1,298</b>	1,315
Leicester Cathedral grants	525	-	-	-	<b>525</b>	25
Growth fund grants	34	-	4	-	<b>38</b>	65
Capital fund grants	-	-	-	-	-	25
Other grants	64	19	119	-	<b>202</b>	296
Redundant church costs	-	-	23	-	<b>23</b>	26
Other costs	352	3	-	-	<b>355</b>	360
Support costs	272	-	-	-	<b>272</b>	227
	<b>2,545</b>	<b>22</b>	<b>146</b>	-	<b>2,713</b>	2,339

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total Funds 2022 £'000
	General £'000	Designated £'000			
<b>Support for Mission and Ministry (continued)</b>					
Salaries, NI and pension costs	1,315	-	-	-	1,315
Growth fund grants	-	-	65	-	65
Capital fund grants	-	-	25	-	25
Other grants	125	21	175	-	321
Redundant church costs	-	-	26	-	26
Other costs	347	13	-	-	360
Support costs	227	-	-	-	227
	<b>2,014</b>	<b>34</b>	<b>291</b>	-	<b>2,339</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**8. CHARITABLE ACTIVITIES (continued)**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
<b>8d Support for education</b>						
Support for church schools	134	-	-	-	<b>134</b>	109
	<u>134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134</u>	<u>109</u>
2022 funds are all Unrestricted General Funds						
<b>TOTAL CHARITABLE ACTIVITIES 2023</b>	<b>10,449</b>	<b>22</b>	<b>146</b>	<b>-</b>	<b>10,617</b>	10,340
<b>TOTAL CHARITABLE ACTIVITIES 2022</b>	<b>10,015</b>	<b>34</b>	<b>291</b>	<b>-</b>	<b>10,340</b>	

**9. OTHER EXPENDITURE**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
SM Lodge & New Street expenses	-	-	-	560	<b>560</b>	481
SMH trading and letting costs	1,229	-	-	-	<b>1,229</b>	986
	<u>1,229</u>	<u>-</u>	<u>-</u>	<u>560</u>	<u>1,789</u>	<u>1,467</u>

Included within the 2023 SMH trading and letting costs is a complete write down of the Cathedral Gardens asset of £296,253 (2022: £96,155)

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
SM Lodge/New Street expenses	-	-	-	481	481
SMH trading and letting costs	986	-	-	-	986
	<u>986</u>	<u>-</u>	<u>-</u>	<u>481</u>	<u>1,467</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

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

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2023 £'000	Total costs 2022 £'000
Raising funds	165	-	-	165	201
Charitable activities:					
Contributions to Archbishops' Council	-	448	-	448	364
Resourcing Mission and Ministry	6,353	237	732	7,322	7,528
Supporting Mission and Ministry	1,677	764	272	2,713	2,339
Support for education	134	-	-	134	109
Other expenditure	1,789	-	-	1,789	1,467
	<b>10,118</b>	<b>1,449</b>	<b>1,004</b>	<b>12,571</b>	<b>12,008</b>

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2022 £'000
Raising funds	201	-	-	201
Charitable activities:				
Contributions to Archbishops' Council	-	364	-	364
Resourcing Mission and Ministry	6,548	249	731	7,528
Supporting Mission and Ministry	1,700	412	227	2,339
Support for education	109	-	-	109
Other expenditure	1,467	-	-	1,467
	<b>10,025</b>	<b>1,025</b>	<b>958</b>	<b>12,008</b>

**11. ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
	General £'000	Designated £'000				
Central administration	826	-	-	-	826	792
Governance:						
Registrar and Chancellor	129	-	-	-	129	113
Audit costs:						
- External audit	31	-	-	-	31	29
- Other services	4	-	-	-	4	4
Synodical costs	14	-	-	-	14	20
	<b>1,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,004</b>	<b>958</b>

2022 funds are all Unrestricted General Funds

External audit costs in 2023 were £31,350 (2022: £29,040). Other auditor service costs in 2023 were £3,960 (2022: £3,930). These amounts are inclusive of UK VAT.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**12. ANALYSIS OF GRANTS MADE**

	<b>Number</b>	<b>Individuals £'000</b>	<b>Institutions £'000</b>	<b>2023 Total £'000</b>	<b>2022 Total £'000</b>
<b>From unrestricted funds for national Church responsibilities:</b>					
Contributions to Archbishops' Council	1	-	448	<b>448</b>	364
<b>From unrestricted funds:</b>					
Diocesan Board of Education support grants	2	-	134	<b>134</b>	109
University Chaplaincies	3	-	117	<b>117</b>	107
Maintenance grants to Ordinands	11	88	-	<b>88</b>	88
Resettlement and first appointment grants	25	58	-	<b>58</b>	140
St Philip's Centre	1	-	51	<b>51</b>	51
Leicester Cathedral	1	-	25	<b>25</b>	25
St Peter's Church grant for Premises Officer	1	-	13	<b>13</b>	12
Community Link grants	1	-	11	<b>11</b>	10
Retired clergy fund grants	191	11	-	<b>11</b>	-
Ecumenical support (Churches Together)	1	-	10	<b>10</b>	19
Reader and Clergy training grants	35	9	-	<b>9</b>	5
Archdeacons' fund grants	17	7	-	<b>7</b>	-
International Links	-	-	-	-	27
Other grants	-	-	-	-	1
<b>Total</b>	<b>290</b>	<b>173</b>	<b>360</b>	<b>533</b>	<b>594</b>
<b>From restricted or endowment funds for various purposes:</b>					
Leicester Cathedral	1	-	500	<b>500</b>	-
Ordinand training grants	13	111	-	<b>111</b>	151
Growth fund grants	5	-	37	<b>37</b>	65
Capital fund grants	-	-	-	-	25
Strategic Development Fund grants	16	-	55	<b>55</b>	-
JD Player interest	2	-	6	<b>6</b>	4
<b>Total</b>	<b>37</b>	<b>111</b>	<b>598</b>	<b>709</b>	<b>245</b>
<b>Total</b>	<b>328</b>	<b>284</b>	<b>1,406</b>	<b>1,690</b>	<b>1,203</b>

As from 1<sup>st</sup> January 2022, LDBF provides an annual £25,000 grant to LCAT (subject to annual review).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**13. STAFF COSTS**

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Employee costs during the year were as follows:		
Wages and salaries	<b>1,891</b>	1,821
National Insurance contributions	<b>182</b>	177
Pension costs	<b>132</b>	228
	<b>2,205</b>	2,226

	<b>2023</b>	2022
	<b>Number</b>	Number
The average number of persons employed by LDBF during the year:		
SMH Conference Centre	<b>50.0</b>	44.0
Administration and financial management	<b>8.0</b>	7.2
Property	<b>3.0</b>	4.1
Discipleship, Ministry & Stewardship	<b>26.7</b>	29.8
Safeguarding & inclusion	<b>5.0</b>	5.0
Parochial lay staff	<b>2.0</b>	2.0
	<b>94.7</b>	92.1

	<b>2023</b>	2022
	<b>Number</b>	Number
The average number of persons employed by LDBF during the year based on full-time equivalents:		
SMH Conference Centre	<b>25.9</b>	27.0
Administration and financial management	<b>7.3</b>	6.6
Property	<b>1.6</b>	2.1
Discipleship & Ministry, Stewardship	<b>23.5</b>	24.4
Safeguarding and inclusion	<b>3.7</b>	3.7
Parochial lay staff	<b>1.5</b>	1.5
	<b>63.5</b>	65.3

	<b>2023</b>	2022
	<b>Number</b>	Number
The numbers of staff (including diocesan appointed clergy) whose emoluments amounted to more than £60,000 (including benefits in kind but excluding pension contributions and NIC's) were as follows:		
£60,001 - £70,000	<b>2</b>	2
£70,001 - £80,000	<b>1</b>	-
£80,001 - £90,000	<b>1</b>	1

Pension payments of £23,520 (2022: £14,731) were made for these employees.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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 Chief Executive	Jonathan Kerry
Director of Operations and Governance	Andrew Brockbank
Director of Finance and Property	Simon Wilson
Director of Parish Transition and Ministry Development	Reverend Doctor Stuart Burns

Remuneration (excluding NIC's) and pensions for these 4 employees or office holders amounted to £333,791 (2022: £247,322). The increase from 2022 to 2023 was due to one officer only being in post for a small part of 2022.

**Trustees' emoluments**

No Trustee received remuneration for services as a Trustee. The Trustees received travel and out of pocket expenses, totalling £13,471 (2022: £6,541) in respect of Leicester Synod duties, in their diocesan role as Archdeacon or Area / Rural Dean or for interregna fees and for their duties as Trustees. The majority of expenses were paid for Trustees' diocesan roles; the amounts paid as Trustees were insignificant.

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

	<b>Stipend</b>	<b>Housing</b>
The Venerable RV Worsfold	Yes	Yes
The Venerable C Wood	Yes	Yes
The Reverend W Dalrymple	Yes	Yes

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

The LDBF paid an average of 126 (2022: 134) clergy as office-holders holding parochial or diocesan appointments in the Diocese, and their costs were as follows:

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Stipends	<b>3,589</b>	3,615
National Insurance contributions	<b>313</b>	331
Pension costs	<b>841</b>	1,018
Housing allowances	<b>118</b>	105
	<b>4,861</b>	5,069

The annual rate of stipend, funded by the LDBF, paid to the two Archdeacons in 2023 was in the range £35,000 - £40,000 (2022: range £35,000 - £40,000) and other clergy who were Trustees were paid in the range £0 - £30,000 (2022: range: £0 - £30,000).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
<b>2023</b>				
Church Commissioners' and Historic England grant income	2,670	-	(2,670)	-
Net Glebe rental income used for general purposes	605	-	-	(605)
Stipend Glebe Unapplied Total Return transfer	1,200	-	-	(1,200)
General fund transfer to Growth fund	(1)	-	1	-
Ordinand fund transfer	36	-	(36)	-
Endowment income used to fund stipends	32	-	-	(32)
Other Restricted fund transfers	3	-	(3)	-
Designated fund transfers to General fund	562	(562)	-	-
Restricted income used to fund retired clergy grants	575	8	(583)	-
Property fund transfers	2,967	-	(148)	(2,819)
	<u>8,649</u>	<u>(554)</u>	<u>(3,439)</u>	<u>(4,656)</u>
<b>2022</b>				
Church Commissioners' and Historic England grant income	3,218	-	(3,218)	-
Net Glebe rental income used for general purposes	596	-	-	(596)
Stipend Glebe Unapplied Total Return transfer	1,200	-	-	(1,200)
General fund transfer to Growth fund	(63)	-	63	-
Restricted income used to fund stipends	92	-	(92)	-
General fund transfer to Capital fund	(25)	-	25	-
Restricted income used to fund retired clergy grants	-	8	(8)	-
Property fund transfers	5	-	460	(465)
	<u>5,023</u>	<u>8</u>	<u>(2,770)</u>	<u>(2,261)</u>

**Church Commissioners' grant income** - Within restricted funds there is income received from The Archbishops' Council of £1.19m (2022: £1.68m) to fund the payment of stipends, £756k (2022: £738k) to fund the Resource Church project, £132k (2022: £197k) to fund Ordinands, £310k (2022: £401k) to fund the IWC project, and £193k (2022: £113k) to fund The Shaped by God transition project from unrestricted funds.

**Stipends Glebe rental income** - This income is rental income from endowment properties. The income is used to fund the payment of stipends from unrestricted funds.

**Stipends Glebe Unapplied Total Return transfer** – This transfer has been made from the Unapplied Total Return fund and is for general purposes. The Unapplied Total Return Fund is part of the Stipends Glebe endowment fund.

**Property fund transfers** – This relates to £2.081m for the transfer of properties to DBF properties plus £886k of funds spent on property improvement projects.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**15. TANGIBLE FIXED ASSETS**

	SMH £'000	Parsonage houses £'000	DBF properties £'000	Other equipment £'000	Total £'000
<b>Cost or valuation</b>					
<b>At 1 January 2023</b>	<b>3,111</b>	<b>20,453</b>	<b>15,317</b>	<b>974</b>	<b>39,855</b>
Additions	-	122	150	91	363
Transfers	-	(2,081)	(729)	-	(2,810)
Disposals	-	(390)	(521)	-	(911)
Revaluation	(426)	-	-	-	(426)
<b>At 31 December 2023</b>	<b>2,685</b>	<b>18,104</b>	<b>14,217</b>	<b>1,065</b>	<b>36,071</b>
<b>Depreciation</b>					
<b>At 1 January 2023</b>	-	-	<b>614</b>	<b>954</b>	<b>1,568</b>
Disposals	-	-	-	-	-
Charge for the year	72	-	297	49	418
Revaluation	(72)	-	-	-	(72)
<b>At 31 December 2023</b>	-	-	<b>911</b>	<b>1,003</b>	<b>1,914</b>
<b>Net Book Value</b>					
<b>At 31 December 2023</b>	<b>2,685</b>	<b>18,104</b>	<b>13,306</b>	<b>62</b>	<b>34,157</b>
At 1 January 2023	3,111	20,453	14,703	20	38,287

All of the properties in the Balance Sheet are freehold and are vested in the LDBF. One property has been purchased with the help of a value-linked loan from the Church Commissioners. When the property is disposed, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of the property included above is £36,323 (2022: £36,323). All properties at 31 December 2023 and 31 December 2022 are valued at cost. All property repairs are charged as expenditure. One property (the Community House) has had a change of use during the year and hence it has been reclassified as an investment property (see note 16); the cost value transferred was £2,810,245. This property was revalued at the date of change of use. The Trustees do not believe there was a material change in value at the year end.

As at 31 December 2023, St Martins House (SMH) has been valued by Andrew Granger & Co. LLP, Chartered Surveyors. The property was valued at £4,230,000 (2022: £4,425,000) on an open market basis. £2,684,802 (2022: £3,110,851) of the SMH value was deemed to represent a fixed asset, the balance of £1,545,198 (2022: £1,314,149) was deemed to represent a fixed asset investment (see note 16 below). If SMH had not been revalued, the fixed asset element would have been included at its historical cost of £2,760,000 less accumulated depreciation of £527,869.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**16. FIXED ASSETS INVESTMENTS**

	At 1 January 2023 £'000	Additions £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2023 £'000
<b>Unrestricted funds</b>					
Listed investments	-	-	-	-	-
Unlisted investments	-	-	-	-	-
Other	1,314	2,810	-	(1,229)	2,895
<b>Total</b>	<u>1,314</u>	<u>2,810</u>	<u>-</u>	<u>(1,229)</u>	<u>2,895</u>
Unlisted investments	170	-	-	(9)	161
<b>Endowment funds</b>					
Investment properties	36,386	18	(1,140)	1,992	37,256
Listed investments	3,340	241	(1,679)	114	2,016
Unlisted investments	2,544	-	(1,037)	(88)	1,419
	<u>42,270</u>	<u>259</u>	<u>(3,856)</u>	<u>2,018</u>	<u>40,691</u>
<b>Total</b>	<u><u>43,754</u></u>	<u><u>3,069</u></u>	<u><u>(3,856)</u></u>	<u><u>780</u></u>	<u><u>43,747</u></u>

The valuation of investments at 31 December 2023 was carried out by the Board's Investment Advisors as shown in the Administrative Details on page 18.

Included in investment properties is St Martins Lodge, which is a property purchased during 2015 costing a total of £4,497,270 (including subsequent refurbishment costs). St Martins Lodge has been developed into a high quality, 28 bed overnight accommodation facility.

As at 31 December 2023, St Martins Lodge was valued by Christie & Co. at £2,175,000 (2022: £2,175,000) on an open market basis.

During the year, one DBF property (the Community House), which was listed as a DBF fixed asset (see note 15), changed its use and was transferred to an unrestricted fund fixed asset investment at its holding cost of £2,810,245. This property was subsequently revalued by Andrew Granger & Co. at £1,350,000. The decrease in valuation (£1,460,000) is part of the change in market value.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**17. DEBTORS**

	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Due within one year</b>		
Trade debtors	33	36
Parish contribution	200	163
Loans to parishes	30	48
Amounts owed by related parties	34	33
Other debtors	147	194
Prepayments and accrued income	272	193
	<u>716</u>	<u>667</u>
<b>Due after more than one year</b>		
Loans to parishes	45	80
Value linked loan	5	5
	<u>50</u>	<u>85</u>
<b>Total debtors</b>	<u><u>766</u></u>	<u><u>752</u></u>

<b>The loans above are represented by:</b>	<b>Due within one year £'000</b>	<b>Due after one year £'000</b>	<b>Total £'000</b>
<b>Unsecured loans</b>			
Loans to parishes	30	45	75
<b>Total unsecured loans</b>	<u>30</u>	<u>45</u>	<u>75</u>
<b>Secured loans</b>			
Trustees of Launde Abbey	-	865	865
Provision on Launde Abbey loan	-	(865)	(865)
Value linked loan on retired clergy housing	-	5	5
<b>Total secured loans</b>	<u>-</u>	<u>5</u>	<u>5</u>
<b>Total loans outstanding</b>	<u><u>30</u></u>	<u><u>50</u></u>	<u><u>80</u></u>

**Unsecured loans**

The Parish loans are generally for one off cashflow support with varying periods of repayment. The loans attract a commercial rate of interest, currently varying between 3% and 5% per annum.

**Secured loans**

There is a loan to the Trustees of Launde Abbey for £865,138, which has been fully provided for (which includes accrued interest). On 31<sup>st</sup> December 2018, an agreement was reached whereby the loan was secured as a first charge against the total value of Launde Abbey. On any disposal of Launde Abbey in its entirety, LDBF would recover the greater of 21.89% of disposal proceeds - based on the valuation of the property at 9 April 2015, being £3,950,000 - or £865,138. In the event of a part disposal, LDBF would receive £865,138 on the first part disposal and then be entitled to 21.89% of total part disposal proceeds where there are future part disposals, where the total of all part disposal proceeds exceeds £865,138. Any excess of funds paid to LDBF over £865,138 is deemed to be a premium on the loan.

LDBF is the Custodian Trustee of Launde Abbey which is the Diocesan retreat house.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

<b>18. CREDITORS: amounts falling due within one year</b>	<b>2023</b>	2022
	<b>£'000</b>	£'000
Trade creditors	<b>293</b>	264
Bank loan	<b>2,350</b>	2,500
Taxation and social security	<b>94</b>	103
Other creditors	<b>307</b>	411
Accruals	<b>579</b>	494
Deferred income	<b>77</b>	152
Amounts owed to related parties	<b>26</b>	37
<b>Total</b>	<b>3,726</b>	3,961

<b>19. CREDITORS: amounts falling due after more than one year</b>	<b>2023</b>	2022
	<b>£'000</b>	£'000
Church Commissioners' value-linked loan	<b>36</b>	36
<b>Total</b>	<b>36</b>	36

The £2,350,000 bank loan has been provided by Barclays Bank Plc since 20<sup>th</sup> September 2023. Interest is payable on the loan quarterly in arrears at the prevailing Bank of England base rate (which can never be less than zero) plus a margin of 1.72%. The loan has been secured on five LDBF properties and can be repaid in full, or in part (with the part amount being agreed with Barclays Bank Plc), at any time by giving 7 days' notice. The loan is due for full repayment on 20<sup>th</sup> September 2024.

The value-linked loan (VLL) is secured by guarantee against a property. The loan is repayable, when the property is sold, in proportion to the sale value to the original percentage of the cost of the house originally loaned. The proportion of the loan on this property is 94.74%. At 31 December 2023, the estimated value of the property was £189,182 which is itself a 15% discount to the Nationwide House Price Index. The amount repayable to the Church Commissioners based on the discounted valuation would be £179,226.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**20. SUMMARY OF FUND MOVEMENTS**

	Balances at 1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and (Losses) £'000	Balances at 31 December 2023 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	6,559	5,953	(11,678)	8,649	(1,583)	7,900
<b>Designated funds</b>						
Retired Clergy Fund	164	5	(14)	8	(7)	156
Church Extension Fund	558	2	-	(560)	-	-
Workplace Chaplaincy Fund	2	-	-	(2)	-	-
Archdeacons' Discretionary Fund	105	8	(8)	-	(3)	102
Total Designated Funds	829	15	(22)	(554)	(10)	258
<b>Total unrestricted funds</b>	<b>7,388</b>	<b>5,968</b>	<b>(11,700)</b>	<b>8,095</b>	<b>(1,593)</b>	<b>8,158</b>
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,727	2	(23)	(148)	-	1,558
Church Commissioners', Historic England and other grant income	-	2,670	-	(2,670)	-	-
Endowment Income Fund	635	125	(8)	(583)	-	169
Growth Fund	-	3	(4)	1	-	-
Bishop Jeune Ordinands' Fund	1	-	-	(1)	-	-
The Alan Everitt Fund	2	-	-	(2)	-	-
Diocesan Capital Fund	-	-	-	-	-	-
Ordinand Training Fund	57	132	(111)	(36)	-	42
CofE Stipend Trust Reserve	-	-	-	-	-	-
<b>Total Restricted Funds</b>	<b>2,422</b>	<b>2,932</b>	<b>(146)</b>	<b>(3,439)</b>	<b>-</b>	<b>1,769</b>
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Parsonage Houses	20,453	470	-	(2,819)	-	18,104
<b>Expendable</b>						
Stipends Glebe (see note 22)	48,996	1,336	(725)	(1,806)	2,286	50,087
Other Endowment Capital	1,280	-	-	(31)	(74)	1,175
<b>Total Endowment Funds</b>	<b>70,729</b>	<b>1,806</b>	<b>(725)</b>	<b>(4,656)</b>	<b>2,212</b>	<b>69,366</b>
<b>Total funds</b>	<b>80,539</b>	<b>10,706</b>	<b>(12,571)</b>	<b>-</b>	<b>619</b>	<b>79,293</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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For the year ended 31 December 2023**

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

	Balances at 1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2022 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	6,914	5,622	(11,001)	5,023	1	6,559
Designated funds						
Retired Clergy Fund	174	5	(13)	8	(10)	164
Church Extension Fund	565	3	(9)	-	(1)	558
Workplace Chaplaincy Fund	2	-	-	-	-	2
Archdeacons' Discretionary Fund	118	3	(12)	-	(4)	105
Total Designated Funds	859	11	(34)	8	(15)	829
Total unrestricted funds	7,773	5,633	(11,035)	5,031	(14)	7,388
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,293	-	(26)	460	-	1,727
Church Commissioners', Historic England and other grant income	-	3,218	-	(3,218)	-	-
Endowment Income Fund	637	101	(4)	(99)	-	635
Growth Fund	-	3	(65)	62	-	-
Bishop Jeune Ordinands' Fund	1	-	-	-	-	1
The Alan Everitt Fund	2	-	-	-	-	2
Diocesan Capital Fund	-	-	(25)	25	-	-
Ordinand Training Fund	31	197	(171)	-	-	57
CofE Stipend Trust Reserve	-	-	-	-	-	-
Total Restricted Funds	1,964	3,519	(291)	(2,770)	-	2,422
<b>ENDOWMENT FUNDS</b>						
Permanent						
Parsonage Houses	20,473	440	-	(460)	-	20,453
Expendable						
Stipends Glebe (see note 22)	47,462	1,371	(682)	(1,801)	2,646	48,996
Other Endowment Capital	1,385	-	-	-	(105)	1,280
Total Endowment Funds	69,320	1,811	(682)	(2,261)	2,541	70,729
Total funds	79,057	10,963	(12,008)	-	2,527	80,539

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

<b>21. SUMMARY OF ASSETS BY FUND</b>	<b>Fixed assets Tangible £'000</b>	<b>Investments £'000</b>	<b>Net Assets / (Liabilities) £'000</b>	<b>Total Assets £'000</b>
<b>Unrestricted funds – General</b>	16,053	2,927	(11,080)	7,900
<b>Unrestricted - Designated</b>				
Retired Clergy / Clergy widows	-	116	40	156
Church Extension Fund	-	-	-	-
Workplace Chaplaincy	-	-	-	-
Archdeacons' Discretionary Fund	-	45	57	102
	-	161	97	258
<b>Restricted</b>				
Pastoral Fund	-	-	1,558	1,558
Church Commissioners' Fund	-	-	-	-
<b>Endowment Funds:</b>				
Drew Trust Income Fund	-	-	-	-
Horwood Robinson Income Fund	-	-	-	-
CE Huston Income Fund	-	-	-	-
D Huston Income Fund	-	-	-	-
Clarke Income Fund	-	-	-	-
Fry Income Fund	-	-	-	-
Chippington Income Fund	-	-	-	-
Clergy Stipend Endowment Income	-	-	-	-
Clergy Stipend Income	-	-	-	-
JD Player Memorial Fund	-	-	169	169
Diocesan Growth Fund	-	-	-	-
Bishop Jeune Ordinands' Fund	-	-	-	-
Alan Everitt Memorial Fund	-	-	-	-
Diocesan Capital Fund	-	-	-	-
Ordinand Training Fund	-	-	42	42
CofE Stipend Trust Reserve	-	-	-	-
	-	-	1,769	1,769
<b>Endowment Expendable</b>				
Stipends Glebe Fund (see note 22)	-	39,484	10,603	50,087
<b>Endowment Capital Funds:</b>				
Drew Trust Investment Fund	-	190	-	190
Horwood Robinson Investment Fund	-	185	-	185
CE Huston Investment Fund	-	564	-	564
D Huston Investment Fund	-	138	-	138
Clarke Investment Fund	-	-	-	-
Fry Investment Fund	-	-	-	-
Chippington Investment Fund	-	98	-	98
Clergy Stipend Investment Fund	-	-	-	-
<b>Permanent</b>				
Parsonage Houses Fund	18,104	-	-	18,104
	18,104	40,659	10,603	69,366
<b>Total funds</b>	<b>34,157</b>	<b>43,747</b>	<b>1,389</b>	<b>79,293</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**22. ANALYSIS OF STIPENDS GLEBE ENDOWMENT FUND**

With effect from 1<sup>st</sup> January 2019, the company adopted a Total Return strategy to its Stipends Glebe fund. An exercise was carried out to determine the Endowment fund value and the unapplied Total Return value applicable to the Stipends Glebe Fund. In this regard, records and information, including those held at our Land Agents Andrew Granger & Co. were used to determine the initial value of the endowment, Subsequently, the official Retail Price Index ("RPI") was used to obtain the value of the original endowment as at 1<sup>st</sup> January 2019; The value calculated was £29,048,439. The difference between this value and the balance sheet value, being £46,395,636, at that date was deemed to be the unapplied total return available for transfer to general funds, i.e. £17,347,197.

During 2023, there were income and investment gains in the period of £2,896,864 (2022: £3,368,923). £1,440,614 (2022: £4,342,984) was transferred back to the endowment capital fund as recognition of the increase in value of the endowment as measured by CPI over 2023 being 3.93%. In addition, there were transfers out of Unapplied Return to the General Fund totalling £1,805,414 (2022: £1,836,140); of this £605,414 (2022: £636,140) was used to fund stipends. The balance as at 31 December 2023 was £11,988,922 (2022: £12,338,086).

	<b>Endowment: Stipends Glebe £'000</b>	<b>Unapplied Total Return £'000</b>	<b>Total £'000</b>
<b>As at 1 January 2023</b>	<b>36,657</b>	<b>12,339</b>	<b>48,996</b>
<b>Movements in the reporting period</b>			
Investment income: Glebe rents and dividends	-	1,335	1,335
Investment returns: Realised and unrealised gains / (losses) on shares and the Glebe portfolio	-	2,286	2,286
Less: Investment management costs	-	(725)	(725)
<b>Total movements in the reporting year</b>	<b>-</b>	<b>2,896</b>	<b>2,896</b>
<b>Unapplied Total Return allocated in Income in the year</b>	<b>-</b>	<b>(1,805)</b>	<b>(1,805)</b>
<b>Allocation to capital</b>	<b>1,441</b>	<b>(1,441)</b>	<b>-</b>
<b>Net movements in the reporting year</b>	<b>1,441</b>	<b>(350)</b>	<b>1,091</b>
<b>As at 31 December 2023</b>	<b>38,098</b>	<b>11,989</b>	<b>50,087</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

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**23. DESCRIPTION OF FUNDS**

**GENERAL FUNDS** General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

**DESIGNATED FUNDS** Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.

**RESTRICTED FUNDS** Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.

**ENDOWMENT FUNDS** Endowment funds are funds held on trust to be retained for the Charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

**Designated funds**

**The Retired Clergy Fund** represents funds set aside for the benefit of retired clergy and their spouses, including those widowed, divorced or separated.

**The Church Extension Fund** represents funds put aside over a number of years by the Board to give loans to Parochial and District Church Councils to help with extensions, improvements and repairs to church buildings.

**Workplace Chaplaincy fund** represents funds to support people in workplace environments by offering confidential and independent support on a range of issues.

**The Archdeacons Discretionary Fund** is used by the Archdeacons to pay grants to needy clergy and their families within the Diocese.

**Restricted funds**

**The Pastoral Fund** is a capital and income fund where both may be expended. It may be used for a variety of purposes except for employment costs. It is the Board's policy to use these funds primarily for the purchase of, and improvement (including repairs) to, parsonage houses.

Prior to 2007 the balance included funds of £281,989 held by the Church Commissioners from the sale of parsonage houses which could not be released for other uses until such time as new pastoral schemes for the parishes involved had become operative and the appropriate PCC consents to the funds being released.

In 2007 these funds were released to the Diocese but had to be ring-fenced for the same reason. £286,530 including accumulated interest was received by the Diocese, a small amount of which was immediately expendable, but the remainder placed in a separate fund in relation to one parish. At 31 December 2023 this fund stood at £313,363 (2022: £313,324) and is included in the Pastoral Fund balance.

**Restricted Income from the Church Commissioners** is received from them to support Stipends and Clergy Pension Costs. Income is transferred to the General Fund to be applied against payment of such costs.

**Endowment Income Funds** represent accumulated income and income arising from endowment funds that has not yet been expended.

**The Diocesan Growth Fund** was formerly known as the **Church Commissioners' Mission Fund** and represents additional funds given to the Board by the Church Commissioners that have arisen as a result of better returns on their investment assets.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

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

**Restricted funds (continued)**

**The Bishop Jeune Ordinands' Fund** arose from accumulated income received from the Diocese of Peterborough arising from a fund set up by the late Bishop Jeune in 1868. It is available to be used for the benefit of Ordinands. This fund was closed, and funds transferred to general funds on 31 December 2023.

**The Alan Everitt Memorial Fund**, which commenced in 2010, is specifically for drama and dance based projects that promote the self-esteem of young people in a Christian environment. This fund was closed, and funds transferred to general funds on 31 December 2023.

**The Diocesan Capital Fund** was set up in 2013 to support churches in the Diocese with grants for capital projects. This fund was closed, and funds transferred to general funds on 31 December 2023.

**The CofE Stipend Trust Reserve** provides discretionary grants to Ordinands. This fund was closed, and funds transferred to general funds on 31 December 2023.

**The Ordinand Training Fund** provides discretionary training grants to Ordinands.

**Endowment funds**

**The Stipends Glebe Fund** represents the value of property and investments held under the Endowments and Glebe Measure 1976, invested to produce income to be applied for the augmentation of stipends.

**Endowment Capital Funds** are funds, the majority of which are, for the augmentation of stipends.

**The Parsonage Houses Fund** represents the deemed value of the parsonage houses calculated as set out in note 1c to these financial statements.

**24. CAPITAL COMMITMENTS**

At 31 December 2023 the LDBF had £166,250 (2022: nil) capital expenditure commitments authorised but not contracted for, and nil (2022: nil) contracted for but not yet due.

**25. OPERATING LEASES**

Total commitments under non-cancellable operating leases are as follows:

	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Non land &amp; buildings operating leases where the lease expires:</b>		
Within one year of the balance sheet date	-	-
In the second to fifth years inclusive of the balance sheet date	<b>8</b>	<b>11</b>
More than five years from balance sheet date	-	-
	<u>          </u>	<u>          </u>

**26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES**

There were no post balance sheet events or contingent liabilities.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

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**27. PENSIONS**

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

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

**Church of England Funded Pension Scheme**

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

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

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution applied to pensionable stipends.

At the end of the year the Scheme was paying contributions for 115 members (2022: 123) of the scheme out of a total membership of approximately 8,500 active members.

This scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme’s assets and liabilities to each specific Responsible Body, and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, which were £841,250 (2022: £1,017,870), plus any contributions in respect of any Scheme deficit. The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were nil (2022: £119,000 credit).

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 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%;
- 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 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI 2020 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 2021 valuation, deficit contributions ceased with effect from 1 January 2023.

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 and 2023 was nil. The movement in the balance sheet liability over 2022 and 2023 is set out in the table on page 51.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**27. PENSIONS (continued)**

**Church of England Funded Pension Scheme (continued)**

The deficit recovery contributions payable under the recovery plan in force at each 31 December was 7.1% at 31 December 2021 (payable from 1 January 2021 to 31 December 2022), nil at 31 December 2022 and nil at 31 December 2023. 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.

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Balance sheet liability as at 1 January	-	258
Contributions paid	-	(139)
Interest cost (recognised in the SOFA)	-	-
Remaining change to the balance sheet liability (recognised in SOFA)	-	(119)
	<u>          </u>	<u>          </u>
Balance sheet liability as at 31 December	<u>          </u>	<u>          </u>

The remaining change to the balance sheet liability comprises changes in the agreed deficit recovery plan and changes in discount rates and assumptions between year ends.

The liability represents the present value of the deficit contributions agreed as at 31 December 2023, and has been valued using the following assumptions. No assumptions are needed for December 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 onwards since pensionable stipends for the remainder of the recovery plan were already known.

	<b>December 2023</b>	<b>December 2022</b>	<b>December 2021</b>
Discount rate (p.a.)	n/a	n/a	0.0%
Price inflation (p.a.)	n/a	n/a	n/a
Increase to pensionable payroll (p.a.)	n/a	n/a	-1.5%

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

**Church Workers Pension Fund – Defined Benefits Scheme**

The Defined Benefits Scheme ("DBS") section of the CWPF 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 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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**27. PENSIONS (continued)**

**Church Workers Pension Fund – Defined Benefits Scheme (continued)**

This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SOFA are the contributions payable for the year towards benefits and expenses accrued in that year being £47,065 for 2023. However, there was a credit due of £84,529 from Coventry diocese for contributions paid in earlier years for joint workers. Leicester diocese received this credit in 2023 and, hence, there was an overall credit on 2023 contributions of £37,482 (2022: charge of £71,779).

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 the Scheme is carried out once every three years. The most recent was carried out as at 31 December 2022. In this valuation, the Life Risk Section was shown not to be in deficit.

The next actuarial valuation is due at 31 December 2025.

Following the 2019 valuation, LDBF entered into an agreement with the CWPF to pay a contribution rate of 30.8% of pensionable salary and expenses of £7,300 per year. In addition, deficit payments of £92,154 per year were agreed for 5 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, 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 these financial statements as at 31 December 2022 or 31 December 2023. A liability was recognised at earlier dates.

LDBF has ceased contributions to the Defined Benefit section of the CWPF as from 1 January 2024. Active members of the Defined Benefit section as at 31 December 2023 have been transferred to the Pension Builder section of the CWPF.

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Balance sheet liability as at 1 January	-	-
Contributions paid	-	(8)
Interest cost (recognised in the SOFA)	-	-
Remaining change to the balance sheet liability (recognised in the SOFA)	-	8
	<u>          </u>	<u>          </u>
Balance sheet liability as at 31 December	<u>          </u>	<u>          </u>

The remaining change to the balance sheet liability comprises changes in the agreed recovery plan and changes in discount rates between year ends.

The balance sheet liability represents the present value of the deficit contributions agreed as at 31 December 2023, and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments;

	<b>December</b>	<b>December</b>	<b>December</b>
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Discount rate (p.a.)	N/A	0.0%	0.0%

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

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**27. PENSIONS (continued)**

**Church Workers Pension Fund – Pension Builder Scheme**

LDBF participates in the Pension Builder Scheme section of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of LDBF and the other participating employers.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections; a deferred annuity section known as **Pension Builder Classic** and a cash balance section known as **Pension Builder 2014**.

Both sections of the Pension Builder Scheme 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 subdivision of assets between employers in either section of the Pension Builder Scheme.

The Scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102 as 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 pension costs charged to the Statement of Financial Activities in the year are the contributions payable and were £121,684 (2022: £113,476).

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

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 Pensions 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% (when 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 2019 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, LDBF may become responsible for paying a share of that employer's pension liabilities.

**28. RELATED PARTY TRANSACTIONS**

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education (LDBE), the University Chaplaincies at the three universities in the Diocese of Leicester, Leicester Cathedral Chapter (LCC), Launde Abbey Trustees (LAT), St Philips Centre (SPC), Bishop's Lodge (BL), Coventry Diocesan Board of Finance (The) (CDBF), Together Leicester (ToL), and Leicester City of Sanctuary (LCOS). Details of grants made to these bodies are given in note 12 of the financial statements.

During 2023, LDBF recharged LCC £91,366 (2022: £106,809), of which £15,683 (2022: £27,398) were salaries or a stipend. From 1 April 2023, LCC administered the salary previously recharged by LDBF. Conversely, LCC recharged LDBF nil (2022: £1,351).

During 2023, LDBF recharged LDBE £26,817 (2022: £14,735), of which nil (2022: £3,273) were salaries. From 1<sup>st</sup> April 2022, LDBE commenced administering their own salaries. Conversely, LDBE recharged LDBF £114,077 (2022: £82,690) all of which was a recharge for the Diocesan Director of Education. In addition, LDBF paid a grant of £20,000 (2022: nil) to LDBE.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**28. RELATED PARTY TRANSACTIONS (continued)**

During 2023, LDBF recharged LAT nil (2022: £6,053). Conversely, LAT recharged LDBF £33,666 (2022: £40,108).

During 2023, LDBF recharged CDBF £152,828 (2022: £61,087), of which £51,318 (2022: £49,284) were salaries and £84,529 was a one off pension contribution charge on joint workers.

During 2023, LDBF recharged BL £3,046 (2022: £4,283).

During 2023, SPC recharged LDBF £44,592 (2022: £43,207), of which £43,385 (2022: £42,819) were salaries and pension costs.

During 2023, LDBF recharged ToL £31,266 (2022: £45,804), of which £31,232 (2022: £45,605) were salary costs.

During 2023, LDBF recharged LCOS £73,264 (2022: £64,611), of which £73,192 (2022: £64,384) were salary costs.

There were no other related party transactions in the current or previous accounting period.

At the end of the year, the following amounts, all of which are included in debtors or creditors as appropriate, were receivable / (payable) by the Board in respect of related parties:

	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Amounts receivable / (payable) by the Board</b>		
Leicester Diocesan Board of Education	<b>(19)</b>	(33)
Coventry Diocesan Board of Finance (The)	<b>10</b>	16
Leicester Cathedral Chapter	<b>15</b>	3
Launde Abbey Trustees	<b>(2)</b>	-
St Philips Centre	<b>(4)</b>	(4)
Bishop's Lodge	-	2
Together Leicester	<b>5</b>	4
Leicester City of Sanctuary	<b>7</b>	7

**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:

	<b>2023</b>	2022
	<b>£'000</b>	£'000
CBF Church of England Investment Fund - income shares	<b>1,085</b>	992
CBF Church of England Deposit Fund	<b>855</b>	752
Other common investment fund holdings	<b>507</b>	494
Direct holdings in UK equities	<b>194</b>	248
CBF Church of England Fixed Interest Securities Fund – income shares	<b>51</b>	41
Cash at bank	<b>25</b>	16
<b>Total assets held as Custodian Trustee</b>	<b><u>2,717</u></b>	<u>2,543</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2023**

**30. PRIOR YEAR COMPARATIVE SOFA**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
	General £'000	Designated £'000			
<b>Income and endowments from</b>					
Donations					
Parish Contributions	3,941	-	-	-	<b>3,941</b>
Archbishops' Council	-	-	3,257	-	<b>3,257</b>
Other donations	11	2	-	-	<b>13</b>
Charitable activities	395	-	161	-	<b>556</b>
Other activities	762	-	-	582	<b>1,344</b>
Investments	143	9	101	697	<b>950</b>
Other	370	-	-	532	<b>902</b>
<b>Total income and endowments</b>	<b>5,622</b>	<b>11</b>	<b>3,519</b>	<b>1,811</b>	<b>10,963</b>
<b>Expenditure on</b>					
Raising funds	-	-	-	201	<b>201</b>
Charitable activities	10,015	34	291	-	<b>10,340</b>
Other	986	-	-	481	<b>1,467</b>
<b>Total expenditure</b>	<b>11,001</b>	<b>34</b>	<b>291</b>	<b>682</b>	<b>12,008</b>
<b>Net (expenditure) / income before losses and gains on investments</b>	<b>(5,379)</b>	<b>(23)</b>	<b>3,228</b>	<b>1,129</b>	<b>(1,045)</b>
Gain / (loss) on investments	144	(15)	-	2,541	<b>2,670</b>
<b>Net(expenditure) / income</b>	<b>(5,235)</b>	<b>(38)</b>	<b>3,228</b>	<b>3,670</b>	<b>1,625</b>
<b>Transfers between funds</b>	<b>5,023</b>	<b>8</b>	<b>(2,770)</b>	<b>(2,261)</b>	<b>-</b>
Loss on revaluation of fixed assets	(143)	-	-	-	<b>(143)</b>
<b>Net movement in funds</b>	<b>(355)</b>	<b>(30)</b>	<b>458</b>	<b>1,409</b>	<b>1,482</b>
<b>Total funds brought forward</b>	<b>6,914</b>	<b>859</b>	<b>1,964</b>	<b>69,320</b>	<b>79,057</b>
<b>Total funds carried forward</b>	<b>6,559</b>	<b>829</b>	<b>2,422</b>	<b>70,729</b>	<b>80,539</b>

**THE LEICESTER DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 249100

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# Accounts

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# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

## **LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

Company number - 00227087

Registered charity number – 249100

ANNUAL REPORT

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## **CHAIR'S REPORT**

In 2022 the world began to emerge from the most difficult days of the Covid-19 pandemic, though legal restrictions were not fully lifted until March and even by the end of the year many people, especially with other health vulnerabilities, remained cautious about entering social situations, including attendance at church. Even for those who were less anxious about Covid-19 itself, two years of living in lockdown and other legal restrictions have left their mark in reduced church attendance, as well as other places where people gather in large numbers. So, within the diocese, the number of people who regularly attend church has dropped significantly compared to the time before the pandemic, and many of those who do attend church are doing so less frequently.

Other significant events in the year included the invasion of Ukraine by Russian forces, causing immense loss of life and livelihoods and instigating a mass exodus from that country to places of greater safety. Many of our parishes participated in schemes to provide a welcome for refugees arriving in this country, including the provision of space in their homes. However, the knock-on effects of the conflict touched everyone, as increased costs for fuel and food, combined with the longer-term economic impact of Covid-19 led to a cost of living crisis affecting households across the board. Again, many churches and church-goers rose to the challenge and increased the provision of help through initiatives such as food banks and community kitchens, as well as 'warm spaces' that offered respite to those unable to afford rising fuel bills.

Churches throughout the diocese paid tribute and organised special services to celebrate the Platinum Jubilee of Her Majesty Queen Elizabeth II and, very sadly, to mark her death a few months later.

During the year, work got underway to implement the diocesan strategy of 'Minster Communities', which are designated groups of parishes, fresh expressions of church, and schools brought together collectively for mission, resourced through the leadership of a diverse ministry team comprised of clergy, licensed lay ministers and headteachers. Three pilot areas were involved and the first area to be formally recognised as a Minster Community, the current Launde Deanery, was inaugurated at the end of April 2023. This project, which will eventually cover the whole diocese, will continue over the next 3-4 years.

The impact of such things as Covid-19, reducing church attendance and the cost of living crisis (with accompanying high rates of inflation) have adversely impacted diocesan finances during the past year. Although the final operating result for 2022 was close to budget, this was achieved at a cost of a reduction in stipendiary clergy appointments on top of the slimming down of the central support staff team agreed in 2021. The prospects for 2023 are a significant increase in the operating deficit, funded from historic reserves and continuing large deficits for some time, although urgent action is being taken with the aim of returning to a break-even position by 2027. This represents a significant challenge, as reducing voluntary income accompanied by inflation make containing, let alone reducing, the deficit even more difficult. It is a situation which requires the combined efforts of those in our parishes as well as those exercising diocese-wide roles.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

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**CHAIR'S REPORT (continued)**

Despite these (and other) challenges, I remain encouraged by the commitment and contribution of very many people throughout the diocese, and I am confident that, by God's grace, we will find a way through them and continue to grow new disciples, grow the depth of discipleship and exercise loving service in our communities and wider world.

**David Palmer**  
**Chair of Leicester Diocesan Board of Finance**  
**13 May 2023**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 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 Objects of the Diocese of Leicester covers the entire county of Leicestershire.

The Leicester Diocesan Board of Finance (The)'s ("LDBF") principal object is to promote, assist and advance the work of the Church of England in the Diocese of Leicester by acting as the financial executive of the Leicester 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 custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils ("PCC's") 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 Leicester (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; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments arising from the Diocesan Synod including the Diocesan budget.

## **STRATEGIC REPORT**

### **Strategic aims**

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

In November 2014, the Diocesan Synod unanimously recommitted to the "Shaped by God" vision and strategy for the next 10 years, which seeks to grow the kingdom of God in depth of discipleship, number of disciples of Jesus and the loving service of the world.

The Diocese of Leicester has identified ten 'marks of mission' which are in effect a statement of our values. We have articulated these values in the hope that they will shape our culture (the way we do things here) and infuse all our actions:

- noticing God at work among us, and continually asking: what are we learning, and how do we join in with God's activity? **(discerning)**
- lives and communities transformed, through the good news of Jesus Christ; **(transformational)**
- worship in a way that renews and inspires, echoing the praise of heaven; **(inspirational)**
- self-giving service to the community, because the Church is called to be local and outward looking; **(self-giving)**
- being rooted in prayer, because prayer is part of our loving response to the needs of the world; **(prayerful)**
- confident and sensitive evangelism, responding to Jesus' call to share our faith in word and deed; **(confident)**
- lifelong Christian nurture, because our mission overflows from our own discipleship; **(nurturing)**
- the welcome of newcomers, helping those who come close to the church to feel cherished by God; **(hospitable)**
- becoming child friendly, following our Lord's example of putting children at a central place in His ministry; **(child-like)**
- celebration of people and places, because godly celebration is at the heart of the gospel; **(celebratory)**

### **Overall objectives for the year**

In response to the above strategic priorities determined by the Diocesan Synod, several groups, including the Bishop's Council, the Bishop's Leadership team and Deanery Synods, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- 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 Leicester.
- To maintain a sound financial structure required to support the clergy in the payment of stipends, managing parsonages and other ministerial housing and providing other facilities in support of the clergy and lay people in parishes across the Diocese.

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- To support the National Church institutions through an annual grant, including a contribution to the cost of training Ordinands and for providing retirement housing for clergy.
- To support The Leicester Diocesan Board of Education (“LDBE”) by way of a grant towards staff costs.

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

**Activities and achievements in the year**

The Christian Presence

Clergy form a central part in the life of churches in the Leicester Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carried out 411 weddings (including marriage blessings), 1,494 funerals (both in and outside of church) and 602 baptisms during 2021 – the figures are only available one year in arrears. Whilst the LDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops’ Council, a charity which the LDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 83 trained stipendiary clergy and 32 training curates we had at the end of 2022 in the diocese is a priority of the LDBF and represents by far its largest financial commitment. Although the LDBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of continual professional development and ministerial development review. It also gives clergy access to tribunals and other useful services.

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

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

Other related parties include:

- The Archbishops’ Council to which it pays a donation based on an apportionment system for funding national training of Ordinands and the activities of the various national boards and councils, as well as General Synod.
- The Church Commissioners from which the LDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the LDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.

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- Parochial Church Councils (“PCC’s”), to which LDBF is required to be custodian trustee in relation to PCC property. LDBF has no control over PCC’s, which are independent charities. The accounts of PCC’s and deaneries do not form part of these financial statements.
- Leicester Diocesan Board of Education (charity number 1151692), to which LDBF provides grant support.
- Leicester Cathedral Chapter, to which LDBF provides certain accounting services.
- Launde Abbey Trustees, to which LDBF provides long term loans used to refurbish the abbey (which is the Diocesan Retreat house) and to cover compensation and legal fees. At 31 December 2022, the loans plus interest totalled £865,138. All loans have been fully provided for and are secured on the value of Launde Abbey (for details see note 17 on page 42).
- Coventry Diocesan Board of Finance (The) (company no. 00319482; charity no. 247828), with which LDBF had a joint working arrangement for one member of staff during 2022.

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.

Volunteers

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

**Future plans**

A central priority within Jesus’ ministry was his calling of twelve disciples - “appointed... to be with him and to be sent out” Mark 3:15. He devoted much time to teaching and mentoring them. He sent them out to continue his work of announcing and giving signs of the kingdom.

The Diocese of Leicester has similarly chosen to focus on this priority of discipleship. Shaped by God in our lives and communities we seek the growth of His Kingdom in:

- the depth of discipleship,
- the number of disciples of Jesus,
- loving service of the world.

We have therefore asked our parish churches, our fresh expressions of church, our chaplaincies, and our schools to work to these priorities. Each Christian community must discern for themselves how to act on these priorities in their own context. It is not for the Board of Finance or the Bishop to dictate how individuals and communities should interpret these priorities. Rather the work of our central support staff is focused on enabling this discernment in each context and helping each community to channel their resources to these priorities. It is for the Bishop to hold each individual minister and each community to account for how they are doing this (“low control, high accountability”).

The major budget element continues to be directed towards the maintenance of a ministerial presence in every parish and the training and development of lay members of the church to support the work of the clergy.

## **ANNUAL REPORT**

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We have embarked upon a restructure of the Diocese following a review entitled 'Shaped by God Together' which reported to The Diocesan Synod during the Autumn of 2021. We have already restructured the central diocesan structure and we are starting to set up Minster Communities. Our first Minster Community (a collection of parishes, fresh expressions of church and schools) was inaugurated at the end of April 2023.

The ongoing objective is to be able to adequately resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

### **Financial review**

#### **Financial Performance**

Parish Contribution, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. This decreased by £59k to £3.94m (2021: £4.0m).

The Trustees are grateful to all the parishes for their contributions during the year, and especially to those parishes that make regular contributions by instalments, which is essential in keeping the Diocese's need to maintain a cash flow reserve to a minimum.

LDBF had a net £1.48m increase in total funds in 2022 (2021: £2.40m increase). The 2022 result was affected by a substantial increase in the value of its Glebe portfolio (£3.21m increase v £2.02m in 2021) offset by £721k of unrealised losses on investments and a £1.05m loss on operations.

Overall, the value of fixed asset investments increased; Glebe properties are £36.39m (2021: £33.46m); other investments are £7.37m (2021: £7.91m), resulting in a net increase in investment assets of £2.38m.

The Trustees had prepared a 2022 budget that had a significant net operational deficit. The impact of the Covid 19 pandemic, and its aftermath including significant inflation, has meant that there is a budgeted deficit for 2023 as well. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism. We have sufficient relatively liquid assets (such as our stock market investments) to cope in the short term. It is anticipated returning to a breakeven budget by 2027. This is to be achieved by carrying out reviews of the major cost areas and implementing cost cuts over the next three years. The Trustees are of the opinion that LDBF continues to be a going concern.

#### **Significant Property Transactions**

Land and building additions during the year (included in tangible fixed assets and investment properties) totalled £320k (2021: £188k). The majority of funds were spent improving and refurbishing the current stock of LDBF properties.

There were no new properties purchased during 2022.

Our policy continues to be:

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

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**Balance sheet position**

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £80.54m (2021: £79.06m) it must be remembered that included in this total are land & buildings, whose value amounted to £75.97m (2021 £73.18m). Additionally, some 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.

**Fundraising**

LDBF raise funds through Parish Contribution (based on offers given by the Parishes) and via an annual Bishop's Lent appeal. No professional fundraisers are employed in these activities. The Lent appeal is an invitation to the General Public to contribute to a stated objective. No direct fundraising to individuals is undertaken. LDBF has not received any complaints related to our fundraising activities.

**Reserves policy**

*Free reserves*

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a minimum balance of readily realisable assets in the general fund equivalent to 3 months budgeted unrestricted expenditure for 2022. At 31 December 2022 the amount required under this policy totalled £2.75m (2021: £2.58m). General unrestricted free reserves as at 31 December 2022 totalled £6.56m (2021: £6.91m).

The Trustees plan to review and amend the reserves policy to ensure that in the medium term LDBF has the necessary liquid reserves continue to function as a going concern.

*Reserves tied up in fixed assets*

The general fund has tangible fixed assets of £17.83m, investments of £1.31m and net liabilities of £12.59m.

*Designated funds*

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Designated funds are reviewed annually and, in the event that the purpose of a designated fund is no longer considered to be adequate justification for their retention, that fund is returned to general funds. 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 £0.83m (2021: £0.86m).

*Restricted and endowment funds*

As set out in note 23, LDBF holds and administers several restricted and endowment funds. At 31 December 2022 restricted funds totalled £2.42m (2021: £1.96m) and endowment funds totalled £70.73m (2021: £69.32m). Neither fund category is available for the general purposes of the LDBF except for the portion of the endowment fund set aside in the Total Return policy adopted on 1<sup>st</sup> January 2020. The balance of Unapplied Total Return at 31 December 2022 was £12.34m (2021: £15.15m).

**Grant making policy**

The Memorandum of Association of the LDBF explicitly permits the LDBF to make grants in pursuance of its objects. Grants are disclosed in note 12.

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**Investment policy**

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 21 provides detail of the assets of each fund, together with the related purposes, and note 16 summarises the movements in fixed asset investments during the year.

The Trustees' investment policy is to hold investments in a balanced mix of a charity property fund with Savills Investment Management Limited (Savills) and equities with two portfolio managers (Brewin Dolphin and Charles Stanley). Both Brewin Dolphin and Charles Stanley have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2022 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
Brewin Dolphin listed investments	1,559	25.8%	2.2%	-8.2%
Charles Stanley listed investments	1,781	29.4%	3.0%	-14.6%
Savills Investment Management Property Fund	2,623	43.3%	3.9%	-4.3%
CCLA funds	41	0.7%	2.4%	-6.1%
Other investments	50	0.8%	0.0%	0.0%
	<hr/> 6,054	<hr/> 100.0%		

The Investment Committee regularly reviews the performance of the funds comparing their performance to benchmarks set out in the investors' reports and hence make recommendations to the Trustees on future investment opportunities.

Overall, the income yield was 3.21% and the total return was -8.41%. The current climate has been challenging for capital values.

LDBF is a member of the Church Investors Group. The Church Investors Group represents institutional investors from many mainstream Church denominations and church related charities. Its aims are to encourage the formulation of investment policies based on Christian ethical principles, to encourage responsible business practice through engagement with company managements and to share information and views on ethical matters related to investment. The CIG has 65 members, predominantly drawn from the UK and Ireland, with combined investment assets of over £25bn.

## **Principal risks and uncertainties**

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

The risk register identifies three broad 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:

### **External risk:**

- **Reputational risk from scandals and theological disagreements;** Incidents would be managed through Archdeacon reviews and/or the Communications department.
- **Economic risk from a fall in parish contributions;** Continued close analysis and review of budgets and treasury / investment management.
- **Demographic changes;** There is a "Shaped by God Together" strategic plan (see "future plans" on pages 8 & 9 above) to diversify the Church via Minster Communities.

### **Operational risk:**

- **Personnel risk;** There are processes for performance development and for replacing key personnel who leave. There is also a contract with an external HR consultant.
- **Property;** The risk is to not have the correct amount and/or quality of property to house clergy. To mitigate this LDBF has a fully resourced Property department. An independent review of property management and transactions is reviewed by the appropriate committee (Glebe, etc.).
- **IT;** Systems are off the shelf and easily replaceable. Data is backed up daily and can be restored within 24 hours. There are rules for internet usage monitored by the IT Manager. The IT Manager ensures compliance with The Data Protection Act and the General Data Protection Regulations.
- **Safeguarding and health & safety;** A health & safety policy has been issued to all staff. DBF has a department of 5 staff (2021: 4) dedicated to safeguarding who report to the Director of Operations and Governance.
- **Insurance;** Policies are reviewed annually with a suitably qualified broker.
- **Finance;** Financial processes have been implemented and are periodically reviewed. Changes in the amount of income or cost streams are analysed and appropriate corrective action implemented.

### **Governance risk:**

- **Trustees;** Procedures exist to appoint and retain suitable Trustees
- **Staff structure;** Staff structures are periodically reviewed and set to ensure best practice is adhered to.
- **National network;** There is engagement with national initiatives whilst liaising with other Dioceses to ensure best practice is maintained.

## **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 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into 10 deaneries, each with its own 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 apply for partnership with neighbouring Dioceses.

### **Organisational structure**

The Leicester Diocesan Board of Finance (The) ("LDBF") is a company limited by guarantee (No. 00227087) and a registered charity (No. 249100) 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 Leicester. It was established in its present form in 1927 and is successor in title to the Leicester Diocesan Trustees.

Governance and policy of Leicester Diocesan Board of Finance (The) ("LDBF") is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. The Trustees are The Bishop of Leicester, who is the ex-officio president of LDBF, The Archdeacons of Leicester and Loughborough (also ex-officio) along with eight people elected from and by the members of Diocesan Synod every three years (with the most recent elections held in 2021), up to three members co-opted by the Board of Trustees, and up to two members nominated by The Bishop. The Chair and Vice Chair are nominated by The Bishop and approved by the Diocesan Synod every three years (with the most recent nomination and approval being in 2021). The details of Trustees who served during the year are set out on page 17.

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 Bishop's Leadership Team. The Synod membership is elected every three years, the last elections having been in 2021. The Synod elects eight of the possible eighteen Trustees of the Diocesan Board of Finance. Whilst the LDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association, by virtue of the National Institutions Measure 2000, the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

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**Decision making structure**

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Leicester, are set by the Diocesan Synod and the LDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the LDBF. The Trustees hold up to 6 meetings during the year.

The Bishop's Council consists of 11 ex-officio members, including the Diocesan Bishop, the Bishop of Loughborough and the two Archdeacons, 3 clergy elected by the house of clergy from among their number and 5 lay persons elected by the members of the house of laity, a Lay Chair and an Area Dean and a maximum of 4 members co-opted by the Bishop's Council.

The Bishop's Council and Standing Committee meet to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion
- Advising the Bishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

There are a number of Diocesan Synod committees, though not all are sub-committees of LDBF, that influence the operation of LDBF. The following are statutory committees:

**Houses Committee;** which is responsible for managing and maintaining LDBF houses, including buying, repairing, maintaining and disposing of LDBF houses (including parsonages and vicarages).

**Glebe Committee;** which is responsible for implementing policy and making major decisions concerning the management of Glebe property and investments for the benefit of the Diocesan Stipends Fund.

**The Diocesan Mission and Pastoral Committee;** which is responsible for approving pastoral reorganisation, taking account of available clergy numbers, and making use of new patterns of ministry.

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

**Leicester Diocesan Board of Patronage;** which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

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**Closed Church Buildings Committee;** which is responsible for finding appropriate alternative uses for churches that have been declared redundant.

**Vacancy in See Committee;** which is responsible for representing the Diocese in the appointment process of a Diocesan Bishop.

The Trustees, who also meet during the year as **The Finance Committee**, whose members are the Directors of the Company and Trustees of the Charity, are responsible for considering the financial affairs of the Diocese. The Committee reviews the management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the LDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 2011 (with regard to redundant churches). They also advise Bishop's Council on the financial aspects of strategic matters. They are also supported by:-

**The Investment Committee (a sub-committee of the Finance Committee);** is responsible for determining and overseeing the investment policy of LDBF.

**The Audit Committee (a sub-committee of the Finance Committee);** is responsible for assisting the Trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

**Trustee recruitment, selection and induction**

Trustees are given induction when first appointed. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff possess the title 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest.

**Delegation of delivery of activities of the company**

The Trustees, and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the activities of the company. The Diocesan Chief Executive is given specific and general delegated authority to deliver the business of the LDBF in accordance with the policies framed by the Trustees.

**Funds held as Custodian Trustee**

LDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £2.543m at 31 December 2022 (2021: £2.717m), 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 by the LDBF's solicitor, Stone King LLP.

## **TRUSTEES' RESPONSIBILITIES STATEMENT**

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

Company law requires the Trustees (as Directors of LDBF for the purposes of Company Law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of 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 apply them consistently
- Observe methods and principles in the Charities SORP FRS 102
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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. The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information, and to establish that the Charitable Company's 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 and other information included in Annual Reports, may differ from legislation in other jurisdictions.

## **APPOINTMENT OF AUDITORS**

The re-appointment of Haysmacintyre LLP as auditors to LDBF will be proposed at the Annual General Meeting.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
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**ADMINISTRATIVE DETAILS**

**Trustees**

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

President (ex-officio):           The Right Reverend M J Snow – Lord Bishop of Leicester

Chair:                               Mr D J Palmer

Vice Chair:                       Mr C J Sheldon

Archdeacons (ex officio):       The Venerable R V Worsfold - Archdeacon of Leicester  
The Venerable C Wood - Archdeacon of Loughborough

Elected by:  
Synod House of Clergy           The Reverend A R Leighton  
The Reverend C Taylor  
The Reverend N Stothers (Resigned 15 May 2022)

Synod House of Laity           Mr D B Beeson  
Mrs M V Wang

Bishop's Nominees               Dr S Gorton (Appointed 22 March 2022)

Co-opted by the Board           Mr G Brown  
Reverend W Dalrymple (Appointed 1 March 2023)

**Senior staff and advisers**

Diocesan Chief Executive:           Jonathan Kerry  
Director of Operations and Governance:   Andrew Brockbank  
Director of Finance and Property Services: Simon Wilson (appointed 14 November 2022)

Registered Office:               St Martins House,  
7 Peacock Lane,  
Leicester LE1 5PZ

Bankers:	Barclays Bank plc, Dominus Way, Meridian Business Park, Leicester LE19 1RP	Auditors: Haysmacintyre LLP, Statutory Auditors, 10 Queen Street Place, London EC4R 1AG
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Solicitors:	Stone King LLP, Boundary House 91 Charterhouse Street London EC1M 6HR Leicestershire LE11 3NP	Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham B3 2ES
Investment Advisers:	Savills Investment Management Limited, 33 Margaret Street, London W1G 0JD	Charles Stanley & Co. Limited, 25 Luke Street, London EC2A 4AR
	Brewin Dolphin, 1 <sup>st</sup> Floor, Waterfront House, Waterfront Plaza, 35 Station Street, Nottingham NG32 3DQ	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Glebe Agents and Valuers:	Andrew Granger & Co LLP, 44 – 46 Forest Road, Loughborough, Leicestershire LE11 3NP	Christie & Co., Suite 402 Bridlesmith House, 38 Bridlesmith Gate, Nottingham NG1 2GQ
Insurance brokers:	Cornerstone Business Insurance Limited, 8 Princess Road West, Leicester LE1 6TP	

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 6 - 12 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

**D J Palmer**

Chairman

**J W Kerry**

Diocesan Chief Executive

**13 May 2023**

**13 May 2023**

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

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### **Opinion**

We have audited the financial statements of Leicester Diocesan Board of Finance (The) (the 'charitable company') for the year ended 31 December 2022, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **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 Trustee's Annual Report and Chair's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinion 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 Strategic Report and the Directors' Report prepared for the purposes of company law), for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report by exception**

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

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

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

**Responsibilities of trustees for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety and Charity Law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
(Continued)**

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impact on the preparation of the financial statements such as include the Companies Act 2006 and the Charities Act 2011 and consider other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). We determined that the principal risks were related to fraud in revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates such as valuation of the investment properties.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

This report is made solely to the charitable company's members, 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.

**Lee Stokes (Senior Statutory Auditor)**  
**For and on behalf of Haysmacintyre LLP, Statutory Auditor**  
**13 May 2023**

10 Queen Street Place  
London  
EC4R 1AG

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**STATEMENT OF 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
<b>Income and endowments from</b>							(Note 30)
Donations							
Parish contributions	2a	3,941	-	-	-	<b>3,941</b>	4,000
Archbishops' Council	2b	-	-	3,257	-	<b>3,257</b>	3,665
Other donations	2c	11	2	-	-	<b>13</b>	9
Charitable activities	3	395	-	161	-	<b>556</b>	682
Other activities	4	762	-	-	582	<b>1,344</b>	746
Investments	5	143	9	101	697	<b>950</b>	978
Other	6	370	-	-	532	<b>902</b>	823
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total income and endowments		5,622	11	3,519	1,811	<b>10,963</b>	10,903
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure on</b>							
Raising funds	7	-	-	-	201	<b>201</b>	190
Charitable activities	8	10,015	34	291	-	<b>10,340</b>	10,567
Other	9	986	-	-	481	<b>1,467</b>	1,099
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure		11,001	34	291	682	<b>12,008</b>	11,856
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net (expenditure) / income before losses and gains on investments</b>		(5,379)	(23)	3,228	1,129	<b>(1,045)</b>	(953)
Gain on investments		144	(15)	-	2,541	<b>2,670</b>	3,011
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net (expenditure) / income</b>		(5,235)	(38)	3,228	3,670	<b>1,625</b>	2,058
<b>Transfers between funds</b>	14	5,023	8	(2,770)	(2,261)	-	-
<b>Other recognised gains:</b>							
Profit / (loss) on revaluation of fixed assets		(143)	-	-	-	<b>(143)</b>	343
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net movement in funds</b>		(355)	(30)	458	1,409	<b>1,482</b>	2,401
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds brought forward</b>		6,914	859	1,964	69,320	<b>79,057</b>	76,656
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds carried forward</b>	20	<b>6,559</b>	<b>829</b>	<b>2,422</b>	<b>70,729</b>	<b>80,539</b>	79,057
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All activities derive from continuing activities. The notes on pages 26 to 55 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 December 2022**

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	<b>Total 2022 £'000</b>	Total 2021 £'000
Income before losses and gains on investments	9,152	9,867
Expenditure	(11,326)	(11,381)
<b>Operating deficit for the year</b>	<b>(2,174)</b>	<b>(1,514)</b>
Net profit on investments	129	205
Net transfer from endowment funds	2,261	1,923
<b>Net income for the year</b>	<b>216</b>	<b>614</b>
Other comprehensive income:		
Revaluation of fixed assets	(143)	343
<b>Total comprehensive income</b>	<b>73</b>	<b>957</b>

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. The notes on pages 26 to 55 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**BALANCE SHEET**  
**At 31 December 2022**

Company Number – 00227087

	Note	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Tangible assets	15	38,287	38,635
Investments	16	43,754	41,373
		<u>82,041</u>	<u>80,008</u>
<b>CURRENT ASSETS</b>			
Stock		39	39
Debtors	17	752	691
Cash on deposit, at bank and in hand		1,704	1,965
		<u>2,495</u>	<u>2,695</u>
<b>CREDITORS: amounts falling due within one year</b>	18	<u>(3,961)</u>	<u>(1,083)</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<u>(1,466)</u>	<u>1,612</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>80,575</u>	<u>81,620</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Pension scheme liabilities	19	-	(27)
Loans	19	-	(2,500)
Other creditors	19	(36)	(36)
<b>NET ASSETS</b>		<u>80,539</u>	<u>79,057</u>
<b>FUNDS</b>			
<b>Endowment funds</b>			
(Including investment revaluation reserve of £27,865k (2021: £25,599k))		70,729	69,320
<b>Restricted income funds</b>			
(Including investment revaluation reserve of £Nil (2021: £Nil))		2,422	1,964
<b>Unrestricted income funds:</b>			
<b>General funds</b>			
(Including revaluation reserve of £625k (2021: £625k))		6,559	6,914
<b>Designated funds</b>			
(Including investment revaluation reserve of £36k (2021: £51k))		829	859
<b>TOTAL FUNDS</b>	20	<u>80,539</u>	<u>79,057</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 13 May 2023 and signed on behalf of the Board by:

**D J Palmer - Chair**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**CASH FLOW STATEMENT**  
**For the year ended 31 December 2022**

	2022		2021	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>		<b>(2,039)</b>		<b>(3,518)</b>
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	950		978	
Proceeds from the sale of tangible fixed assets	1,001		1,744	
Proceeds from the sale of fixed asset investments - shares	644		2,546	
Proceeds from the sale of fixed asset investments - Glebe	378		505	
Purchase of tangible fixed assets	(307)		(271)	
Purchase of fixed asset investments	(741)		(753)	
<b>Net cash provided by investing activities</b>		<b>1,925</b>		<b>4,749</b>
<b>Cash flows from financing activities</b>				
Contributions to Clergy and Lay staff pension plans	(147)		(323)	
<b>Net cash used in financing activities</b>		<b>(147)</b>		<b>(323)</b>
<b>Change in cash and cash equivalents in the period</b>		<b>(261)</b>		<b>908</b>
Cash and cash equivalents at 1 January		(535)		(1,443)
<b>Cash and cash equivalents at 31 December</b>		<b>(796)</b>		<b>(535)</b>
<b>Reconciliation of net movements in funds to net cashflow from operating activities</b>				
<b>Net movement in funds for the year ended 31 December</b>		<b>1,482</b>		<b>2,401</b>
<b>Adjustments for:</b>				
Depreciation charges		265		269
Dividends, interest and rent from investments		(950)		(978)
Repayment and write off of Parish loans		36		24
Advancement of Parish loans		(35)		(6)
Profit on sale of fixed assets		(676)		(660)
Loss / (Gain) on revaluation of fixed assets		66		(343)
Loss / (Profit) on sale of fixed asset investments - shares		2		(83)
Profit on sale of fixed asset investments - Glebe		(48)		(35)
Gain on revaluation of fixed asset investments		(2,616)		(2,929)
Decrease / (Increase) in stock		-		9
(Increase) / Decrease in debtors		(57)		183
Clergy & Lay pension interest and liability adjustments		(111)		(99)
(Increase) / Decrease in related party debit balances		(10)		(627)
Increase / (Decrease) in creditors		613		(644)
<b>Net cash used in operating activities</b>		<b>(2,039)</b>		<b>(3,518)</b>
<b>Analysis of cash and cash equivalents</b>				
Cash at bank and in hand		1,632		1,801
Notice deposits (less than 3 months)		72		164
		<b>1,704</b>		<b>1,965</b>
<b>Borrowings</b>				
Bank loans due within one year		(2,500)		-
Bank loans due after more than one year		-		(2,500)
<b>Total cash and cash equivalents</b>		<b>(796)</b>		<b>(535)</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2022**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which, in the main, are included at their market value at the balance sheet date, and certain tangible fixed assets which are included at fair value. 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 (FRS 102). The financial statements have been prepared in UK sterling currency and rounded to the nearest £1,000.

**Going Concern**

The Trustees had prepared a 2022 budget that had a significant net operational deficit. There is an increased budgeted deficit for 2023. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism. We have sufficient assets (such as our Glebe investments) to cope in the short term. It is anticipated returning to a breakeven budget by 2027. Therefore, the Trustees consider that there is no material uncertainty regarding going concern.

The principal accounting policies are as follows;

**a) Income**

All income is included in the Statement of Financial Activities (SOFA) when the LDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Contributions** are recognised as income of the year in respect of which it is received, and up to 31 January of the following year.
- ii) **Income from other trading activities;**  
Housing rental receivable is recognised as income in the period to which it relates.  
Bookshop and Café sales represent goods sold and are recognised on the date of sale, over the counter. Internet sales are recognised on the date of notification.  
Conferencing and events income is recognised on the date of the associated event. Cancellation charges are recognised on the date of notification.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received, which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year end, are included in creditors to be carried forward to the following year.
- v) **Government grants (including furlough)** are recognised as income of the year to which they relate.
- vi) **Parochial fees** are recognised as income of the year to which they relate.
- vii) **Donations**, other than grants, are recognised when receivable.
- viii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- ix) **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 (as the expenditure is greater) and the legal restrictions, therefore, are satisfied. It is on this basis that the expenditure is shown in the unrestricted column of the Statement of Financial Activities and is offset by the income which, initially, is shown in the restricted column, but then transferred to the unrestricted column.

**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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

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- i) **Costs of raising funds** are costs relating to the temporary renting out of parsonages, agent's costs for Glebe investment properties and management fees on investment assets.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the Diocese, and expenditure that supports education within 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 LDBF, such grants being recognised as expenditure when the conditions attaching have been 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 based on the proportion of the net amount spent on resourcing and support of mission and ministry.
- v) **SMH trading and letting costs** consist of staff, cost of goods sold, and building costs charged on an accruals basis.
- vi) **Pension contributions** relate to LDBF staff who are members of the Church Workers Pension Fund. 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 contribution payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes is accrued at current value in creditors distinguished between contributions falling due within one year and after one year.

**c) Tangible fixed assets and depreciation**

***Freehold properties***

Depreciation is not provided on the majority of LDBF properties 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. 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. 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.

Depreciation is provided on Cathedral Gardens to write off the asset over a 10 year maintenance period as from April 2016.

***St Martins House (SMH) and St Martins Lodge (SML)***

St Martins House is valued at open market value at 31 December. SMH is divided into a fixed asset and a fixed asset investment property. 2% straight line annual depreciation on cost is provided on the fixed asset. St Martins Lodge is valued at open market value at 31 December.

***Properties subject to value linked loans***

There is one property which has been bought with the assistance of a value-linked loan from the Church Commissioners. The property and loan are carried at original cost. However, the Church Commissioners are entitled to be repaid the appropriate proportion of the value of the property when disposed. The appropriate proportion being the proportion of the loan supplied compared to the original cost of the property.

***Investment properties***

Glebe properties (except St Martins Lodge and St Martins House), which are held for investment purposes and rented out, are subject to formal revaluation every three years with the last formal revaluation being as at 31 December 2021. In between formal revaluations, management carry out an annual desk top revaluation based on appropriate and recognised property indices. Properties are, therefore, included at the year-end market value as indicated by the management revaluation exercise or the formal revaluation. The next formal revaluation will be carried out as at 31 December 2024.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

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**1. ACCOUNTING POLICIES (continued)**

***Parsonage houses***

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 strict legal form. 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 cost.

**d) Other tangible fixed assets**

All capital expenditure on other tangible fixed assets over £500 is depreciated. 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 rates:-

Computer equipment - 50% per annum on a straight-line basis

Fixtures and fittings - 50% per annum on a straight-line basis

**e) 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) **Stock** is included at the lower of cost and net realisable value and relates to books purchased for resale to the general public.
- iii) **Leases** refer to operating leases entered into for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

**f) Fund balances**

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

- **Unrestricted funds** are LDBF's corporate funds and are freely available for any purpose within the Charitable Company's objects, at the discretion of LDBF. There are two types of unrestricted funds:
  - **General funds** which LDBF intends to use for the general purposes of LDBF and
  - **Designated funds** set aside out of unrestricted funds by LDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the Charitable Company as a capital fund. In the case of the endowment funds administered by LDBF (Stipends Glebe Fund and Endowment Capital Funds), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. The Parsonage Houses Fund, where there is no provision for expenditure of capital, is classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the Charitable Company acts as Trustee and controls the management and use of the funds, are included in the Charitable Company's own financial statements as charity branches. Trusts where the Charitable Company 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 note 29 to the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**2. DONATIONS**

**2a. Parish Contributions**

All donations are collected from the parishes of the Diocese.

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General	Designated				
	£'000	£'000				
Current year	3,941	-	-	-	<b>3,941</b>	4,000
	<u>3,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>3,941</b></u>	<u>4,000</u>

2021 funds are all Unrestricted General Funds

**2b. Archbishops' Council**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General	Designated				
	£'000	£'000				
Stipend support	-	-	1,523	-	<b>1,523</b>	1,935
Resource churches grant	-	-	738	-	<b>738</b>	752
IWC grant	-	-	401	-	<b>401</b>	431
Ordinand grants	-	-	197	-	<b>197</b>	189
Restructuring funding	-	-	156	-	<b>156</b>	153
Strategic change grant	-	-	113	-	<b>113</b>	70
Curate grant	-	-	73	-	<b>73</b>	42
Other grants	-	-	5	-	<b>5</b>	63
Legal cost contribution	-	-	51	-	<b>51</b>	30
	<u>-</u>	<u>-</u>	<u><b>3,257</b></u>	<u>-</u>	<u><b>3,257</b></u>	<u>3,665</u>

2021 funds are all Restricted Funds

**2c. Other Donations**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General	Designated				
	£'000	£'000				
Donations	11	2	-	-	<b>13</b>	9
	<u>11</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u><b>13</b></u>	<u>9</u>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
	General	Designated			
	£'000	£'000			
Donations	5	-	4	-	9
	<u>5</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>9</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**3. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	244	-	-	-	244	276
All Churches Trust grant	136	-	-	-	136	135
Tree of Life donations	-	-	100	-	100	77
Historic England grant	-	-	58	-	58	29
Course fees and other	3	-	-	-	3	4
CJRS income	-	-	-	-	-	149
Other	12	-	3	-	15	12
	<b>395</b>	<b>-</b>	<b>161</b>	<b>-</b>	<b>556</b>	<b>682</b>

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Statutory fees	276	-	-	-	276
All Churches Trust grant	135	-	-	-	135
Tree of Life donations	-	-	77	-	77
Historic England grant	-	-	29	-	29
Course fees and other	4	-	-	-	4
CJRS income	-	-	149	-	149
Other	9	3	-	-	12
	<b>424</b>	<b>3</b>	<b>255</b>	<b>-</b>	<b>682</b>

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	funds	funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Housing rental income	393	-	-	-	393	278
Property grants	4	-	-	-	4	5
SMLodge & New Street income	-	-	-	582	582	264
Bookshop, café and conferencing income	365	-	-	-	365	199
	<b>762</b>	<b>-</b>	<b>-</b>	<b>582</b>	<b>1,344</b>	<b>746</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**4. OTHER TRADING ACTIVITIES (continued)**

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'000
	General £'000	Designated £'000			
Housing rental income	278	-	-	-	278
Property grants	5	-	-	-	5
SMLodge & New Street income	-	-	-	264	264
Bookshop, café and conferencing income	199	-	-	-	199
	<u>482</u>	<u>-</u>	<u>-</u>	<u>264</u>	<u>746</u>

**5. INVESTMENT INCOME**

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
Glebe rents	-	-	-	603	603	651
Listed securities	-	-	-	94	94	81
Unlisted securities	-	6	101	-	107	123
SMH rental income	137	-	-	-	137	118
Bank and other interest	6	3	-	-	9	5
	<u>143</u>	<u>9</u>	<u>101</u>	<u>697</u>	<u>950</u>	<u>978</u>

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'000
	General £'000	Designated £'000			
Glebe rents	-	-	-	651	651
Listed securities	-	-	-	81	81
Unlisted securities	-	7	116	-	123
SMH rental income	118	-	-	-	118
Bank and other interest	-	4	1	-	5
	<u>118</u>	<u>11</u>	<u>117</u>	<u>732</u>	<u>978</u>

**6. OTHER INCOME**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
Gain on parsonage sales	-	-	-	440	440	-
Gain on Glebe property sales	-	-	-	92	92	40
Gain on DBF property sales	243	-	-	-	243	660
Remeasurement of DBS pension liability	119	-	-	-	119	114
Other income	8	-	-	-	8	9
	<u>370</u>	<u>-</u>	<u>-</u>	<u>532</u>	<u>902</u>	<u>823</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**6. OTHER INCOME (continued)**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
	General £'000	Designated £'000			
Gain on Glebe property sales	-	-	-	40	40
Gain on DBF property sales	660	-	-	-	660
Remeasurement of DBS pension liability	114	-	-	-	114
Other income	9	-	-	-	9
	<u>783</u>	<u>-</u>	<u>-</u>	<u>40</u>	<u>823</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				
Glebe agent's fees	-	-	-	47	47	50
Other Glebe costs	-	-	-	133	133	112
Investment management fees	-	-	-	21	21	28
	<u>-</u>	<u>-</u>	<u>-</u>	<u>201</u>	<u>201</u>	<u>190</u>

2021 funds are all Endowment Funds

**8. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
<b>8a Contributions to Archbishops' Council</b>						
Training for Ministry National Church Responsibilities	195	-	-	-	195	195
Retired clergy housing costs	96	-	-	-	96	51
	<u>73</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73</u>	<u>72</u>
	<u>364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364</u>	<u>318</u>

2021 funds are all Unrestricted General Funds

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**8. CHARITABLE ACTIVITIES (continued)**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
<b>8b Resourcing Mission and Ministry</b>						
Parish Ministry stipends and National Insurance (NI)	3,592	-	-	-	<b>3,592</b>	3,765
Clergy pension contributions	880	-	-	-	<b>880</b>	950
Non clergy salaries, NI and pensions	405	-	-	-	<b>405</b>	459
Housing costs	1,220	-	-	-	<b>1,220</b>	1,190
Ordinand, removal & resettlement grants	233	-	-	-	<b>233</b>	271
Interregna costs	34	-	-	-	<b>34</b>	19
Resource church grants	180	-	-	-	<b>180</b>	291
Other expenses	253	-	-	-	<b>253</b>	106
Support costs	731	-	-	-	<b>731</b>	715
	<b>7,528</b>	-	-	-	<b>7,528</b>	7,766

2021 funds are all Unrestricted General Funds

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
<b>8c Support for Mission and Ministry</b>						
Salaries, NI and pension costs	1,315	-	-	-	<b>1,315</b>	1,353
Growth fund grants	-	-	65	-	<b>65</b>	83
Capital fund grants	-	-	25	-	<b>25</b>	21
Other grants	125	21	175	-	<b>321</b>	277
Redundant church costs	-	-	26	-	<b>26</b>	10
Other costs	347	13	-	-	<b>360</b>	369
Support costs	227	-	-	-	<b>227</b>	214
	<b>2,014</b>	<b>34</b>	<b>291</b>	-	<b>2,339</b>	2,327

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total Funds 2021 £'000
	General £'000	Designated £'000			
<b>Support for Mission and Ministry (continued)</b>					
Salaries, NI and pension costs	1,334	-	19	-	1,353
Growth fund grants	-	-	83	-	83
Capital fund grants	-	-	21	-	21
Other grants	83	11	183	-	277
Redundant church costs	-	-	10	-	10
Other costs	364	5	-	-	369
Support costs	214	-	-	-	214
	<b>1,995</b>	<b>16</b>	<b>316</b>	-	<b>2,327</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**8. CHARITABLE ACTIVITIES (continued)**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
<b>8d Support for education</b>						
Support for church schools	109	-	-	-	109	156
	<u>109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109</u>	<u>156</u>
2021 funds are all Unrestricted General Funds						
	<u>10,015</u>	<u>34</u>	<u>291</u>	<u>-</u>	<u>10,340</u>	<u>10,567</u>
<b>TOTAL CHARITABLE ACTIVITIES 2022</b>	<b>10,015</b>	<b>34</b>	<b>291</b>	<b>-</b>	<b>10,340</b>	<b>10,567</b>
	<u>10,235</u>	<u>16</u>	<u>316</u>	<u>-</u>	<u>10,567</u>	
<b>TOTAL CHARITABLE ACTIVITIES 2021</b>	<b>10,235</b>	<b>16</b>	<b>316</b>	<b>-</b>	<b>10,567</b>	

**9. OTHER EXPENDITURE**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
Interest on pension liabilities	-	-	-	-	-	1
Remeasurement of Clergy pension Liability	-	-	-	-	-	14
SMLodge & New Street expenses	-	-	-	481	481	285
SMH trading and letting costs	986	-	-	-	986	799
	<u>986</u>	<u>-</u>	<u>-</u>	<u>481</u>	<u>1,467</u>	<u>1,099</u>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
	General £'000	Designated £'000			
Interest on pension liabilities	1	-	-	-	1
Remeasurement of Clergy pension Liability	14	-	-	-	14
SM Lodge/New Street expenses	-	-	-	285	285
SMH trading and letting costs	799	-	-	-	799
	<u>814</u>	<u>-</u>	<u>-</u>	<u>285</u>	<u>1,099</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

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

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2022 £'000	Total costs 2021 £'000
Raising funds	201	-	-	201	190
Charitable activities:					
Contributions to Archbishops' Council	-	364	-	364	318
Resourcing Mission and Ministry	6,548	249	731	7,528	7,766
Supporting Mission and Ministry	1,700	412	227	2,339	2,327
Support for education	109	-	-	109	156
Other resources expended	1,467	-	-	1,467	1,099
	<b>10,025</b>	<b>1,025</b>	<b>958</b>	<b>12,008</b>	<b>11,856</b>

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2021 £'000
Raising funds	190	-	-	190
Charitable activities:				
Contributions to Archbishops' Council	-	318	-	318
Resourcing Mission and Ministry	6,728	323	715	7,766
Supporting Mission and Ministry	1,732	381	214	2,327
Support for education	156	-	-	156
Other resources expended	1,099	-	-	1,099
	<b>9,905</b>	<b>1,022</b>	<b>929</b>	<b>11,856</b>

**11. ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
	General £'000	Designated £'000				
Central administration	792	-	-	-	792	774
Governance:						
Registrar and Chancellor	113	-	-	-	113	108
Audit costs:						
- External audit	29	-	-	-	29	27
- Other services	4	-	-	-	4	8
Synodical costs	20	-	-	-	20	12
	<b>958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>958</b>	<b>929</b>

2021 funds are all Unrestricted General Funds

External audit costs in 2022 were £29,040 (2021: £26,700). Other auditor service costs in 2022 were £3,930 (2021: £7,801). These amounts are inclusive of UK VAT.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

12. ANALYSIS OF GRANTS MADE	Number	Individuals £'000	Institutions £'000	2022 Total £'000	2021 Total £'000
<b>From unrestricted funds for national Church responsibilities:</b>					
Contributions to Archbishops' Council	1	-	364	<b>364</b>	318
<b>From unrestricted funds:</b>					
Resettlement and first appointment grants	58	140	-	<b>140</b>	129
Diocesan Board of Education support grants	2	-	109	<b>109</b>	156
University Chaplaincies	3	-	107	<b>107</b>	147
Maintenance grants to Ordinands	13	88	-	<b>88</b>	119
St Philip's Centre	1	-	51	<b>51</b>	26
International Links	1	-	27	<b>27</b>	25
Leicester Cathedral	1	-	25	<b>25</b>	25
Ecumenical support (Churches Together)	1	-	19	<b>19</b>	9
St Peter's Church grant for Premises Officer	1	-	12	<b>12</b>	11
Community Link grants	1	-	10	<b>10</b>	10
Reader and Clergy training grants	29	5	-	<b>5</b>	7
Other grants	2	-	1	<b>1</b>	4
Leicester Cathedral Ministry	-	-	-	-	24
<b>Total</b>	<b>113</b>	<b>233</b>	<b>361</b>	<b>594</b>	<b>692</b>
<b>From restricted funds for various purposes within resourcing parish ministry:</b>					
Ordinand training grants	17	151	-	<b>151</b>	170
Growth fund grants	6	-	65	<b>65</b>	83
Capital fund grants	5	-	25	<b>25</b>	21
JD Player interest	1	-	4	<b>4</b>	5
<b>Total</b>	<b>29</b>	<b>151</b>	<b>94</b>	<b>245</b>	<b>279</b>
<b>Total</b>	<b>143</b>	<b>384</b>	<b>819</b>	<b>1,203</b>	<b>1,289</b>

As from 1<sup>st</sup> January 2022, LDBF provides an annual £25,000 grant to LCAT (subject to annual review).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**13. STAFF COSTS**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Employee costs during the year were as follows:		
Wages and salaries	<b>1,821</b>	1,772
National Insurance contributions	<b>177</b>	165
Pension costs	<b>228</b>	216
	<b>2,226</b>	2,153

	<b>2022</b>	2021
	<b>Number</b>	Number
The average number of persons employed by LDBF during the year:		
SMH Conference Centre	<b>44.0</b>	28.0
Administration and financial management	<b>7.2</b>	8.3
Property	<b>4.1</b>	3.0
Discipleship, Ministry & Stewardship	<b>29.8</b>	36.0
Safeguarding & inclusion	<b>5.0</b>	5.1
Parochial lay staff	<b>2.0</b>	2.0
	<b>92.1</b>	82.4

	<b>2022</b>	2021
	<b>Number</b>	Number
The average number of persons employed by LDBF during the year based on full-time equivalents:		
SMH Conference Centre	<b>27.0</b>	19.8
Administration and financial management	<b>6.6</b>	7.6
Property	<b>2.1</b>	2.0
Discipleship & Ministry, Stewardship	<b>24.4</b>	28.5
Safeguarding and inclusion	<b>3.7</b>	3.7
Parochial lay staff	<b>1.5</b>	1.5
	<b>65.3</b>	63.1

	<b>2022</b>	2021
	<b>Number</b>	Number
The numbers of staff whose emoluments amounted to more than £60,000 (including benefits in kind but excluding pension contributions and NIC's) were as follows:		
£60,001 - £70,000	<b>1</b>	1
£70,001 - £80,000	<b>-</b>	-
£80,001 - £90,000	<b>1</b>	1

Pension payments of £14,731 (2021: £14,341) were made for these employees.

**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 2022 they were:

Diocesan Chief Executive	Jonathan Kerry
Director of Operations and Governance	Andrew Brockbank
Director of Finance and Property Services	Simon Wilson

Remuneration (excluding NIC's) and pensions for these 3 employees amounted to £173,000 (2021: 192,322).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

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**13. STAFF COSTS (continued)**

**Trustees' emoluments**

No Trustee received remuneration for services as a Trustee. The Trustees received travel and out of pocket expenses, totalling £6,541 (2021: £3,818) in respect of General Synod duties, duties as a Trustee and also in their diocesan role as Archdeacon or Area / Rural Dean. The majority of expenses were paid for Trustees' diocesan roles; the amounts paid as Trustees was insignificant.

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

	<b>Stipend</b>	<b>Housing</b>
The Venerable RV Worsfold	Yes	Yes
The Venerable C Wood	Yes	Yes
The Reverend C Taylor	Yes	Yes
The Reverend N Stothers	Yes	Yes
The Reverend W Dalrymple	Yes	Yes

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

The LDBF paid an average of 134 (2021: 144) clergy as office-holders holding parochial or diocesan appointments in the Diocese, and their costs were as follows:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Stipends	<b>3,615</b>	3,785
National Insurance contributions	<b>331</b>	334
Pension costs	<b>1,018</b>	1,118
Housing allowances	<b>105</b>	91
	<b><u>5,069</u></b>	<u>5,328</u>

The annual rate of stipend, funded by the LDBF, paid to the two Archdeacons in 2022 was in the range £35,000 - £40,000 (2021: range £35,000 – £40,000) and other clergy who were Trustees were paid in the range £0 - £30,000 (2021: range: £0 – £30,000).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
<b>2022</b>				
Church Commissioners' and Historic England grant income	3,218	-	(3,218)	-
UK Government grants including furlough	-	-	-	-
Glebe rental income, net of costs, used for general purposes	596	-	-	(596)
Stipend Glebe Unapplied Total Return transfer	1,200	-	-	(1,200)
General fund transfer to Growth fund	(63)	-	63	-
Endowment income used to fund stipends	92	-	(92)	-
General fund transfer to Capital fund	(25)	-	25	-
Restricted income used to fund retired clergy grants	-	8	(8)	-
Property fund transfers	5	-	460	(465)
Endowment fund investment sale proceeds	-	-	-	-
	<u>5,023</u>	<u>8</u>	<u>(2,770)</u>	<u>(2,261)</u>
<b>2021</b>				
Church Commissioners' and Historic England grant income	3,583	-	(3,583)	-
UK Government grants including furlough	149	-	(149)	-
Glebe rental income, net of costs, used for general purposes	520	-	-	(520)
Stipend Glebe Unapplied Total Return transfer	1,200	-	-	(1,200)
General fund transfer to Growth fund	(99)	-	99	-
Endowment income used to fund stipends	98	-	(98)	-
General fund transfer to Capital fund	(21)	-	21	-
Restricted income used to fund retired clergy grants	-	8	(8)	-
Property fund transfers	-	-	(105)	105
Endowment fund investment sale proceeds	-	-	308	(308)
	<u>5,430</u>	<u>8</u>	<u>(3,515)</u>	<u>(1,923)</u>

**Church Commissioners' grant income** - Within restricted funds there is income received from The Archbishops' Council of £1.68m (2021: £2.09m) to fund the payment of stipends, £738k (2021: £752k) to fund the Resource Church project, £197k (2021: £189k) to fund Ordinands, £401k (2021: £431k) to fund the IWC project, and £113k (2021: £70k) to fund The Shaped by God transition project from unrestricted funds.

**Stipends Glebe rental income** - This income is rental income from endowment properties. The income is used to fund the payment of stipends from unrestricted funds.

**Stipends Glebe Unapplied Total Return transfer** – This transfer has been made from the Unapplied Total Return fund and is for general purposes. The Unapplied Total Return Fund is part of the Stipends Glebe endowment fund.

**Property fund transfers** – relates to £644k of proceeds from the sale of two parsonages offset by £184k of funds spent on capital improvements to parsonages.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**15. TANGIBLE FIXED ASSETS**

	SMH £'000	Parsonage houses £'000	DBF properties £'000	Other equipment £'000	Total £'000
<b>Cost or valuation</b>					
<b>At 1 January 2022</b>	<b>3,255</b>	<b>20,473</b>	<b>15,346</b>	<b>942</b>	<b>40,016</b>
Additions	-	184	91	32	307
Transfers	-	-	(7)	-	(7)
Disposals	-	(204)	(113)	-	(317)
Revaluation	(144)	-	-	-	(144)
<b>At 31 December 2022</b>	<b>3,111</b>	<b>20,453</b>	<b>15,317</b>	<b>974</b>	<b>39,855</b>
<b>Depreciation</b>					
<b>At 1 January 2022</b>	-	-	<b>523</b>	<b>858</b>	<b>1,381</b>
Disposals	-	-	-	-	-
Charge for the year	78	-	91	96	265
Revaluation	(78)	-	-	-	(78)
<b>At 31 December 2021</b>	-	-	<b>614</b>	<b>954</b>	<b>1,568</b>
<b>Net Book Value</b>					
<b>At 31 December 2022</b>	<b>3,111</b>	<b>20,453</b>	<b>14,703</b>	<b>20</b>	<b>38,287</b>
At 1 January 2022	3,255	20,473	14,823	84	38,635

All of the properties in the Balance Sheet are freehold and are vested in the LDBF. One property has been purchased with the help of a value-linked loan from the Church Commissioners. When the property is disposed, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of the property included above is £36,323 (2021: £36,323). All properties at 31 December 2022 and 31 December 2021 are valued at cost. All property repairs are charged as expenditure.

As at 31 December 2022, St Martins House (SMH) has been valued by Andrew Granger & Co. LLP, Chartered Surveyors. The property was valued at £4,425,000 (2021: £4,425,000) on an open market basis. £3,110,851 (2021: £3,254,996) of the SMH value was deemed to represent a fixed asset, the balance of £1,314,149 (2021: £1,170,004) was deemed to represent a fixed asset investment (see note 16 below). If SMH had not been revalued, the fixed asset element would have been included at its historical cost of £2,760,000 less accumulated depreciation of £467,541.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**16. FIXED ASSETS INVESTMENTS**

	At 1 January 2022 £'000	Additions £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2022 £'000
<b>Unrestricted funds</b>					
Listed investments	-	-	-	-	-
Unlisted investments	-	-	-	-	-
Other	1,170	-	-	144	1,314
<b>Total</b>	<u>1,170</u>	<u>-</u>	<u>-</u>	<u>144</u>	<u>1,314</u>
Unlisted investments	185	-	-	(15)	170
<b>Endowment funds</b>					
Investment properties	33,463	45	(330)	3,208	36,386
Listed investments	3,798	696	(646)	(508)	3,340
Unlisted investments	2,757	-	-	(213)	2,544
	<u>40,018</u>	<u>741</u>	<u>(976)</u>	<u>2,487</u>	<u>42,270</u>
<b>Total</b>	<u><u>41,373</u></u>	<u><u>741</u></u>	<u><u>(976)</u></u>	<u><u>2,616</u></u>	<u><u>43,754</u></u>

The valuation of investments at 31 December 2022 was carried out by the Board's Investment Advisors as shown in the Administrative Details on page 18.

Included in investment properties is St Martins Lodge, which is a property purchased during 2015 costing a total of £4,497,270 (including subsequent refurbishment costs). St Martins Lodge has been developed into a high quality, 28 bed overnight accommodation facility.

As at 31 December 2022, St Martins Lodge was valued by Christie & Co. at £2,175,000 (2021: £2,300,000) on an open market basis.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**17. DEBTORS**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Due within one year</b>		
Trade debtors	36	25
Parish contribution	163	146
Loans to parishes	48	46
Amounts owed by related parties	33	28
Other debtors	194	150
Prepayments and accrued income	193	208
	<u>667</u>	<u>603</u>
<b>Due after more than one year</b>		
Loans to parishes	80	83
Value linked loan	5	5
	<u>85</u>	<u>88</u>
<b>Total debtors</b>	<u><u>752</u></u>	<u><u>691</u></u>

<b>The loans above are represented by:</b>	<b>Due within one year £'000</b>	<b>Due after one year £'000</b>	<b>Total £'000</b>
<b>Unsecured loans</b>			
Loans to parishes	48	80	128
<b>Total unsecured loans</b>	<u>48</u>	<u>80</u>	<u>128</u>
<b>Secured loans</b>			
Trustees of Launde Abbey	-	865	865
Provision on Launde Abbey loan	-	(865)	(865)
Value linked loan on retired clergy housing	-	5	5
<b>Total secured loans</b>	<u>-</u>	<u>5</u>	<u>5</u>
<b>Total loans outstanding</b>	<u><u>48</u></u>	<u><u>85</u></u>	<u><u>133</u></u>

**Unsecured loans**

The Parish loans are generally for one off cashflow issues with varying periods of repayment and attract a commercial rate of interest, currently being 3% per annum.

**Secured loans**

There is a loan to the Trustees of Launde Abbey for £865,141, which has been fully provided for (which includes accrued interest). On 31<sup>st</sup> December 2018, an agreement was reached whereby the loan was secured as a first charge against the total value of Launde Abbey. On any disposal of Launde Abbey in its entirety, LDBF would recover the greater of 21.89% of disposal proceeds - based on the valuation of the property at 9 April 2015, being £3,950,000 - or £865,141. In the event of a part disposal, LDBF would receive £865,141 on the first part disposal and then be entitled to 21.89% of total part disposal proceeds where there are future part disposals, where the total of all part disposal proceeds exceeds £865,141. Any excess of funds paid to LDBF over £865,141 is deemed to be a premium on the loan.

LDBF is the Custodian Trustee of Launde Abbey which is the Diocesan retreat house.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

<b>18. CREDITORS: amounts falling due within one year</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
Trade creditors	264	205
Bank loan	2,500	-
Taxation and social security	103	84
Other creditors	411	172
Accruals	494	221
Deferred income	152	128
Clergy pension scheme liabilities (see note 27)	-	231
Amounts owed to related parties	37	42
<b>Total</b>	<b>3,961</b>	<b>1,083</b>

<b>19. CREDITORS: amounts falling due after more than one year</b>	<b>2022</b>	2021
	<b>£'000</b>	£'000
Bank loan	-	2,500
Clergy pension scheme liabilities (see note 27)	-	27
Church Commissioners' value-linked loan	36	36
<b>Total</b>	<b>36</b>	<b>2,563</b>

The £2,500,000 bank loan is a revolving credit facility provided by Barclays Bank Plc during 2021. Interest is payable on the loan quarterly in arrears at the prevailing Bank of England base rate (which can never be less than zero) plus a margin of 2.25%. The loan has been secured on five LDBF properties and can be repaid in full, or in part (with the part amount being agreed with Barclays Bank Plc), at any time by giving 7 days' notice. The revolving facility is due for full repayment on 20<sup>th</sup> September 2023.

The value-linked loan (VLL) is secured by guarantee against a property. The loan is repayable, when the property is sold, in proportion to the sale value to the original percentage of the cost of the house originally loaned. The proportion of the loan on this property is 94.74%. At 31 December 2022, the estimated value of the property was £195,436 which is itself a 15% discount to the Nationwide House Price Index. The amount repayable to the Church Commissioners based on the discounted valuation would be £185,151.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**20. SUMMARY OF FUND MOVEMENTS**

	Balances at 1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and (Losses) £'000	Balances at 31 December 2022 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	6,914	5,622	(11,001)	5,023	1	6,559
<b>Designated funds</b>						
Retired Clergy Fund	174	5	(13)	8	(10)	164
Church Extension Fund	565	3	(9)	-	(1)	558
Workplace Chaplaincy Fund	2	-	-	-	-	2
Archdeacons' Discretionary Fund	118	3	(12)	-	(4)	105
Total Designated Funds	859	11	(34)	8	(15)	829
<b>Total unrestricted funds</b>	<b>7,773</b>	<b>5,633</b>	<b>(11,035)</b>	<b>5,031</b>	<b>(14)</b>	<b>7,388</b>
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,293	-	(26)	460	-	1,727
Church Commissioners', Historic England and other grant income	-	3,218	-	(3,218)	-	-
UK Government grants	-	-	-	-	-	-
Endowment Fund	637	101	(4)	(99)	-	635
Growth Fund	-	3	(65)	62	-	-
Bishop Jeune Ordinands' Fund	1	-	-	-	-	1
The Alan Everitt Fund	2	-	-	-	-	2
Diocesan Capital Fund	-	-	(25)	25	-	-
Ordinand Training Fund	31	197	(171)	-	-	57
CofE Stipend Trust Reserve	-	-	-	-	-	-
<b>Total Restricted Funds</b>	<b>1,964</b>	<b>3,519</b>	<b>(291)</b>	<b>(2,770)</b>	<b>-</b>	<b>2,422</b>
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Parsonage Houses	20,473	440	-	(460)	-	20,453
<b>Expendable</b>						
Stipends Glebe (see note 22)	47,462	1,371	(682)	(1,801)	2,646	48,996
Other Endowment Capital	1,385	-	-	-	(105)	1,280
<b>Total Endowment Funds</b>	<b>69,320</b>	<b>1,811</b>	<b>(682)</b>	<b>(2,261)</b>	<b>2,541</b>	<b>70,729</b>
<b>Total funds</b>	<b>79,057</b>	<b>10,963</b>	<b>(12,008)</b>	<b>-</b>	<b>2,527</b>	<b>80,539</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

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

	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2021 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	6,192	5,812	(11,049)	5,430	529	6,914
Designated funds						
Retired Clergy Fund	163	5	(16)	8	14	174
Church Extension Fund	561	4	-	-	-	565
Workplace Chaplaincy Fund	2	-	-	-	-	2
Archdeacons' Discretionary Fund	108	5	-	-	5	118
Total Designated Funds	834	14	(16)	8	19	859
Total unrestricted funds	7,026	5,826	(11,065)	5,438	548	7,773
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,408	-	(10)	(105)	-	1,293
Church Commissioners', Historic England and other grant income	-	3,582	-	(3,582)	-	-
UK Government grants	-	149	-	(149)	-	-
Endowment Fund	331	117	(13)	202	-	637
Growth Fund	-	4	(102)	98	-	-
Bishop Jeune Ordinands' Fund	1	-	-	-	-	1
The Alan Everitt Fund	2	-	-	-	-	2
Diocesan Capital Fund	-	-	(21)	21	-	-
Ordinand Training Fund	12	189	(170)	-	-	31
CofE Stipend Trust Reserve	-	-	-	-	-	-
Total Restricted Funds	1,754	4,041	(316)	(3,515)	-	1,964
<b>ENDOWMENT FUNDS</b>						
Permanent						
Parsonage Houses	20,368	-	-	105	-	20,473
Expendable						
Stipends Glebe (see note 22)	45,941	1,036	(475)	(1,720)	2,680	47,462
Other Endowment Capital	1,567	-	-	(308)	126	1,385
Total Endowment Funds	67,876	1,036	(475)	(1,923)	2,806	69,320
Total funds	76,656	10,903	(11,856)	-	3,354	79,057

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

21. SUMMARY OF ASSETS BY FUND	Fixed assets Tangible £'000	Investments £'000	Net Assets / (Liabilities) £'000	Total Assets £'000
<b>Unrestricted funds – General</b>	17,834	1,314	(12,589)	6,559
<b>Unrestricted - Designated</b>				
Retired Clergy / Clergy widows	-	123	41	164
Church Extension Fund	-	-	558	558
Workplace Chaplaincy	-	-	2	2
Archdeacons' Discretionary Fund	-	48	57	105
	-	171	658	829
<b>Restricted</b>				
Pastoral Fund	-	-	1,727	1,727
Church Commissioners' Fund	-	-	-	-
Endowment Funds:				
Drew Trust Income Fund	-	-	60	60
Horwood Robinson Income Fund	-	-	58	58
CE Huston Income Fund	-	-	161	161
D Huston Income Fund	-	-	147	147
Clarke Income Fund	-	-	-	-
Fry Income Fund	-	-	4	4
Chippington Income Fund	-	-	31	31
Clergy Stipend Endowment Income	-	-	6	6
Clergy Stipend Income	-	-	-	-
JD Player Memorial Fund	-	-	168	168
Diocesan Growth Fund	-	-	-	-
Bishop Jeune Ordinands' Fund	-	-	1	1
Alan Everitt Memorial Fund	-	-	2	2
Diocesan Capital Fund	-	-	-	-
Ordinand Training Fund	-	-	57	57
CofE Stipend Trust Reserve	-	-	-	-
	-	-	2,422	2,422
<b>Endowment Expendable</b>				
Stipends Glebe Fund (see note 22)	-	40,989	8,007	48,996
Endowment Capital Funds:				
Drew Trust Investment Fund	-	201	-	201
Horwood Robinson Investment Fund	-	197	-	197
CE Huston Investment Fund	-	597	-	597
D Huston Investment Fund	-	147	-	147
Clarke Investment Fund	-	1	-	1
Fry Investment Fund	-	12	-	12
Chippington Investment Fund	-	105	-	105
Clergy Stipend Investment Fund	-	20	-	20
<b>Permanent</b>				
Parsonage Houses Fund	20,453	-	-	20,453
	20,453	42,269	8,007	70,729
<b>Total funds</b>	<b>38,287</b>	<b>43,754</b>	<b>(1,502)</b>	<b>80,539</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**22. ANALYSIS OF STIPENDS GLEBE ENDOWMENT FUND**

With effect from 1<sup>st</sup> January 2019, the company adopted a Total Return strategy to its Stipends Glebe fund. An exercise was carried out to determine the Endowment fund value and the unapplied Total Return value applicable to the Stipends Glebe Fund. In this regard, records and information, including those held at our Land Agents Andrew Granger & Co. were used to determine the initial value of the endowment, Subsequently, the official Retail Price Index ("RPI") was used to obtain the value of the original endowment as at 1<sup>st</sup> January 2019; The value calculated was £29,048,439. The difference between this value and the balance sheet value, being £46,395,636, at that date was deemed to be the unapplied total return available for transfer to general funds, i.e. £17,347,197.

During 2022, there were income and investment gains in the period of £3,368,923 (2021: £3,240,882). £4,342,984 (2021: £2,268,431) was transferred back to the endowment capital fund as recognition of the increase in value of the endowment as measured by RPI over 2022. In addition, there were transfers out of Unapplied Return to the General Fund totalling £1,836,140 (2021: £1,720,047); of this £636,140 (2021: £520,047) was used to fund stipends. The balance as at 31 December 2022 was £12,338,086 (2021: £15,148,286).

	<b>Endowment: Stipends Glebe £'000</b>	<b>Unapplied Total Return £'000</b>	<b>Total £'000</b>
<b>As at 1 January 2022</b>	<b>32,313</b>	<b>15,149</b>	<b>47,462</b>
<b>Movements in the reporting period</b>			
Investment income: Glebe rents and dividends	-	1,279	1,279
Investment returns: Realised and unrealised gains / (losses) on shares and the Glebe portfolio	-	2,733	2,733
Less: Investment management costs	-	(642)	(642)
<b>Total movements in the reporting year</b>	<b>-</b>	<b>3,370</b>	<b>3,370</b>
<b>Unapplied Total Return allocated in Income in the year</b>	<b>-</b>	<b>(1,836)</b>	<b>(1,836)</b>
<b>Allocation to capital</b>	<b>4,344</b>	<b>(4,344)</b>	<b>-</b>
<b>Net movements in the reporting year</b>	<b>4,344</b>	<b>(2,810)</b>	<b>1,534</b>
<b>As at 31 December 2022</b>	<b>36,657</b>	<b>12,339</b>	<b>48,996</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

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**23. DESCRIPTION OF FUNDS**

<b>GENERAL FUNDS</b>	General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.
<b>DESIGNATED FUNDS</b>	Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.
<b>RESTRICTED FUNDS</b>	Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.
<b>ENDOWMENT FUNDS</b>	Endowment funds are funds held on trust to be retained for the Charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

**Designated funds**

**The Retired Clergy Fund** represents funds set aside for the benefit of retired clergy and their spouses, including those widowed, divorced or separated.

**The Church Extension Fund** represents funds put aside over a number of years by the Board to give loans to Parochial and District Church Councils to help with extensions, improvements and repairs to church buildings.

**Workplace Chaplaincy fund** represents funds to support people in workplace environments by offering confidential and independent support on a range of issues.

**The Archdeacons Discretionary Fund** is used by the Archdeacons to pay grants to needy clergy and their families within the Diocese.

**Restricted funds**

**The Pastoral Fund** is a capital and income fund where both may be expended. It may be used for a variety of purposes except for employment costs. It is the Board's policy to use these funds primarily for the purchase of and improvement to parsonage houses.

Prior to 2007 the balance included funds of £281,989 held by the Church Commissioners from the sale of parsonage houses which could not be released for other uses until such time as new pastoral schemes for the parishes involved had become operative and the appropriate PCC consents to the funds being released.

In 2007 these funds were released to the Diocese but had to be ring-fenced for the same reason. £286,530 including accumulated interest was received by the Diocese, a small amount of which was immediately expendable, but the remainder placed in a separate fund in relation to one parish. At 31 December 2022 this fund stood at £313,324 (2021: £313,309) and is included in the Pastoral Fund balance.

**Restricted Income from the Church Commissioners** is received from them to support Stipends and Clergy Pension Costs. Income is transferred to the General Fund to be applied against payment of such costs.

**Endowment Income Funds** represent accumulated income and income arising from endowment funds that has not yet been expended.

**The Diocesan Growth Fund** was formerly known as the **Church Commissioners' Mission Fund** and represents additional funds given to the Board by the Church Commissioners that have arisen as a result of better returns on their investment assets.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

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

**Restricted funds (continued)**

**The Bishop Jeune Ordinands' Fund** arose from accumulated income received from the Diocese of Peterborough arising from a fund set up by the late Bishop Jeune in 1868. It is available to be used for the benefit of Ordinands.

**The Alan Everitt Memorial Fund**, which commenced in 2010, is specifically for drama and dance based projects that promote the self-esteem of young people in a Christian environment.

**The Diocesan Capital Fund** was set up in 2013 to support churches in the Diocese with grants for capital projects.

**The CofE Stipend Trust Reserve** provides discretionary grants to Ordinands.

**The Ordinand Training Fund** provides discretionary training grants to Ordinands.

**Endowment funds**

**The Stipends Glebe Fund** represents the value of property and investments held under the Endowments and Glebe Measure 1976, invested to produce income to be applied for the augmentation of stipends.

**Endowment Capital Funds** are funds, the majority of which are, for the augmentation of stipends.

**The Parsonage Houses Fund** represents the deemed value of the parsonage houses calculated as set out in note 1c to these financial statements.

**24. CAPITAL COMMITMENTS**

At 31 December 2022 the LDBF had nil (2021: nil) capital expenditure commitments authorised but not contracted for, and contracted for but not yet due of nil (2021: nil).

**25. OPERATING LEASES**

Total commitments under non-cancellable operating leases are as follows:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Non land &amp; buildings operating leases where the lease expires:</b>		
Within one year of the balance sheet date	-	-
In the second to fifth years inclusive of the balance sheet date	<b>11</b>	14
More than five years from balance sheet date	-	-
	<b>=====</b>	<b>=====</b>

**26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES**

There were no post balance sheet events or contingent liabilities.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

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**27. PENSIONS**

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

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

**Church of England Funded Pension Scheme**

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

LDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. At the end of the year the Scheme was paying contributions for 123 members (2021: 136) of the scheme out of a total membership of approximately 8,500 active members. This scheme is administered by the Church of England Pensions Board which holds the assets of the schemes separately from those of the employers.

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

This scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers, and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. There were pension costs charged to the Statement of Financial Activities in the year of £1,017,870 (2021: £1,117,886) which were contributions payable towards benefits and expenses accrued in that year, plus the figures highlighted in the table on page 51 as being recognised in the Statement of Financial Activities (an overall £119,000 credit), giving a total charge of £898,870 for 2022 (2021: charge of £1,132,886).

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 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%;
- 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 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI 2020 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 set at 11.9% for 2019 and 2020 reducing to 7.1% of pensionable stipends for the period 1 January 2021 to 31 December 2022.

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 2022 is set out in the table on page 51.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**27. PENSIONS (continued)**

**Church of England Funded Pension Scheme (continued)**

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Balance sheet liability as at 1 January	<b>258</b>	474
Contributions paid	<b>(139)</b>	(231)
Interest cost (recognised in the SOFA)	-	1
Remaining change to the balance sheet liability (recognised in SOFA)	<b>(119)</b>	14
	<hr/>	<hr/>
Balance sheet liability as at 31 December	-	258
	<hr/> <hr/>	<hr/> <hr/>

The remaining change to the balance sheet liability comprises changes in the agreed deficit recovery plan and changes in discount rates and assumptions between year ends.

The liability represents the present value of the deficit contributions agreed as at 31 December 2022, 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.

	<b>December 2022</b>	<b>December 2021</b>	<b>December 2020</b>
Discount rate (p.a.)	n/a	0.0%	0.2%
Price inflation (p.a.)	n/a	n/a	3.1%
Increase to pensionable payroll (p.a.)	n/a	-1.5%	1.6%

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

**Church Workers Pension Fund – Defined Benefits Scheme**

The Defined Benefits Scheme ("DBS") section of the CWPF 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 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 pension costs charged to the SOFA are the contributions payable for the year towards benefits and expenses accrued in that year being £71,779 for 2022 (2021: £75,967) increased by the increase on the balance sheet liability of £8,000 (2021: reduction of £114,000) in relation to the Scheme deficit highlighted in the table below and recognised in the SOFA giving a net charge of £79,779 for 2022 (2021: £38,033 credit).

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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**27. PENSIONS (continued)**

**Church Workers Pension Fund – Defined Benefits Scheme (continued)**

A valuation of the Scheme is carried out once every three years. The most recent 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 Pool. This increased the employer contributions that would otherwise have been payable. The overall deficit in the Scheme was £11.3m.

The next actuarial valuation is due at 31 December 2022.

Following the valuation, LDBF has entered into an agreement with the CWPF to pay a contribution rate of 30.8% of pensionable salary and expenses of £7,300 per year. In addition, deficit payments of £92,154 per year have been agreed for 5 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, 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 these financial statements as at 31 December 2022. A liability was recognised at earlier dates.

	<b>2022</b>	2021
	<b>£'000</b>	£'000
Balance sheet liability as at 1 January	-	206
Contributions paid	<b>(8)</b>	(92)
Interest cost (recognised in the SOFA)	-	-
Remaining change to the balance sheet liability (recognised in the SOFA)	<b>8</b>	(114)
	<hr/>	<hr/>
Balance sheet liability as at 31 December	<hr/> <b>-</b> <hr/>	<hr/> <b>-</b> <hr/>

The remaining change to the balance sheet liability comprises changes in the agreed recovery plan and changes in discount rates between year ends.

The balance sheet liability represents the present value of the deficit contributions agreed as at 31 December 2022, and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments;

	<b>December 2022</b>	<b>December 2021</b>	<b>December 2020</b>
Discount rate (p.a.)	0.0%	0.0%	0.3%

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

**Church Workers Pension Fund – Pension Builder Scheme**

LDBF participates in the Pension Builder Scheme section of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of LDBF and the other participating employers.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections; a deferred annuity section known as **Pension Builder Classic** and a cash balance section known as **Pension Builder 2014**.

Both sections of the Pension Builder Scheme 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. Discretionary increases may also be added, depending on investment returns and other factors.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

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**27. PENSIONS (continued)**

**Church Workers Pension Fund – Pension Builder Scheme (continued)**

**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 before retirement depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced, from age 65.

There is no subdivision of assets between employers in either 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 pension costs charged to the Statement of Financial Activities in the year are the contributions payable and were £113,476 (2021: £108,991).

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

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, the Pensions 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 2019 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, LDBF may become responsible for paying a share of that employer's pension liabilities.

**28. RELATED PARTY TRANSACTIONS**

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education (LDBE), The Diocese of Leicester Academies Trust (DLAT), the University Chaplaincies at the three universities in the Diocese of Leicester, Leicester Cathedral Chapter (LCC), Launde Abbey Trustees (LAT), St Philips Centre (SPC), Bishop's Lodge (BL), Coventry Diocesan Board of Finance (The) (CDBF), Together Leicester (ToL), and Leicester City of Sanctuary (LCOS). Details of grants made to these bodies are given in note 12 of the financial statements.

During 2022, LDBF recharged LCC £106,809 (2021: £136,669), of which £27,398 (2021: £26,395) were salaries or a stipend. Conversely, LCC recharged LDBF £1,351 (2021: £24,013).

During 2022, LDBF recharged LDBE £14,735 (2021: £21,418), of which £3,273 (2021: £8,239) were salaries from 1<sup>st</sup> April 2022, LDBE commenced administering their own salaries. Conversely, LDBE recharged LDBF £82,690 (2021: £9,199) all of which was a recharge for the Diocesan Director of Education.

During 2022, LDBF recharged LAT £6,053 (2021: nil). Conversely, LAT recharged LDBF £40,108 (2021: £25,924) of which nil (2021: £9,526) were salaries.

During 2022, LDBF recharged CDBF £61,087 (2021: £65,768), of which £49,284 (2021: £54,323) were salaries. Conversely, CDBF recharged LDBF nil (2021: £14,670).

During 2022, LDBF recharged BL £4,283 (2021: nil).

During 2022, SPC recharged LDBF £43,207 (2021: £17,945), of which £42,819 (2021: £17,825) were salaries and pension costs.

During 2022, LDBF recharged ToL £45,804 (2021: £32,480), of which £45,605 (2021: £32,068) were salary costs.

During 2022, LDBF recharged LCOS £64,611 (2021: £53,055), of which £64,384 (2021: £53,055) were salary costs.

There were no other related party transactions in the current or previous accounting period.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**28. RELATED PARTY TRANSACTIONS (continued)**

At the end of the year, the following amounts, all of which are included in debtors or creditors as appropriate, were receivable / payable by the Board in respect of related parties:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Amounts receivable / (payable) by the Board</b>		
Leicester Diocesan Board of Education	<b>(33)</b>	(14)
Coventry Diocesan Board of Finance (The)	<b>16</b>	(9)
Leicester Cathedral Chapter	<b>3</b>	(16)
Launde Abbey Trustees	-	-
St Philips Centre	<b>(4)</b>	(1)
Bishop's Lodge	<b>2</b>	-
Together Leicester	<b>4</b>	-
Leicester City of Sanctuary	<b>7</b>	5

**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:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
CBF Church of England Investment Fund - income shares	<b>992</b>	1,124
CBF Church of England Deposit Fund	<b>752</b>	771
Other common investment fund holdings	<b>494</b>	517
Direct holdings in UK equities	<b>248</b>	242
CBF Church of England Fixed Interest Securities Fund – income shares	<b>41</b>	48
Cash at bank	<b>16</b>	15
<b>Total assets held as Custodian Trustee</b>	<b>2,543</b>	2,717

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022**

**30. PRIOR YEAR COMPARATIVE SOFA**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
	General £'000	Designated £'000			
<b>Income and endowments from</b>					
Donations					
Parish Contributions	4,000	-	-	-	4,000
Archbishops' Council	-	-	3,665	-	3,665
Other donations	5	-	4	-	9
Charitable activities	424	3	255	-	682
Other activities	482	-	-	264	746
Investments	118	11	117	732	978
Other	783	-	-	40	823
<b>Total income and endowments</b>	<b>5,812</b>	<b>14</b>	<b>4,041</b>	<b>1,036</b>	<b>10,903</b>
<b>Expenditure on</b>					
Raising funds	-	-	-	190	190
Charitable activities	10,235	16	316	-	10,567
Other	814	-	-	285	1,099
<b>Total expenditure</b>	<b>11,049</b>	<b>16</b>	<b>316</b>	<b>475</b>	<b>11,856</b>
<b>Net (expenditure) / income before losses and gains on investments</b>	<b>(5,237)</b>	<b>(2)</b>	<b>3,725</b>	<b>561</b>	<b>(953)</b>
(loss) / Gain on investments	186	19	-	2,806	3,011
<b>Net(expenditure) / income</b>	<b>(5,051)</b>	<b>17</b>	<b>3,725</b>	<b>3,367</b>	<b>2,058</b>
<b>Transfers between funds</b>	<b>5,430</b>	<b>8</b>	<b>(3,515)</b>	<b>(1,923)</b>	<b>-</b>
Profit on revaluation of fixed assets	343	-	-	-	343
<b>Net movement in funds</b>	<b>722</b>	<b>25</b>	<b>210</b>	<b>1,444</b>	<b>2,401</b>
<b>Total funds brought forward</b>	<b>6,192</b>	<b>834</b>	<b>1,754</b>	<b>67,876</b>	<b>76,656</b>
<b>Total funds carried forward</b>	<b>6,914</b>	<b>859</b>	<b>1,964</b>	<b>69,320</b>	<b>79,057</b>

**THE LEICESTER DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 249100

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# Accounts

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# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2021**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

Company number - 00227087

Registered charity number – 249100

ANNUAL REPORT

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## **CHAIR'S REPORT**

2021 was another very challenging year as the coronavirus pandemic continued, many more people contracted the virus and the associated restrictions and lockdowns, though easing, remained in place. Churches remained for the most part closed as the year began, or open with strict limitations on numbers attending and permitted activities. Even though things began to become easier from the summer onwards, many measures to contain the spread of the virus continued throughout the year and many churchgoers were cautious about the resumption of in-person activities. Despite this, our church communities showed great initiative in caring for those most in need, supporting those who were ill and those sadly bereaved. Online worship continued to be offered, even as services in church buildings resumed.

The financial impact of the pandemic on the diocese has again been serious in 2021. Contributions from the parishes to the diocese at £4 million were down on the already-depressed level of £4.157 million in 2020, although this was offset by an increase in the diocesan share of fees for occasional services (weddings and funerals). The ability of parishes to contribute financially in the coming years remains a matter of concern.

Overall, our accounts show a deficit of £953k for the year before gains on investments and fixed asset revaluations, despite a very welcome one-off grant from the national Church of £700k to compensate for lost income in the past two years. In response, the trustees took the difficult decision to carry out a restructuring and downsizing of the central staff team, as well as imposing a temporary freeze on the filling of vacancies for clergy in the parishes.

Following an extensive consultation process lasting over 12 months, in October 2021 Diocesan Synod agreed a new framework for the diocese focussed on 'Minster Communities' – designated groups of parishes, fresh expressions of church, and schools brought together collectively for mission, resourced through the leadership of a diverse ministry team comprised of clergy, licensed lay ministers and headteachers. Growing Faith Ministers are part of this diverse ministry team and embody a core aim of the Minster Community framework, namely, to see many more children and young people growing in faith and exercising genuine leadership within the church. Twenty to twenty-five Minster Communities will be created across the Diocese; the number of churches and schools belonging to each one will vary considerably in different contexts. It is intended that this structure will make the most of the opportunities to live out our faith in a way that appeals to all whom we meet, and that ultimately reveals the Kingdom of God amongst us. It will also relieve the pastoral burden on parish clergy and be financially sustainable.

In addition to agreeing the new structure, we are working with Five Strategic Priorities:

1. New communities – establishing as many fresh expressions of church (including church plants) as there are inherited churches - our Strategic Development Funding (SDF) Resourcing Churches programme is one part of this priority.
2. Intercultural communities – growing the number of UK minority ethnic ministers and intentionally learning from different cultures (our SDF funded Intercultural Worshipping Communities programme is one part of this priority).
3. Intergenerational communities – 'growing faith' among children and young people through links between churches, schools and households.
4. Eco-communities – achieving eco-diocese status and aiming for net zero emissions by 2030.
5. Reconciling communities - to 'live well together' in church and society across our many divides.

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**CHAIR'S REPORT (continued)**

In the face of many challenges, our people, both lay and ordained, continue to serve the people of Leicester and Leicestershire with faithfulness, commitment, and imagination. I am immensely grateful to all those, paid or volunteering, who offer themselves and their energies to the work of God in our diocese.

**David Palmer**  
**Chair of Leicester Diocesan Board of Finance**  
**21 May 2022**

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 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 Objects of the Diocese of Leicester covers the entire county of Leicestershire.

The Leicester Diocesan Board of Finance (The)'s ("LDBF") principal object is to promote, assist and advance the work of the Church of England in the Diocese of Leicester by acting as the financial executive of the Leicester 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 custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils ("PCC's") 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 Leicester (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; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments arising from the Diocesan Synod including the Diocesan budget.

## **STRATEGIC REPORT**

### **Strategic aims**

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

In November 2014, the Diocesan Synod unanimously recommitted to the "Shaped by God" vision and strategy for the next 10 years, which seeks to grow the kingdom of God in depth of discipleship, number of disciples of Jesus and the loving service of the world.

The Diocese of Leicester has identified ten 'marks of mission' which are in effect a statement of our values. We have articulated these values in the hope that they will shape our culture (the way we do things here) and infuse all our actions:

- noticing God at work among us, and continually asking: what are we learning, and how do we join in with God's activity? **(discerning)**
- lives and communities transformed, through the good news of Jesus Christ; **(transformational)**
- worship in a way that renews and inspires, echoing the praise of heaven; **(inspirational)**
- self-giving service to the community, because the Church is called to be local and outward looking; **(self-giving)**
- being rooted in prayer, because prayer is part of our loving response to the needs of the world; **(prayerful)**
- confident and sensitive evangelism, responding to Jesus' call to share our faith in word and deed; **(confident)**
- lifelong Christian nurture, because our mission overflows from our own discipleship; **(nurturing)**
- the welcome of newcomers, helping those who come close to the church to feel cherished by God; **(hospitable)**
- becoming child friendly, following our Lord's example of putting children at a central place in His ministry; **(child-like)**
- celebration of people and places, because godly celebration is at the heart of the gospel; **(celebratory)**

### **Overall objectives for the year**

In response to the above strategic priorities determined by the Diocesan Synod, several groups, including the Bishop's Council, Bishop's Staff and Deanery Synods, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- 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 Leicester.
- To maintain a sound financial structure required to support the clergy in the payment of stipends, managing parsonages and other ministerial housing and providing other facilities in support of the clergy and lay people in parishes across the Diocese.

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- To support the National Church institutions through an annual grant, including a contribution to the cost of training Ordinands and for providing retirement housing for clergy.
- To support The Leicester Diocesan Board of Education (“LDBE”) by way of a grant towards staff costs.

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

**Activities and achievements in the year**

The Christian Presence

Clergy form a central part in the life of churches in the Leicester Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carried out 129 weddings (including marriage blessings), 1,200 funerals and 154 baptisms during 2020 – the figures are only available one year in arrears and are substantially down on 2019 due to the Covid-19 pandemic. Whilst the LDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops’ Council, a charity which the LDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 90 trained stipendiary clergy and 33 training curates we had at the end of 2021 in the diocese is a priority of the LDBF and represents by far its largest financial commitment. Although the LDBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of continual professional development and ministerial development review. It also gives clergy access to tribunals and other useful services.

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

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

Other related parties include:

- The Archbishops’ Council to which it pays a donation based on an apportionment system for funding national training of Ordinands and the activities of the various national boards and councils, as well as General Synod.
- The Church Commissioners from which the LDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the LDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.

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- Parochial Church Councils (“PCC’s”), to which LDBF is required to be custodian trustee in relation to PCC property. LDBF has no control over PCC’s, which are independent charities. The accounts of PCC’s and deaneries do not form part of these financial statements.
- Leicester Diocesan Board of Education (charity number 1151692), to which LDBF provides grant support.
- Leicester Cathedral Chapter, to which LDBF provides certain accounting services.
- Launde Abbey Trustees, to which LDBF provides long term loans used to refurbish the abbey (which is the Diocesan Retreat house) and to cover compensation and legal fees. At 31 December 2021, the loans plus interest totalled £865,138. All loans have been fully provided for and are secured on the value of Launde Abbey (for details see note 17 on page 42).
- Coventry Diocesan Board of Finance (The) (company no. 00319482; charity no. 247828), with which LDBF had a joint working arrangement for several staff during 2021.

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.

Volunteers

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

**Future plans**

A central priority within Jesus’ ministry was his calling of twelve disciples - “appointed... to be with him and to be sent out” Mark 3:15. He devoted much time to teaching and mentoring them. He sent them out to continue his work of announcing and giving signs of the kingdom.

The Diocese of Leicester has similarly chosen to focus on this priority of discipleship. Shaped by God in our lives and communities we seek the growth of His Kingdom in:

- the depth of discipleship,
- the number of disciples of Jesus,
- loving service of the world.

We have therefore asked our parish churches, our fresh expressions of church, our chaplaincies, and our schools to work to these priorities. Each Christian community must discern for themselves how to act on these priorities in their own context. It is not for the Board of Finance or the Bishop to dictate how individuals and communities should interpret these priorities. Rather the work of our central support staff is focused on enabling this discernment in each context and helping each community to channel their resources to these priorities. It is for the Bishop to hold each individual minister and each community to account for how they are doing this (“low control, high accountability”).

The major budget element continues to be directed towards the maintenance of a ministerial presence in every parish and the training and development of lay members of the church to support the work of the clergy.

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We are now embarking upon a restructure of the Diocese following a review entitled 'Shaped by God Together' which reported to Diocesan Synod during the Autumn of 2021. We have already restructured the central diocesan structure and we are now in consultation with the Parishes regarding the set up of Minster Communities.

The ongoing objective is to be able to adequately resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

### **Financial review**

#### **Financial Performance**

Parish Contribution, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. This decreased by £157k to £4.0m (2020: £4.16m).

The Trustees are grateful to all the parishes for their contributions during the year, and especially to those parishes that make regular contributions by instalments, which is essential in keeping the Diocese's need to maintain a cash flow reserve to a minimum.

LDBF had a net £2.40m increase in total funds in 2021 (2020: £1.83m decrease). The 2021 result was affected by a greater increase in the value of its Glebe portfolio (£2.02m increase v £1.25m in 2020); an increase of £529k on the St Martins House ("SMH") asset (£403k decrease in 2020) and greater realised / unrealised gains on investments (circa £1.0m higher).

Overall, the value of fixed asset investments increased; Glebe properties are £33.46m (2020: £31.89m); other investments are £7.91m (2020: £8.74m), resulting in a net increase in investment assets of £748k.

The Trustees had prepared a 2021 budget that had a significant net operational deficit. The impact of the Covid 19 pandemic has meant that there continues to be a budgeted deficit for 2022. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism. We have sufficient relatively liquid assets (such as our stock market investments) to cope in the short term. It is anticipated returning to a breakeven budget by 2027. This is to be achieved by carrying out reviews of the major cost areas and implementing cost cuts over the next three years.

The Trustees are of the opinion that LDBF continues to be a going concern.

#### **Significant Property Transactions**

Land and building additions during the year (included in tangible fixed assets and investment properties) totalled £188k (2020: £157k). The majority of funds were spent improving and refurbishing the current stock of LDBF properties.

There were no new properties purchased during 2021.

Our policy continues to be:

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

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**Balance sheet position**

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £79.06m (2020: £76.66m) it must be remembered that included in this total are land & buildings, whose value amounted to £73.18m (2020: £72.17m). Additionally, some 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.

**Fundraising**

LDBF raise funds through Parish Contribution (based on offers given by the Parishes) and via an annual Bishop's Lent appeal. No professional fundraisers are employed in these activities. The Lent appeal is an invitation to the general public to contribute to a stated objective. No direct fundraising to individuals is undertaken.

**Reserves policy**

*Free reserves*

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a minimum balance of readily realisable assets in the general fund equivalent to 3 months budgeted unrestricted expenditure for 2022. At 31 December 2021 the amount required under this policy totalled £2.58m (2020: £2.80m). General unrestricted free reserves as at 31 December 2021 totalled £6.91m (2020: £6.19m).

In the light of recent events, the Trustees plan to review and, if appropriate, amend the reserve policy.

*Reserves tied up in fixed assets*

The general fund has tangible fixed assets of £18.16m, investments of £1.17m and net liabilities of £12.42m.

*Designated funds*

The Trustees may, with the approval of the board, 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 £0.86m (2020: £0.83m).

*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 2021 restricted funds totalled £1.96m (2020: £1.75m) and endowment funds totalled £69.32m (2020: £67.88m). Neither fund category is available for the general purposes of the LDBF except for the portion of the endowment fund set aside in the Total Return policy adopted on 1<sup>st</sup> January 2020. The balance of Unapplied Total Return as at 31 December 2021 was £15.15m (2020: £15.90m).

**Grant making policy**

The Memorandum of Association of the LDBF explicitly permits the LDBF to make grants in pursuance of its objects. The LDBF predominantly achieves this via the Capital and Growth funds. Grants from these funds are disclosed in note 12.

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**Investment policy**

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 21 provides detail of the assets of each fund, together with the related purposes, and note 16 summarises the movements in fixed asset investments during the year.

The Trustees' investment policy is to hold investments in a balanced mix of a charity property fund with Savills Investment Management Limited (Savills) and equities with two portfolio managers (Brewin Dolphin and Charles Stanley). Both Brewin Dolphin and Charles Stanley have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2021 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
Brewin Dolphin listed investments	1,730	25.7%	1.7%	10.2%
Charles Stanley listed investments	2,068	30.7%	2.3%	19.1%
Savills Investment Management Property Fund	2,847	42.2%	3.7%	12.6%
CCLA funds	45	0.7%	2.4%	15.6%
Other investments	50	0.7%	0.0%	0.0%
	<hr/> 6,740	<hr/> 100.0%		

The Investment Committee regularly reviews the performance of the funds comparing their performance to benchmarks set out in the investors' reports and hence make recommendations to the Trustees on future investment opportunities.

Overall, the income yield was 4.38% and the total return was 13.91%. The Investment Committee consider these returns to be satisfactory in the current climate.

LDBF is a member of the Church Investors Group. The Church Investors Group represents institutional investors from many mainstream Church denominations and church related charities. Its aims are to encourage the formulation of investment policies based on Christian ethical principles, to encourage responsible business practice through engagement with company managements and to share information and views on ethical matters related to investment. The CIG has 65 members, predominantly drawn from the UK and Ireland, with combined investment assets of over £25bn.

## Principal risks and uncertainties

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

The risk register identifies three broad 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:

### External risk:

- **Reputational risk from scandals and theological disagreements;** Incidents would be managed through Archdeacon reviews and/or the Communications department.
- **Economic risk from a fall in parish contributions;** Continued close analysis and review of budgets and treasury / investment management.
- **Demographic changes;** There is a "Shaped by God Together" strategic plan (see "future plans" on pages 8 & 9 above) to diversify the Church via Minster Communities.

### Operational risk:

- **Personnel risk;** There are processes for performance development and for replacing key personnel who leave. There is also a contract with an external HR consultant.
- **Property;** The risk is to not have the correct amount and/or quality of property to house clergy. To mitigate this LDBF has a fully resourced Property department. An independent review of property management and transactions is reviewed by the appropriate committee (Glebe, etc.).
- **IT;** Systems are off the shelf and easily replaceable. Data is backed up daily and can be restored within 24 hours. There are rules for internet usage monitored by the IT Manager. The IT Manager ensures compliance with The Data Protection Act and the General Data Protection Regulations.
- **Safeguarding and health & safety;** A health & safety policy has been issued to all staff. DBF has a department of 4 staff (2020: 5) dedicated to safeguarding who report to the Director of Operations and Governance.
- **Insurance;** Policies are reviewed annually with a suitably qualified broker.
- **Finance;** Financial processes have been implemented and are periodically reviewed. Changes in the amount of particular income or cost streams are analysed and appropriate corrective action implemented.

### Governance risk:

- **Trustees;** Procedures exist to appoint and retain suitable Trustees
- **Staff structure;** Staff structures are periodically reviewed and set to ensure best practice is adhered to.
- **National network;** There is engagement with national initiatives whilst liaising with other Dioceses to ensure best practice is maintained.

## **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 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into 10 deaneries, each with its own 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 apply for partnership with neighbouring Dioceses.

### **Organisational structure**

The Leicester Diocesan Board of Finance (The) ("LDBF") is a company limited by guarantee (No. 00227087) and a registered charity (No. 249100) 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 Leicester. It was established in its present form in 1927 and is successor in title to the Leicester Diocesan Trustees.

Governance and policy of Leicester Diocesan Board of Finance (The) ("LDBF") is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. The Trustees are The Bishop of Leicester, who is the ex-officio president of LDBF, The Archdeacons of Leicester and Loughborough (also ex-officio) along with eight people elected from and by the members of Diocesan Synod every three years (with the most recent elections held in 2021), up to three members co-opted by the Board of Trustees, and up to two members nominated by the Bishop. The Chair and Vice Chair are nominated by the Bishop and approved by the Diocesan Synod every three years (with the most recent nomination and approval being in 2021). The details of Trustees who served during the year are set out on page 17.

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 Bishop's Leadership Team. The Synod membership is elected every three years, the last elections having been in 2021. The Synod elects eight of the possible eighteen Trustees of the Diocesan Board of Finance. Whilst the LDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association, by virtue of the National Institutions Measure 2000, the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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**Decision making structure**

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Leicester, are set by the Diocesan Synod and the LDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the LDBF. The Trustees hold up to 6 meetings during the year.

The Bishop's Council consists of 11 ex-officio members, including the Diocesan Bishop, the Bishop of Loughborough and the two Archdeacons, 3 clergy elected by the house of clergy from among their number and 5 lay persons elected by the members of the house of laity, a Lay Chair and an Area Dean and a maximum of 4 members co-opted by the Bishop's Council.

The Bishop's Council and Standing Committee meet to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion
- Advising the Bishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

There are a number of Diocesan Synod committees, though not all are sub-committees of LDBF, that influence the operation of LDBF. The following are statutory committees:

**Houses Committee;** which is responsible for managing and maintaining LDBF houses, including buying, repairing, maintaining and disposing of LDBF houses (including parsonages and vicarages).

**Glebe Committee;** which is responsible for implementing policy and making major decisions concerning the management of Glebe property and investments for the benefit of the Diocesan Stipends Fund.

**The Diocesan Mission and Pastoral Committee;** which is responsible for approving pastoral reorganisation, taking account of available clergy numbers, and making use of new patterns of ministry.

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

**Leicester Diocesan Board of Patronage;** which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

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**Closed Church Buildings Committee;** which is responsible for finding appropriate alternative uses for churches that have been declared redundant.

**Vacancy in See Committee;** which is responsible for representing the Diocese in the appointment process of a Diocesan Bishop.

The Trustees, who also meet during the year as **The Finance Committee**, whose members are the Directors of the Company and Trustees of the Charity, are responsible for considering the financial affairs of the Diocese. The Committee reviews the management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the LDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 2011 (with regard to redundant churches). They also advise Bishop's Council on the financial aspects of strategic matters. They are also supported by:-

**The Investment Committee (a sub-committee of the Finance Committee);** is responsible for determining and overseeing the investment policy of LDBF.

**The Audit Committee (a sub-committee of the Finance Committee);** is responsible for assisting the Trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

**Trustee recruitment, selection and induction**

Trustees are given induction when first appointed. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff possess the title 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest.

**Delegation of day to day delivery**

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Diocesan Chief Executive is given specific and general delegated authority to deliver the business of the LDBF in accordance with the policies framed by the Trustees.

**Funds held as Custodian Trustee**

LDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £2.717m at 31 December 2021 (2020: £2.495m), 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 by the LDBF's solicitor, Stone King LLP.

## **TRUSTEES' RESPONSIBILITIES STATEMENT**

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

Company law requires the Trustees (as Directors of LDBF for the purposes of Company Law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of 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 apply them consistently
- Observe methods and principles in the Charities SORP FRS 102
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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. The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information, and to establish that the Charitable Company's 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 and other information included in Annual Reports, may differ from legislation in other jurisdictions.

## **APPOINTMENT OF AUDITORS**

The re-appointment of Haysmacintyre LLP as auditors to LDBF will be proposed at the Annual General Meeting.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

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**ADMINISTRATIVE DETAILS**

**Trustees**

No Trustee had any beneficial interest in the Charitable Company during 2021. The following Trustees were in post during the year and at the date of this report:

President (ex-officio):	The Right Reverend M J Snow – Lord Bishop of Leicester
Chair:	Mr D J Palmer (appointed 18 March 2021) Mr S G Barney (resigned 25 February 2021)
Vice Chair:	Mr C J Sheldon (appointed 4 December 2021)
Archdeacons (ex officio):	The Venerable R V Worsfold - Archdeacon of Leicester The Venerable C Wood - Archdeacon of Loughborough
Elected by:	
Synod House of Clergy	The Reverend A R Leighton The Reverend C Taylor The Reverend N Stothers (appointed 1 November 2021)
Synod House of Laity	Mr D B Beeson Mrs M V Wang Mr C J Sheldon (appointed Vice Chair 4 December 2021) Mrs S A L Newbury (resigned 31 October 2021) Mr J C F Roberson (resigned 31 October 2021)
Bishop's Nominees	None – Two vacancies
Co-opted by the Board	Mr G Brown Mr D J Palmer (appointed Chair 18 March 2021) The Reverend C M Thomson (appointed 19 January 2021, resigned 31 October 2021)

**Senior staff and advisers**

Diocesan Chief Executive:	Jonathan Kerry
Director of Operations and Governance:	Andrew Brockbank
Director of Finance and Support Services:	Paul Stothard (appointed 19 April 2021, resigned 31 December 2021) Jim Pullen (appointed Acting Finance Director 1 January 2021 to 16 April 2021)

Registered Office: St Martins House,  
7 Peacock Lane,  
Leicester LE1 5PZ

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

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**Bankers:**

Barclays Bank plc,  
Dominus Way,  
Meridian Business Park,  
Leicester LE19 1RP

**Auditors:**

Haysmacintyre LLP,  
Statutory Auditors,  
10 Queen Street Place,  
London EC4R 1AG

**Solicitors:**

Latham & Co.,  
Charnwood House,  
2&4 Forest Road,  
Loughborough,  
Leicestershire LE11 3NP

Anthony Collins Solicitors LLP,  
134 Edmund Street,  
Birmingham B3 2ES

Stone King LLP,  
Boundary House  
91 Charterhouse Street  
London EC1M 6HR

**Investment Advisers:**

Savills Investment Management  
Limited,  
33 Margaret Street,  
London W1G 0JD

Charles Stanley & Co. Limited,  
25 Luke Street,  
London EC2A 4AR

Brewin Dolphin,  
1<sup>st</sup> Floor,  
Waterfront House,  
Waterfront Plaza,  
35 Station Street,  
Nottingham NG32 3DQ

CCLA Investment Management  
Limited,  
80 Cheapside,  
London EC2V 6DZ

**Glebe Agents  
and Valuers:**

Andrew Granger & Co LLP,  
44 – 46 Forest Road,  
Loughborough,  
Leicestershire LE11 3NP

Christie & Co.,  
Suite 402 Bridlesmith House,  
38 Bridlesmith Gate,  
Nottingham NG1 2GQ

**Insurance brokers:**

Cornerstone Business Insurance Limited,  
8 Princess Road West,  
Leicester LE1 6TP

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 6 - 12 within their capacity as company directors.

**BY ORDER OF THE TRUSTEES**

**D J Palmer**  
Chairman

**J W Kerry**  
Diocesan Chief Executive

**21 May 2022**

**21 May 2022**

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

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### **Opinion**

We have audited the financial statements of Leicester Diocesan Board of Finance (The) (the 'charitable company') for the year ended 31 December 2021, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **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 Trustee's Annual Report and Chair's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion 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 Strategic Report and the Directors' Report prepared for the purposes of company law), for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report by exception**

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

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

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

**Responsibilities of trustees for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Charities Law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as include the Companies Act 2006 and the Charities Act 2011 and consider other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraud in revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates such as valuation of the investment properties.

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

#### **Use of our report**

This report is made solely to the charitable company's members, 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.

**Steven Harper (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditor  
21 May 2022**

10 Queen Street Place  
London  
EC4R 1AG

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
STATEMENT OF FINANCIAL ACTIVITIES  
For the year ended 31 December 2021**

		Unrestricted funds		Restricted	Endowment	Total	Total
	Note	General	Designated	Funds	Funds	funds	funds
		£'000	£'000	£'000	£'000	2021	2020
						£'000	£'000
<b>Income and endowments from</b>							(Note 30)
Donations							
Parish contributions	2a	4,000	-	-	-	<b>4,000</b>	4,157
Archbishops' Council	2b	-	-	3,665	-	<b>3,665</b>	2,790
Other donations	2c	5	-	4	-	<b>9</b>	7
Charitable activities	3	424	3	255	-	<b>682</b>	1,086
Other activities	4	482	-	-	264	<b>746</b>	468
Investments	5	118	11	117	732	<b>978</b>	958
Other	6	783	-	-	40	<b>823</b>	173
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total income and endowments		5,812	14	4,041	1,036	<b>10,903</b>	9,639
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure on</b>							
Raising funds	7	-	-	-	190	<b>190</b>	257
Charitable activities	8	10,235	16	316	-	<b>10,567</b>	10,615
Other	9	814	-	-	285	<b>1,099</b>	1,232
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure		11,049	16	316	475	<b>11,856</b>	12,104
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net (expenditure) / income before losses and gains on investments</b>		(5,237)	(2)	3,725	561	<b>(953)</b>	(2,465)
Gain on investments		186	19	-	2,806	<b>3,011</b>	789
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net (expenditure) / income</b>		(5,051)	17	3,725	3,367	<b>2,058</b>	(1,676)
<b>Transfers between funds</b>	14	5,430	8	(3,515)	(1,923)	-	-
<b>Other recognised gains:</b>							
Profit / (loss) on revaluation of fixed assets		343	-	-	-	<b>343</b>	(152)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net movement in funds</b>		722	25	210	1,444	<b>2,401</b>	(1,828)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds brought forward</b>		6,192	834	1,754	67,876	<b>76,656</b>	78,484
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds carried forward</b>	20	<b>6,914</b>	<b>859</b>	<b>1,964</b>	<b>69,320</b>	<b>79,057</b>	76,656
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All activities derive from continuing activities. The notes on pages 26 to 55 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 December 2021**

---

	<b>Total 2021 £'000</b>	Total 2020 £'000
Income before losses and gains on investments	9,867	8,841
Expenditure	(11,381)	(11,847)
<b>Operating deficit for the year</b>	<b>(1,514)</b>	<b>(3,006)</b>
Net profit / (loss) on investments	205	(255)
Net transfer from endowment funds	1,923	1,733
<b>Net income / (expenditure) for the year</b>	<b>614</b>	<b>(1,528)</b>
Other comprehensive income:		
Revaluation of fixed assets	343	(152)
<b>Total comprehensive income / (expenditure)</b>	<b>957</b>	<b>(1,680)</b>

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. The notes on pages 26 to 55 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
BALANCE SHEET  
At 31 December 2021**

Company Number – 00227087

	Note	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Tangible assets	15	38,635	39,374
Investments	16	41,373	40,625
		<u>80,008</u>	<u>79,999</u>
<b>CURRENT ASSETS</b>			
Stock		39	48
Debtors	17	691	897
Cash on deposit, at bank and in hand		1,965	1,057
		<u>2,695</u>	<u>2,002</u>
<b>CREDITORS: amounts falling due within one year</b>	18	<u>(1,083)</u>	<u>(5,119)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>1,612</u>	<u>(3,117)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>81,620</u>	<u>76,882</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Pension scheme liabilities	19	(27)	(190)
Loans	19	(2,500)	-
Other creditors	19	(36)	(36)
<b>NET ASSETS</b>		<u><u>79,057</u></u>	<u><u>76,656</u></u>
<b>FUNDS</b>			
<b>Endowment funds</b>			
(Including investment revaluation reserve of £25,599k (2020: £23,719k))		69,320	67,876
<b>Restricted income funds</b>			
(Including investment revaluation reserve of £Nil (2020: £Nil))		1,964	1,754
<b>Unrestricted income funds:</b>			
<b>General funds</b>			
(Including revaluation reserve of £625k (2020: £125k))		6,914	6,192
<b>Designated funds</b>			
(Including investment revaluation reserve of £51k (2020: £37k))		859	834
<b>TOTAL FUNDS</b>	20	<u><u>79,057</u></u>	<u><u>76,656</u></u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 21 May 2022 and signed on behalf of the Board by:

**D J Palmer - Chairman**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**CASH FLOW STATEMENT**  
**For the year ended 31 December 2021**

	2021		2020	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>		<b>(3,518)</b>		<b>(2,967)</b>
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	978		958	
Proceeds from the sale of tangible fixed assets	1,744		534	
Proceeds from the sale of fixed asset investments - shares	2,546		2,203	
Proceeds from the sale of fixed asset investments - Glebe	505		51	
Purchase of tangible fixed assets	(271)		(178)	
Purchase of fixed asset investments	(753)		(703)	
<b>Net cash provided by investing activities</b>		<b>4,749</b>		<b>2,865</b>
<b>Cash flows from financing activities</b>				
Contributions to Clergy and Lay staff pension plans	(323)		(490)	
<b>Net cash used in financing activities</b>		<b>(323)</b>		<b>(490)</b>
<b>Change in cash and cash equivalents in the period</b>		<b>908</b>		<b>(592)</b>
Cash and cash equivalents at 1 January		(1,443)		(851)
<b>Cash and cash equivalents at 31 December</b>		<b>(535)</b>		<b>(1,443)</b>
<b>Reconciliation of net movements in funds to net cashflow from operating activities</b>				
<b>Net movement in funds for the year ended 31 December</b>		<b>2,401</b>		<b>(1,828)</b>
<b>Adjustments for:</b>				
Depreciation charges		269		201
Dividends, interest and rent from investments		(978)		(958)
Repayment of Parish loans		24		53
Advancement of Parish loans		(6)		(21)
Profit on sale of fixed assets		(660)		(88)
(Gain) / Loss on revaluation of fixed assets		(343)		153
(Profit) / Loss on sale of fixed asset investments - shares		(83)		148
Profit on sale of fixed asset investments - Glebe		(35)		(2)
Gain on revaluation of fixed asset investments		(2,929)		(939)
Decrease / (Increase) in stock		9		(5)
Decrease in debtors		183		108
Clergy & Lay pension interest and liability adjustments		(99)		37
Decrease in related party loans		(627)		(219)
(Decrease) / Increase in creditors		(644)		393
<b>Net cash used in operating activities</b>		<b>(3,518)</b>		<b>(2,967)</b>
<b>Analysis of cash and cash equivalents</b>				
Cash at bank and in hand		1,801		959
Notice deposits (less than 3 months)		164		98
		<b>1,965</b>		<b>1,057</b>
<b>Borrowings</b>				
Bank loans due within one year		-		(2,500)
Bank loans due after more than one year		(2,500)		-
<b>Total cash and cash equivalents</b>		<b>(535)</b>		<b>(1,443)</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2021**

---

**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which, in the main, are included at their market value at the balance sheet date, and certain tangible fixed assets which are included at fair value. 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 (FRS 102). The financial statements have been prepared in UK sterling currency and rounded to the nearest £1,000.

**Going Concern**

The Trustees had prepared a 2021 budget that had a significant net operational deficit. There is a reduced budgeted deficit for 2022. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism. We have sufficient assets (such as our Glebe investments) to cope in the short term. It is anticipated returning to a breakeven budget by 2027. Therefore, the Trustees consider that there is no material uncertainty regarding going concern.

The principal accounting policies are as follows;

**a) Income**

All income is included in the Statement of Financial Activities (SOFA) when the LDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Contributions** are recognised as income of the year in respect of which it is received, and up to 31 January of the following year.
- ii) **Income from other trading activities;**  
Housing rental receivable is recognised as income in the period to which it relates.  
Bookshop and Café sales represent goods sold and are recognised on the date of sale, over the counter. Internet sales are recognised on the date of notification.  
Conferencing and events income is recognised on the date of the associated event. Cancellation charges are recognised on the date of notification.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received, which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year end, are included in creditors to be carried forward to the following year.
- v) **Government grants (including furlough)** are recognised as income of the year to which they relate.
- vi) **Parochial fees** are recognised as income of the year to which they relate.
- vii) **Donations**, other than grants, are recognised when receivable.
- viii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- ix) **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 (as the expenditure is greater) and the legal restrictions, therefore, are satisfied. It is on this basis that the expenditure is shown in the unrestricted column of the Statement of Financial Activities and is offset by the income which, initially, is shown in the restricted column, but then transferred to the unrestricted column.

**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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

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- i) **Costs of raising funds** are costs relating to the temporary renting out of parsonages, agent's costs for Glebe investment properties and management fees on investment assets.
  - ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the Diocese, and expenditure that supports education within 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 LDBF, such grants being recognised as expenditure when the conditions attaching have been 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 based on the proportion of the net amount spent on resourcing and support of mission and ministry.
  - v) **SMH trading and letting costs** consist of staff, cost of goods sold, and building costs charged on an accruals basis.
  - vi) **Pension contributions** relate to LDBF staff who are members of the Church Workers Pension Fund. 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 contribution payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes is accrued at current value in creditors distinguished between contributions falling due within one year and after one year.
- c) **Tangible fixed assets and depreciation**

***Freehold properties***

Depreciation is not provided on the majority of LDBF properties 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. 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. 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.

Depreciation is provided on Cathedral Gardens to write off the asset over a 10 year maintenance period as from April 2016.

***St Martins House (SMH) and St Martins Lodge (SML)***

St Martins House is valued at open market value at 31 December. SMH is divided into a fixed asset and a fixed asset investment property. 2% straight line annual depreciation on cost is provided on the fixed asset. St Martins Lodge is valued at open market value at 31 December.

***Properties subject to value linked loans***

There is one property which has been bought with the assistance of a value-linked loan from the Church Commissioners. The property and loan are carried at original cost. However, the Church Commissioners are entitled to be repaid the appropriate proportion of the value of the property when disposed. The appropriate proportion being the proportion of the loan supplied compared to the original cost of the property.

***Investment properties***

Glebe properties, which are held for investment purposes and rented out, are subject to annual revaluations and hence the properties are included at their year-end market value.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

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**1. ACCOUNTING POLICIES (continued)**

***Parsonage houses***

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 strict legal form. 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 cost.

**d) Other tangible fixed assets**

All capital expenditure over £500 is depreciated. 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:-

Computer equipment - 50% per annum on a straight-line basis

Fixtures and fittings - 50% per annum on a straight-line basis

**e) 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) **Stock** is included at the lower of cost and net realisable value and relates to books purchased for resale to the general public.
- iii) **Leases** refer to operating leases entered into for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

**f) Fund balances**

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

- **Unrestricted funds** are LDBF's corporate funds and are freely available for any purpose within the Charitable Company's objects, at the discretion of LDBF. There are two types of unrestricted funds:
  - **General funds** which LDBF intends to use for the general purposes of LDBF and
  - **Designated funds** set aside out of unrestricted funds by LDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the Charitable Company as a capital fund. In the case of the endowment funds administered by LDBF (Stipends Glebe Fund and Endowment Capital Funds), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. The Parsonage Houses Fund, where there is no provision for expenditure of capital, is classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the Charitable Company acts as Trustee and controls the management and use of the funds, are included in the Charitable Company's own financial statements as charity branches. Trusts where the Charitable Company 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 note 29 to the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**2. DONATIONS**

**2a. Parish Contributions**

All donations are collected from the parishes of the Diocese.

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Current year	4,000	-	-	-	4,000	4,147
Receipts for previous years	-	-	-	-	-	10
	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,157</u>

2020 funds are all Unrestricted General Funds

**2b. Archbishops' Council**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Stipend support	-	-	1,935	-	1,935	1,279
Resource churches grant	-	-	752	-	752	744
BAME grant	-	-	431	-	431	299
Ordinand grants	-	-	189	-	189	253
Restructuring funding	-	-	153	-	153	150
Strategic change grant	-	-	70	-	70	-
Curate grant	-	-	42	-	42	-
Other grants	-	-	63	-	63	22
Legal cost contribution	-	-	30	-	30	43
	<u>-</u>	<u>-</u>	<u>3,665</u>	<u>-</u>	<u>3,665</u>	<u>2,790</u>

2020 funds are all Restricted Funds

**2c. Other Donations**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Donations	5	-	4	-	9	7
	<u>5</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>9</u>	<u>7</u>

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Donations	4	-	3	-	7
	<u>4</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>7</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**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	276	-	-	-	276	152
All Churches Trust grant	135	-	-	-	135	133
Player Trust grant	-	-	-	-	-	311
Tree of Life donations	-	-	77	-	77	51
Historic England grant	-	-	29	-	29	45
Course fees and other	4	-	-	-	4	5
CJRS income	-	-	149	-	149	379
Other	9	3	-	-	12	10
	<u>424</u>	<u>3</u>	<u>255</u>	<u>-</u>	<u>682</u>	<u>1,086</u>

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
	General £'000	Designated £'000			
Statutory fees	152	-	-	-	152
All Churches Trust grant	133	-	-	-	133
Player Trust grant	-	-	311	-	311
Tree of Life donations	-	-	51	-	51
Historic England grant	-	-	45	-	45
Course fees and other	5	-	-	-	5
CJRS income	-	-	379	-	379
Other	8	2	-	-	10
	<u>298</u>	<u>2</u>	<u>786</u>	<u>-</u>	<u>1,086</u>

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
	General £'000	Designated £'000				
Housing rental income	278	-	-	-	278	275
Property grants	5	-	-	-	5	9
SMLodge & New Street income	-	-	-	264	264	72
Bookshop, café and conferencing income	199	-	-	-	199	112
	<u>482</u>	<u>-</u>	<u>-</u>	<u>264</u>	<u>746</u>	<u>468</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**4. OTHER TRADING ACTIVITIES (continued)**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Housing rental income	275	-	-	-	275
Property grants	9	-	-	-	9
Redundant church sale	-	-	-	-	-
SMLodge & New Street income	-	-	-	72	72
Bookshop, café and conferencing income	112	-	-	-	112
	<u>396</u>	<u>-</u>	<u>-</u>	<u>72</u>	<u>468</u>

**5. INVESTMENT INCOME**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe rents	-	-	-	651	651	601
Listed securities	-	-	-	81	81	116
Unlisted securities	-	7	116	-	123	127
SMH rental income	118	-	-	-	118	106
Bank and other interest	-	4	1	-	5	8
	<u>118</u>	<u>11</u>	<u>117</u>	<u>732</u>	<u>978</u>	<u>958</u>

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Glebe rents	-	-	-	601	601
Listed securities	-	-	-	116	116
Unlisted securities	-	7	120	-	127
SMH rental income	106	-	-	-	106
Bank and other interest	1	5	2	-	8
	<u>107</u>	<u>12</u>	<u>122</u>	<u>717</u>	<u>958</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**6. OTHER INCOME**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on parsonage sales	-	-	-	-	-	65
Gain on Glebe property sales	-	-	-	40	40	16
Gain on DBF property sales	660	-	-	-	660	88
Remeasurement of DBS pension liability	114	-	-	-	114	-
Other income	9	-	-	-	9	4
	<b>783</b>	-	-	<b>40</b>	<b>823</b>	173

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Gain on parsonage sales	-	-	-	65	65
Gain on Glebe property sales	-	-	-	16	16
Gain on DBF property sales	88	-	-	-	88
Remeasurement of DBS pension liability	-	-	-	-	-
Other income	4	-	-	-	4
	<b>92</b>	-	-	<b>81</b>	<b>173</b>

**7. FUND RAISING COSTS**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fees	-	-	-	50	50	47
Other Glebe costs	-	-	-	112	112	175
Investment management fees	-	-	-	28	28	35
	-	-	-	<b>190</b>	<b>190</b>	257

2020 funds are all Endowment Funds

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**8. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
	General	Designated				
	£'000	£'000				
<b>8a Contributions to Archbishops' Council</b>						
Training for Ministry	195	-	-	-	195	195
National Church Responsibilities	51	-	-	-	51	(19)
Retired clergy housing costs	72	-	-	-	72	70
	<u>318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318</u>	<u>246</u>

2020 funds are all Unrestricted General Funds

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
	General	Designated				
	£'000	£'000				
<b>8b Resourcing Mission and Ministry</b>						
Parish Ministry stipends and National Insurance (NI)	3,765	-	-	-	3,765	3,931
Clergy pension contributions	950	-	-	-	950	805
Non clergy salaries, NI and pensions	459	-	-	-	459	491
Housing costs	1,190	-	-	-	1,190	955
Ordinand removal & resettlement grants	271	-	-	-	271	341
Interregna costs	19	-	-	-	19	10
Resource church grants	291	-	-	-	291	248
Other expenses	106	-	-	-	106	81
Support costs	715	-	-	-	715	801
	<u>7,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,766</u>	<u>7,663</u>

2020 funds are all Unrestricted General Funds

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
	General	Designated				
	£'000	£'000				
<b>8c Support for Mission and Ministry</b>						
Salaries, NI and pension costs	1,334	-	19	-	1,353	1,244
Growth fund grants	-	-	83	-	83	202
Capital fund grants	-	-	21	-	21	110
Other grants	83	11	183	-	277	340
Redundant church costs	-	-	10	-	10	70
Other costs	364	5	-	-	369	275
Support costs	214	-	-	-	214	259
	<u>1,995</u>	<u>16</u>	<u>316</u>	<u>-</u>	<u>2,327</u>	<u>2,500</u>



**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

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

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2021 £'000	Total costs 2020 £'000
Raising funds	190	-	-	190	257
Charitable activities:					
Contributions to Archbishops' Council	-	318	-	318	246
Resourcing Mission and Ministry	6,728	298	715	7,741	7,663
Supporting Mission and Ministry	1,732	381	214	2,327	2,500
Support for education	156	-	-	156	206
Other resources expended	1,099	-	-	1,099	1,232
	<b>9,905</b>	<b>997</b>	<b>929</b>	<b>11,831</b>	<b>12,104</b>

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2020 £'000
Raising funds	257	-	-	257
Charitable activities:				
Contributions to Archbishops' Council	-	246	-	246
Resourcing Mission and Ministry	6,484	378	801	7,663
Supporting Mission and Ministry	1,590	651	259	2,500
Support for education	206	-	-	206
Other resources expended	1,232	-	-	1,232
	<b>9,769</b>	<b>1,275</b>	<b>1,060</b>	<b>12,104</b>

**11. ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
	General £'000	Designated £'000				
Central administration	774	-	-	-	774	895
Governance:						
Registrar and Chancellor	108	-	-	-	108	127
Audit costs:						
- External audit	27	-	-	-	27	26
- Other services	8	-	-	-	8	5
Synodical costs	12	-	-	-	12	7
	<b>929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>929</b>	<b>1,060</b>

2020 funds are all Unrestricted General Funds

External audit costs in 2021 were £26,700 (2020: £25,500). Other auditor service costs in 2021 were £7,801 (2020: £5,199). These amounts are inclusive of UK VAT.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

12. ANALYSIS OF GRANTS MADE	Number	Individuals £'000	Institutions £'000	2021 Total £'000	2020 Total £'000
<b>From unrestricted funds for national Church responsibilities:</b>					
Contributions to Archbishops' Council	1	-	318	<b>318</b>	246
<b>From unrestricted funds:</b>					
Diocesan Board of Education support grants	2	-	156	<b>156</b>	205
University Chaplaincies	3	-	147	<b>147</b>	91
Resettlement and first appointment grants	50	129	-	<b>129</b>	96
Maintenance grants to Ordinands	13	119	-	<b>119</b>	214
St Philip's Centre	1	-	26	<b>26</b>	70
Trichy – Covid 19 Appeal	1	-	25	<b>25</b>	-
Leicester Cathedral share of SMH surplus	1	-	25	<b>25</b>	25
Leicester Cathedral Ministry	1	-	24	<b>24</b>	-
St Peter's Church grant for Premises Officer	1	-	11	<b>11</b>	11
Community Link grants	1	-	10	<b>10</b>	15
Ecumenical support (Churches Together)	1	-	9	<b>9</b>	9
Reader and Clergy training grants	20	7	-	<b>7</b>	4
Other grants	2	-	4	<b>4</b>	11
Holy Apostles project	-	-	-	-	32
<b>Total</b>	<b>97</b>	<b>255</b>	<b>437</b>	<b>692</b>	<b>783</b>
<b>From restricted funds for various purposes within resourcing parish ministry:</b>					
Growth fund grants	15	-	83	<b>83</b>	202
Capital fund grants	11	-	21	<b>21</b>	110
Ordinand training grants	26	170	-	<b>170</b>	226
JD Player interest	1	-	5	<b>5</b>	-
<b>Total</b>	<b>53</b>	<b>170</b>	<b>109</b>	<b>279</b>	<b>538</b>
<b>Total</b>	<b>151</b>	<b>425</b>	<b>864</b>	<b>1,289</b>	<b>1,567</b>

Leicester Cathedral (LCAT) are entitled to a proportion of the surpluses made by St Martins House (SMH). The amount of the payment is calculated based on SMH surpluses as follows;

- Up to £100k – LCAT 50%, SMH refurbishment fund 50% and LDBF general fund 0%
- Between £100k and £200k – LCAT 50%, SMH refurbishment fund 25% and LDBF general fund 25%
- Sums in excess of £200k – LCAT 25%, SMH refurbishment fund 25% and LDBF general fund 50%

LCAT was entitled to Nil (2020: Nil) for the year to 31<sup>st</sup> December 2021 as SMH made a deficit before capital items in the year. From 1<sup>st</sup> January 2020, LDBF has agreed to provide an annual grant of up to £25,000 to LCAT where the share of the SMH surplus, as calculated above, does not attain £25,000.

From 1<sup>st</sup> January 2022, LCAT's entitlement to SMH surpluses is being cancelled and replaced by the payment of an annual grant of £25,000 (subject to annual review) from LDBF.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**13. STAFF COSTS**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Employee costs during the year were as follows:		
Wages and salaries	<b>1,772</b>	2,091
National Insurance contributions	<b>165</b>	186
Pension costs	<b>216</b>	237
	<b>2,153</b>	2,514

	<b>2021</b>	2020
	<b>Number</b>	Number
The average number of persons employed by LDBF during the year:		
SMH Conference Centre	<b>28.0</b>	41.0
Administration and financial management	<b>8.3</b>	9.8
Property	<b>3.0</b>	4.0
Discipleship, Ministry & Stewardship	<b>36.0</b>	36.7
Safeguarding & inclusion	<b>5.1</b>	5.3
Parochial lay staff	<b>2.0</b>	3.9
	<b>82.4</b>	100.7

	<b>2021</b>	2020
	<b>Number</b>	Number
The average number of persons employed by LDBF during the year based on full-time equivalents:		
SMH Conference Centre	<b>19.8</b>	26.8
Administration and financial management	<b>7.6</b>	8.8
Property	<b>2.0</b>	2.3
Discipleship & Ministry, Stewardship	<b>28.5</b>	29.1
Safeguarding and inclusion	<b>3.7</b>	4.2
Parochial lay staff	<b>1.5</b>	2.7
	<b>63.1</b>	73.9

	<b>2021</b>	2020
	<b>Number</b>	Number
The numbers of staff whose emoluments amounted to more than £60,000 (including benefits in kind but excluding pension contributions and NIC's) were as follows:		
£60,001 - £70,000	<b>1</b>	-
£70,001 - £80,000	<b>-</b>	1
£80,001 - £90,000	<b>1</b>	1

Pension payments of £14,341 (2020: £15,101) were made for these employees.

**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 Chief Executive	Jonathan Kerry
Director of Operations and Governance	Andrew Brockbank
Director of Finance and Support Services	Paul Stothard

Remuneration (excluding NIC's) and pensions for these 3 employees amounted to £192,322 (2020: £233,883).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**13. STAFF COSTS (continued)**

**Trustees' emoluments**

No Trustee received remuneration for services as a Trustee. The Trustees received travel and out of pocket expenses, totalling £3,818 (2020: £4,443) in respect of General Synod duties, duties as a Trustee and also in their diocesan role as Archdeacon or Area / Rural Dean. The majority of expenses were paid for Trustees' diocesan roles; the amount paid for as a Trustee was insignificant.

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

	<b>Stipend</b>	<b>Housing</b>
The Venerable RV Worsfold	Yes	Yes
The Venerable C Wood	Yes	Yes
The Reverend C M Thomson	Yes	Yes
The Reverend C Taylor	Yes	Yes

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

The LDBF paid an average of 127 (2020: 130) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and their costs were as follows:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Stipends	<b>3,785</b>	3,798
National Insurance contributions	<b>334</b>	349
Pension costs	<b>1,118</b>	935
Housing costs	<b>91</b>	92
	<b><u>5,328</u></b>	<u>5,174</u>

The annual rate of stipend, funded by the LDBF, paid to the two Archdeacons in 2021 was in the range £35,000 - £40,000 (2020: range £35,000 – £40,000) and other clergy who were Trustees were paid in the range £0 - £30,000 (2020: range: £0 – £30,000).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
<b>2021</b>				
Church Commissioners' and Historic England grant income	3,583	-	(3,583)	-
UK Government grants including furlough	149	-	(149)	-
Glebe rental income, net of costs, used for general purposes	520	-	-	(520)
Stipend Glebe Unapplied Total Return transfer	1,200	-	-	(1,200)
General fund transfer to Growth fund	(99)	-	99	-
Endowment income used to fund stipends	98	-	(98)	-
General fund transfer to Capital fund	(21)	-	21	-
Restricted income used to fund retired clergy grants	-	8	(8)	-
Property fund transfers	-	-	(105)	105
Endowment fund investment sale proceeds	-	-	308	(308)
	<u>5,430</u>	<u>8</u>	<u>(3,515)</u>	<u>(1,923)</u>
<b>2020</b>				
Church Commissioners' and Historic England grant income	2,632	-	(2,632)	-
UK Government grants including furlough	379	-	(379)	-
Glebe rental income, net of costs, used for general purposes	460	-	-	(460)
Stipend Glebe Unapplied Total Return transfer	1,200	-	-	(1,200)
General fund transfer to Growth fund	(214)	-	214	-
Endowment income used to fund stipends	115	-	(115)	-
General fund transfer to Capital fund	(110)	-	110	-
Restricted income used to fund retired clergy grants	-	9	(9)	-
Property fund transfers	-	-	18	(18)
Endowment fund investment sale proceeds	-	-	-	-
	<u>4,462</u>	<u>9</u>	<u>(2,793)</u>	<u>(1,678)</u>

**Church Commissioners' grant income** - Within restricted funds there is income received from The Archbishops' Council of £2.09m (2020: £1.28m) to fund the payment of stipends, £752k (2020: £744k) to fund the Resource Church project, £189k (2020: £253k) to fund Ordinands, £431k (2020: £299k) to fund the BAME project, and £70k (2020: £nil) to fund The Shaped by God transition project from unrestricted funds.

**Stipends Glebe rental income** - This income is rental income from endowment properties. The income is used to fund the payment of stipends from unrestricted funds.

**Stipends Glebe Unapplied Total Return transfer** – This transfer has been made from the Unapplied Total Return fund and is for general purposes. The Unapplied Total Return Fund is part of the Stipends Glebe endowment fund.

**Property fund transfers** – relates to £105k of capital improvements to parsonages.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**15. TANGIBLE FIXED ASSETS**

	SMH £'000	Parsonage houses £'000	DBF properties £'000	Other equipment £'000	Total £'000
<b>Cost or valuation</b>					
<b>At 1 January 2021</b>	<b>2,991</b>	<b>20,368</b>	<b>16,372</b>	<b>834</b>	<b>40,565</b>
Additions	-	105	58	108	271
Transfers	-	-	-	-	-
Disposals	-	-	(1,084)	-	(1,084)
Revaluation	264	-	-	-	264
<b>At 31 December 2021</b>	<b>3,255</b>	<b>20,473</b>	<b>15,346</b>	<b>942</b>	<b>40,016</b>
<b>Depreciation</b>					
At 1 January 2021	-	-	432	759	1,191
Disposals	-	-	-	-	-
Charge for the year	79	-	91	99	269
Revaluation	(79)	-	-	-	(79)
<b>At 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>523</b>	<b>858</b>	<b>1,381</b>
<b>Net Book Value</b>					
<b>At 31 December 2021</b>	<b>3,255</b>	<b>20,473</b>	<b>14,823</b>	<b>84</b>	<b>38,635</b>
At 1 January 2021	2,991	20,368	15,940	75	39,374

All of the properties in the Balance Sheet are freehold and are vested in the LDBF. One property has been purchased with the help of a value-linked loan from the Church Commissioners. When the property is disposed, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of the property included above is £36,323 (2020: £36,323). All properties at 31 December 2021 and 31 December 2020 are valued at cost. All property repairs are charged as expenditure.

As at 31 December 2021, St Martins House (SMH) has been valued by Andrew Granger & Co. LLP, Chartered Surveyors. The property was valued at £4,425,000 (2020: £3,975,000) on an open market basis. £3,254,996 (2020: £2,991,316) of the SMH value was deemed to represent a fixed asset, the balance of £1,170,004 (2020: £983,684) was deemed to represent a fixed asset investment (see note 16 below). If SMH had not been revalued, the fixed asset element would have been included at its historical cost of £2,760,000 less accumulated depreciation of £407,213.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**16. FIXED ASSETS INVESTMENTS**

	At 1 January 2021 £'000	Additions £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2021 £'000
<b>Unrestricted funds</b>					
Listed investments	-	-	-	-	-
Unlisted investments	-	-	-	-	-
Other	984	-	-	186	1,170
<b>Total</b>	<u>984</u>	<u>-</u>	<u>-</u>	<u>186</u>	<u>1,170</u>
Unlisted investments	<u>199</u>	<u>-</u>	<u>(33)</u>	<u>19</u>	<u>185</u>
<b>Endowment funds</b>					
Investment properties	31,887	25	(470)	2,021	33,463
Listed investments	4,429	728	(1,805)	446	3,798
Unlisted investments	3,126	-	(626)	257	2,757
	<u>39,442</u>	<u>753</u>	<u>(2,901)</u>	<u>2,724</u>	<u>40,018</u>
<b>Total</b>	<u><u>40,625</u></u>	<u><u>753</u></u>	<u><u>(2,934)</u></u>	<u><u>2,929</u></u>	<u><u>41,373</u></u>

The valuation of investments at 31 December 2021 was carried out by the Board's Investment Advisors as shown in the Administrative Details on page 18.

Included in investment properties is St Martins Lodge, which is a property purchased during 2015 costing a total of £4,475,057 (including subsequent refurbishment costs). St Martins Lodge has been developed into a high quality, 28 bed overnight accommodation facility.

As at 31 December 2021, St Martins Lodge was valued by Christie & Co. at £2,300,000 (2020: £2,140,000) on an open market basis.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**17. DEBTORS (continued)**

	<b>2021 £'000</b>	2020 £'000
<b>Due within one year</b>		
Trade debtors	25	-
Parish contribution	146	212
Loans to parishes	46	46
Amounts owed by related parties	28	33
Other debtors	150	176
Prepayments and accrued income	208	324
	<u>603</u>	<u>791</u>
<b>Due after more than one year</b>		
Loans to parishes	83	101
Value linked loan	5	5
	<u>88</u>	<u>106</u>
<b>Total debtors</b>	<u><u>691</u></u>	<u><u>897</u></u>

<b>The loans above are represented by:</b>	<b>Due within one year £'000</b>	<b>Due after one year £'000</b>	<b>Total £'000</b>
<b>Unsecured loans</b>			
Loans to parishes	46	83	129
<b>Total unsecured loans</b>	<u>46</u>	<u>83</u>	<u>129</u>
<b>Secured loans</b>			
Trustees of Launde Abbey	-	865	865
Provision on Launde Abbey loan	-	(865)	(865)
Value linked loan on retired clergy housing	-	5	5
<b>Total secured loans</b>	<u>-</u>	<u>5</u>	<u>5</u>
<b>Total loans outstanding</b>	<u><u>46</u></u>	<u><u>88</u></u>	<u><u>134</u></u>

**Unsecured loans**

The Parish loans are generally for one off cashflow issues with varying periods of repayment and attract a commercial rate of interest, currently being 3% per annum.

**Secured loans**

There is a loan to the Trustees of Launde Abbey for £865,141, which has been fully provided for (which includes accrued interest). On 31<sup>st</sup> December 2018, an agreement was reached whereby the loan was secured as a first charge against the total value of Launde Abbey. On any disposal of Launde Abbey in its entirety, LDBF would recover the greater of 21.89% of disposal proceeds - based on the valuation of the property at 9 April 2015, being £3,950,000 - or £865,141. In the event of a part disposal, LDBF would receive £865,141 on the first part disposal and then be entitled to 21.89% of total part disposal proceeds where there are future part disposals, where the total of all part disposal proceeds exceed £865,141. Any excess of funds paid to LDBF over £865,141 is deemed to be a premium on the loan.

LDBF is the Custodian Trustee of Launde Abbey which is the Diocesan retreat house.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

<b>18. CREDITORS: amounts falling due within one year</b>	<b>2021</b>	2020
	<b>£'000</b>	£'000
Trade creditors	<b>205</b>	242
Bank loan	-	2,500
Taxation and social security	<b>84</b>	57
Other creditors	<b>172</b>	801
Accruals	<b>221</b>	189
Deferred income	<b>128</b>	165
Clergy pension scheme liabilities (see note 27)	<b>231</b>	398
Lay workers' defined benefit pension scheme liabilities (see note 27)	-	92
Amounts owed to related parties	<b>42</b>	675
<b>Total</b>	<b>1,083</b>	5,119

<b>19. CREDITORS: amounts falling due after more than one year</b>	<b>2021</b>	2020
	<b>£'000</b>	£'000
Bank loan	<b>2,500</b>	-
Clergy pension scheme liabilities (see note 27)	<b>27</b>	76
Lay workers' defined benefit pension scheme liabilities (see note 27)	-	114
Church Commissioners' value-linked loan	<b>36</b>	36
<b>Total</b>	<b>2,563</b>	226

The £2,500,000 bank loan is a revolving loan provided by Barclays Bank Plc during 2021. Interest is payable on the loan quarterly in arrears at the prevailing Bank of England base rate (which can never be less than zero) plus a margin of 2.25%. The loan has been secured on five LDBF properties and can be repaid in full, or in part (with the part amount being agreed with Barclays Bank Plc), at any time by giving 7 days' notice. The revolving facility is due for full repayment on 20<sup>th</sup> September 2023.

The value-linked loan (VLL) is secured by guarantee against a property. The loan is repayable, when the property is sold, in proportion to the sale value to the original percentage of the cost of the house originally loaned. The proportion of the loan on this property is 94.74%. At 31 December 2021, the estimated value of the property was £185,600 which is itself a 15% discount to the Nationwide House Price Index. The amount repayable to the Church Commissioners based on the discounted valuation would be £175,832. At 31 December 2021 the Board had no intention of disposing of the property.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**20. SUMMARY OF FUND MOVEMENTS**

	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and (Losses) £'000	Balances at 31 December 2021 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	6,192	5,812	(11,049)	5,430	529	6,914
<b>Designated funds</b>						
Retired Clergy Fund	163	5	(16)	8	14	174
Church Extension Fund	561	4	-	-	-	565
Workplace Chaplaincy Fund	2	-	-	-	-	2
Archdeacons' Discretionary Fund	108	5	-	-	5	118
Total Designated Funds	834	14	(16)	8	19	859
<b>Total unrestricted funds</b>	<b>7,026</b>	<b>5,826</b>	<b>(11,065)</b>	<b>5,438</b>	<b>548</b>	<b>7,773</b>
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,408	-	(10)	(105)	-	1,293
Church Commissioners', Historic England and other grant income	-	3,582	-	(3,582)	-	-
UK Government grants	-	149	-	(149)	-	-
Endowment Fund	331	117	(13)	202	-	637
Growth Fund	-	4	(102)	98	-	-
Bishop Jeune Ordinands' Fund	1	-	-	-	-	1
The Alan Everitt Fund	2	-	-	-	-	2
Diocesan Capital Fund	-	-	(21)	21	-	-
Ordinand Training Fund	12	189	(170)	-	-	31
CofE Stipend Trust Reserve	-	-	-	-	-	-
<b>Total Restricted Funds</b>	<b>1,754</b>	<b>4,041</b>	<b>(316)</b>	<b>(3,515)</b>	<b>-</b>	<b>1,964</b>
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Parsonage Houses	20,368	-	-	105	-	20,473
<b>Expendable</b>						
Stipends Glebe (see note 22)	45,941	1,036	(475)	(1,720)	2,680	47,462
Other Endowment Capital	1,567	-	-	(308)	126	1,385
<b>Total Endowment Funds</b>	<b>67,876</b>	<b>1,036</b>	<b>(475)</b>	<b>(1,923)</b>	<b>2,806</b>	<b>69,320</b>
<b>Total funds</b>	<b>76,656</b>	<b>10,903</b>	<b>(11,856)</b>	<b>-</b>	<b>3,354</b>	<b>79,057</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

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

	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2020 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	8,076	5,126	(11,212)	4,606	(404)	6,192
Designated funds						
Retired Clergy Fund	161	5	(11)	9	(1)	163
Church Extension Fund	556	5	-	-	-	561
Workplace Chaplaincy Fund	2	-	-	-	-	2
Archdeacons' Discretionary Fund	107	4	(1)	-	(2)	108
Total Designated Funds	826	14	(12)	9	(3)	834
Total unrestricted funds	8,902	5,140	(11,224)	4,615	(407)	7,026
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,460	-	(70)	18	-	1,408
Church Commissioners', Historic England and other grant income	-	2,632	-	(2,632)	-	-
UK Government grants	-	379	-	(379)	-	-
Endowment Fund	110	290	-	(69)	-	331
Growth Fund	-	147	(217)	70	-	-
Bishop Jeune Ordinands' Fund	1	-	-	-	-	1
The Alan Everitt Fund	2	-	-	-	-	2
Diocesan Capital Fund	-	-	(110)	110	-	-
Ordinand Training Fund	(15)	253	(226)	-	-	12
CofE Stipend Trust Reserve	-	-	-	-	-	-
Total Restricted Funds	1,558	3,701	(623)	(2,882)	-	1,754
<b>ENDOWMENT FUNDS</b>						
Permanent						
Parsonage Houses	20,321	65	-	(18)	-	20,368
Expendable						
Stipends Glebe (see note 22)	46,039	733	(257)	(1,660)	1,086	45,941
Other Endowment Capital	1,664	-	-	(55)	(42)	1,567
Total Endowment Funds	68,024	798	(257)	(1,733)	1,044	67,876
Total funds	78,484	9,639	(12,104)	-	637	76,656

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

21. SUMMARY OF ASSETS BY FUND	Fixed assets Tangible £'000	Investments £'000	Net Current Assets / (Liabilities) £'000	Total Assets £'000
<b>Unrestricted funds – General</b>	18,162	1,170	(12,418)	6,914
<b>Unrestricted - Designated</b>				
Retired Clergy / Clergy widows	-	133	41	174
Church Extension Fund	-	-	565	565
Workplace Chaplaincy	-	-	2	2
Archdeacons' Discretionary Fund	-	52	66	118
	-	185	674	859
<b>Restricted</b>				
Pastoral Fund	-	-	1,293	1,293
Church Commissioners' Fund	-	-	-	-
<b>Endowment Funds:</b>				
Drew Trust Income Fund	-	-	60	60
Horwood Robinson Income Fund	-	-	58	58
CE Huston Income Fund	-	-	161	161
D Huston Income Fund	-	-	150	150
Clarke Income Fund	-	-	-	-
Fry Income Fund	-	-	4	4
Chippington Income Fund	-	-	31	31
Clergy Stipend Endowment Income	-	-	6	6
Clergy Stipend Income	-	-	-	-
JD Player Memorial Fund	-	-	168	168
Diocesan Growth Fund	-	-	-	-
Bishop Jeune Ordinands' Fund	-	-	-	-
Alan Everitt Memorial Fund	-	-	2	2
Diocesan Capital Fund	-	-	-	-
Ordinand Training Fund	-	-	31	31
CofE Stipend Trust Reserve	-	-	-	-
	-	-	1,964	1,964
<b>Endowment Expendable</b>				
Stipends Glebe Fund (see note 22)	-	38,633	8,829	47,462
<b>Endowment Capital Funds:</b>				
Drew Trust Investment Fund	-	219	-	219
Horwood Robinson Investment Fund	-	213	-	213
CE Huston Investment Fund	-	644	-	644
D Huston Investment Fund	-	159	-	159
Clarke Investment Fund	-	1	-	1
Fry Investment Fund	-	13	-	13
Chippington Investment Fund	-	114	-	114
Clergy Stipend Investment Fund	-	22	-	22
<b>Permanent</b>				
Parsonage Houses Fund	20,473	-	-	20,473
	20,473	40,018	8,829	69,320
<b>Total funds</b>	<b>38,635</b>	<b>41,373</b>	<b>(951)</b>	<b>79,057</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**22. ANALYSIS OF STIPENDS GLEBE ENDOWMENT FUND**

With effect from 1<sup>st</sup> January 2019, the company adopted a Total Return strategy to its Stipends Glebe fund. An exercise was carried out to determine the Endowment fund value and the unapplied Total Return value applicable to the Stipends Glebe Fund. In this regard, records and information, including those held at our Land Agents Andrew Granger & Co. were used to determine the initial value of the endowment, Subsequently, the official Retail Price Index ("RPI") was used to obtain the value of the original endowment as at 1<sup>st</sup> January 2019; The value calculated was £29,048,439. The difference between this value and the balance sheet value, being £46,395,636, at that date was deemed to be the unapplied total return available for transfer to general funds, i.e. £17,347,197.

During 2021, there were income and investment gains in the period of £3,240,882 (2020: £1,562,083). £2,268,431 (2020: £356,234) of these gains were transferred back to the endowment capital fund as recognition of the increase in value of the endowment as measured by RPI over 2021. In addition, there were transfers out of Unapplied Return to the General Fund totalling £1,720,047 (2020: £1,659,954); of this £520,047 (2020: £459,954) was used to fund stipends. The balance as at 31 December 2021 was £15,148,286 (2020: £15,895,883).

	<b>Endowment: Stipends Glebe £'000</b>	<b>Unapplied Total Return £'000</b>	<b>Total £'000</b>
<b>As at 1 January 2021</b>	<b>30,045</b>	<b>15,896</b>	<b>45,941</b>
<b>Movements in the reporting period</b>			
Investment income: Glebe rents and dividends	-	996	996
Investment returns: Realised and unrealised gains / (losses) on shares and the Glebe portfolio	-	2,721	2,721
Less: Investment management costs	-	(476)	(476)
<b>Total movements in the reporting year</b>	<b>-</b>	<b>3,241</b>	<b>3,241</b>
<b>Unapplied Total Return allocated in Income in the year</b>	<b>-</b>	<b>(1,720)</b>	<b>(1,720)</b>
<b>Allocation to capital</b>	<b>2,268</b>	<b>(2,268)</b>	<b>-</b>
<b>Net movements in the reporting year</b>	<b>2,268</b>	<b>(747)</b>	<b>1,521</b>
<b>As at 31 December 2021</b>	<b>32,313</b>	<b>15,149</b>	<b>47,462</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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For the year ended 31 December 2021**

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**23. DESCRIPTION OF FUNDS**

<b>GENERAL FUNDS</b>	General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.
<b>DESIGNATED FUNDS</b>	Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.
<b>RESTRICTED FUNDS</b>	Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.
<b>ENDOWMENT FUNDS</b>	Endowment funds are funds held on trust to be retained for the Charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

**Designated funds**

**The Retired Clergy Fund** represents funds set aside for the benefit of retired clergy and their spouses, including those widowed, divorced or separated.

**The Church Extension Fund** represents funds put aside over a number of years by the Board to give loans to Parochial and District Church Councils to help with extensions, improvements and repairs to church buildings.

**Workplace Chaplaincy fund** represents funds to support people in workplace environments by offering confidential and independent support on a range of issues.

**The Archdeacons Discretionary Fund** is used by the Archdeacons to pay grants to needy clergy and their families within the Diocese.

**Restricted funds**

**The Pastoral Fund** is a capital and income fund where both may be expended. It may be used for a variety of purposes except for employment costs. It is the Board's policy to use these funds primarily for the purchase of and improvement to parsonage houses.

Prior to 2007 the balance included funds of £281,989 held by the Church Commissioners from the sale of parsonage houses which could not be released for other uses until such time as new pastoral schemes for the parishes involved had become operative and the appropriate PCC consents to the funds being released.

In 2007 these funds were released to the Diocese but had to be ring-fenced for the same reason. £286,530 including accumulated interest was received by the Diocese, a small amount of which was immediately expendable but the remainder placed in a separate fund in relation to one parish. At 31 December 2021 this fund stood at £313,309 (2020: £313,308) and is included in the Pastoral Fund balance.

**Restricted Income from the Church Commissioners** is received from them to support Stipends and Clergy Pension Costs. Income is transferred to the General Fund to be applied against payment of such costs.

**Endowment Income Funds** represent accumulated income and income arising from endowment funds that has not yet been expended.

**The Diocesan Growth Fund** was formerly known as the **Church Commissioners' Mission Fund** and represents additional funds given to the Board by the Church Commissioners that have arisen as a result of better returns on their investment assets.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

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

**Restricted funds (continued)**

**The Bishop Jeune Ordinands' Fund** arose from accumulated income received from the Diocese of Peterborough arising from a fund set up by the late Bishop Jeune in 1868. It is available to be used for the benefit of Ordinands.

**The Alan Everitt Memorial Fund**, which commenced in 2010, is specifically for drama and dance based projects that promote the self-esteem of young people in a Christian environment.

**The Diocesan Capital Fund** was set up in 2013 to support churches in the Diocese with grants for capital projects.

**The CofE Stipend Trust Reserve** provides discretionary grants to Ordinands.

**The Ordinand Training Fund** provides discretionary training grants to Ordinands.

**Endowment funds**

**The Stipends Glebe Fund** represents the value of property and investments held under the Endowments and Glebe Measure 1976, invested to produce income to be applied for the augmentation of stipends.

**Endowment Capital Funds** are funds, the majority of which are, for the augmentation of stipends.

**The Parsonage Houses Fund** represents the deemed value of the parsonage houses calculated as set out in note 1c to these financial statements.

**24. CAPITAL COMMITMENTS**

At 31 December 2021 the LDBF had nil (2020: nil) capital expenditure commitments authorised but not contracted for, and contracted for but not yet due of nil (2020: £22,725).

**25. OPERATING LEASES**

Total commitments under non-cancellable operating leases are as follows:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Non land &amp; buildings operating leases where the lease expires:</b>		
Within one year of the balance sheet date	-	8
In the second to fifth years inclusive of the balance sheet date	<b>14</b>	11
More than five years from balance sheet date	-	-
	<b>=====</b>	<b>=====</b>

**26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES**

There were no post balance sheet events or contingent liabilities.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

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**27. PENSIONS**

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

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

**Church of England Funded Pension Scheme**

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

LDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. At the end of the year the Scheme was paying contributions for 136 members (2020: 141) of the scheme out of a total membership of approximately 8,500 active members. This scheme is administered by the Church of England Pensions Board which holds the assets of the schemes separately from those of the employers.

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

This scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers, and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. There were pension costs charged to the Statement of Financial Activities in the year of £1,117,886 (2020: £935,380) which were contributions payable towards benefits and expenses accrued in that year, plus the figures highlighted in the table on page 47 as being recognised in the Statement of Financial Activities (an overall £15,000 charge), giving a total charge of £1,132,886 for 2021 (2020: charge of £966,380).

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 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%;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model, with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place whereby recovery contributions were planned at 11.9% of pensionable stipends until December 2025. However, at 31 December 2019 and 31 December 2020, the deficit recovery contributions were set at 11.9% for 2019 and 2020 reducing to 7.1% of pensionable stipends for the period 1 January 2021 to 31 December 2022.

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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**27. PENSIONS (continued)**

**Church of England Funded Pension Scheme (continued)**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Balance sheet liability as at 1 January	<b>474</b>	841
Contributions paid	<b>(231)</b>	(398)
Interest cost (recognised in the SOFA)	<b>1</b>	7
Remaining change to the balance sheet liability (recognised in SOFA)	<b>14</b>	24
	<hr/>	<hr/>
Balance sheet liability as at 31 December	<b>258</b>	474
	<hr/> <hr/>	<hr/> <hr/>

The remaining change to the balance sheet liability comprises changes in the agreed deficit recovery plan and changes in discount rates and assumptions between year ends.

The liability represents the present value of the deficit contributions agreed as at 31 December 2021, and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery plan 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.

	<b>December 2021</b>	<b>December 2020</b>	<b>December 2019</b>
Discount rate (p.a.)	0.0%	0.2%	1.1%
Price inflation (p.a.)	n/a	3.1%	2.8%
Increase to pensionable payroll (p.a.)	-1.5%	1.6%	1.3%

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

**Church Workers Pension Fund – Defined Benefits Scheme**

The Defined Benefits Scheme ("DBS") section of the CWPf 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 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 pension costs charged to the SOFA are the contributions payable for the year towards benefits and expenses accrued in that year being £75,967 for 2021 (2020: £67,107) offset by the reduction on the balance sheet liability of £114,000 (2020: £6,000 charge) in relation to the Scheme deficit highlighted in the table below and recognised in the SOFA giving a net credit of £38,033 for 2021 (2020: £73,107 charge).

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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**27. PENSIONS (continued)**

**Church Workers Pension Fund – Defined Benefits Scheme (continued)**

A valuation of the Scheme is carried out once every three years. The most recent 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 Pool. This increased the employer contributions that would otherwise have been payable. The overall deficit in the Scheme was £11.3m.

The next actuarial valuation is due at 31 December 2022.

Following the valuation, LDBF has entered into an agreement with the CWPF to pay a contribution rate of 30.8% of pensionable salary and expenses of £7,300 per year. In addition, deficit payments of £92,154 per year have been agreed for 5 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within these financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. A reconciliation of the balance sheet liability is set out in the table below.

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Balance sheet liability as at 1 January	<b>206</b>	292
Contributions paid	<b>(92)</b>	(92)
Interest cost (recognised in the SOFA)	-	3
Remaining change to the balance sheet liability (recognised in the SOFA)	<b>(114)</b>	3
	<hr/>	<hr/>
Balance sheet liability as at 31 December	-	206
	<hr/> <hr/>	<hr/> <hr/>

The remaining change to the balance sheet liability comprises changes in the agreed recovery plan and changes in discount rates between year ends.

The balance sheet liability represents the present value of the deficit contributions agreed as at 31 December 2021, and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments;

	<b>December 2021</b>	<b>December 2020</b>	<b>December 2019</b>
Discount rate (p.a.)	0.0 %	0.3%	1.2%

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

**Church Workers Pension Fund – Pension Builder Scheme**

LDBF participates in the Pension Builder Scheme section of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of LDBF and the other participating employers.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections; a deferred annuity section known as **Pension Builder Classic** and a cash balance section known as **Pension Builder 2014**.

Both sections of the Pension Builder Scheme 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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

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**27. PENSIONS (continued)**

**Church Workers Pension Fund – Pension Builder Scheme (continued)**

**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 before retirement depending on investment returns and other factors. The account, plus any bonuses declared, is payable, unreduced from age 65.

There is no subdivision of assets between employers in either 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 pension costs charged to the Statement of Financial Activities in the year are the contributions payable and were £108,991 (2020: £120,462).

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

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, the Pensions 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 this time.

For the Pension Builder 2014 section, the 2019 valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at this time.

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

**28. RELATED PARTY TRANSACTIONS**

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education (LDBE), The Diocese of Leicester Academies Trust (DLAT), the University Chaplaincies at the three universities in the Diocese of Leicester, Leicester Cathedral Chapter (LCC), Launde Abbey Trustees (LAT), St Philips Centre (SPC), Bishop's Lodge (BL), Coventry Diocesan Board of Finance (The) (CDBF), Together Leicester (ToL), and Leicester City of Sanctuary (LCOS). Details of grants made to these bodies are given in note 12 of the financial statements.

During 2021, LDBF recharged LCC £136,669 (2020: £84,573), of which £26,395 (2020: £22,368) were salaries or a stipend. Conversely, LCC recharged LDBF £24,013 being housing costs for a shared clergy resource (2020: £665).

During 2021, LDBF recharged LDBE £21,418 (2020: £94,640), of which £8,239 (2020: £79,106) were salaries. Conversely, LDBE recharged LDBF £9,199 (2020: £32,679) all of which (2020: £20,775) was interest on monies loaned.

During 2021, LAT recharged LDBF £25,924 (2020: £41,610) of which £9,526 (2020: £15,130) were salaries.

During 2021, LDBF recharged CDBF £65,768 (2020: £93,799), of which £54,323 (2020: £77,407) were salaries. Conversely, CDBF recharged LDBF £14,670 (2020: £29,263).

During 2021, SPC recharged LDBF £17,945 (2020: £41,720), of which £17,825 (2020: £41,440) were salaries and pension costs.

During 2021, LDBF recharged ToL £32,480 (2020: £39,939), of which £32,068 (2020: £38,340) were salary costs.

During 2021, LDBF recharged LCOS £53,055 (2020: £32,591), all of which (2020: £32,490) were salary costs.

There were no other related party transactions in the current or previous accounting period.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**28. RELATED PARTY TRANSACTIONS (continued)**

At the end of the year, the following amounts, all of which are included in debtors or creditors as appropriate, were receivable / payable by the Board in respect of related parties:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Amounts receivable / (payable) by the Board</b>		
Leicester Diocesan Board of Education	<b>(14)</b>	(658)
Coventry Diocesan Board of Finance (The)	<b>9</b>	(2)
Leicester Cathedral Chapter	<b>(16)</b>	20
Launde Abbey Trustees	-	(2)
St Philips Centre	<b>(1)</b>	-
Leicester City of Sanctuary	<b>5</b>	-

**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:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
CBF Church of England Investment Fund - income shares	<b>1,124</b>	983
CBF Church of England Deposit Fund	<b>771</b>	768
Other common investment fund holdings	<b>517</b>	456
Direct holdings in UK equities	<b>242</b>	234
CBF Church of England Fixed Interest Securities Fund – income shares	<b>48</b>	51
Cash at bank	<b>15</b>	3
<b>Total assets held as Custodian Trustee</b>	<b><u>2,717</u></b>	<u>2,495</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2021**

**30. PRIOR YEAR COMPARATIVE SOFA**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
	General £'000	Designated £'000			
<b>Income and endowments from</b>					
Donations					
Parish Contributions	4,157	-	-	-	<b>4,157</b>
Archbishops' Council	-	-	2,790	-	<b>2,790</b>
Other donations	4	-	3	-	<b>7</b>
Charitable activities	298	2	786	-	<b>1,086</b>
Other activities	468	-	-	-	<b>468</b>
Investments	107	12	122	717	<b>958</b>
Other	92	-	-	81	<b>173</b>
<b>Total income and endowments</b>	<b>5,126</b>	<b>14</b>	<b>3,701</b>	<b>798</b>	<b>9,639</b>
<b>Expenditure on</b>					
Raising funds	-	-	-	257	<b>257</b>
Charitable activities	9,980	12	623	-	<b>10,615</b>
Other	1,232	-	-	-	<b>1,232</b>
<b>Total expenditure</b>	<b>11,212</b>	<b>12</b>	<b>623</b>	<b>257</b>	<b>12,104</b>
<b>Net (expenditure) / income before losses and gains on investments</b>	<b>(6,086)</b>	<b>2</b>	<b>3,078</b>	<b>541</b>	<b>(2,465)</b>
(loss) / Gain on investments	(252)	(3)	-	1,044	<b>789</b>
<b>Net(expenditure) / income</b>	<b>(6,338)</b>	<b>(1)</b>	<b>3,078</b>	<b>1,585</b>	<b>(1,676)</b>
<b>Transfers between funds</b>	<b>4,606</b>	<b>9</b>	<b>(2,882)</b>	<b>(1,733)</b>	<b>-</b>
Loss on revaluation of fixed assets	(152)	-	-	-	<b>(152)</b>
<b>Net movement in funds</b>	<b>(1,884)</b>	<b>8</b>	<b>196</b>	<b>(148)</b>	<b>(1,828)</b>
<b>Total funds brought forward</b>	<b>8,076</b>	<b>826</b>	<b>1,558</b>	<b>68,024</b>	<b>78,484</b>
<b>Total funds carried forward</b>	<b>6,192</b>	<b>834</b>	<b>1,754</b>	<b>67,876</b>	<b>76,656</b>

**THE LEICESTER DIOCESAN BOARD OF FINANCE**

England & Wales - Charity number 249100

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# Accounts

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# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2020**

## **LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

Company number - 00227087

Registered charity number – 249100

ANNUAL REPORT

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## **CHAIRMAN'S REPORT**

The year 2020 was like no other in living memory as the world grappled with the devastating impact of the coronavirus pandemic. The ripples of this event will be felt for many years to come, especially by those who have lost loved ones, contracted the virus themselves, seen their livelihoods devastated or have been on the front line of caring for those who are ill, ministering to the bereaved, to mention just a few of the most prominent effects. We pray for all who have suffered during the pandemic.

Leicester and Leicestershire were amongst the most severely affected by the initial waves of infection and the city has, at the time of writing, had a longer period of lockdown than any other part of the country. The majority of our church buildings have been closed for almost the whole of that time and, whilst great creativity has been shown by many in adapting very quickly to on-line worship and meetings, it has been impossible to maintain anything like the previous level of activity. Nevertheless, our faithful ministers and lay people have continued in prayer, pastoral care and practical loving service of the world and we have even seen new worshippers joining us even as others have drifted away.

The financial impact of the pandemic has been severe. The loss of cash collections, together with the cancellation of fundraising events and the loss of lettings income has left many parishes struggling to make their pledged contributions to the Diocese. Parish contributions fell by £429k (9.4%) compared with 2019. We also saw reductions in our income from investments, reflecting the state of the national and world economy. Our commercial operations at St Martins House and the Lodge were shut down for almost 9 months and continuing into the first part of 2021. Overall, our income was £9.64m, down from £12.14m in 2019.

Expenditure was, however, higher than anticipated, even though we were able to benefit from the Government's Job Retention Scheme with regard to centrally-employed staff and also having, regretfully, to make a number of redundancies. In total, our accounts show a loss of £1.83m (2019: surplus £344k).

Recognising the continuing financial impact of the pandemic, the DBF trustees recommended to the Diocesan Synod a deficit budget for 2021 which, together with this 2020 deficit, will be met by drawing from the total returns on our historic assets. However, as it is now clear that the 2020 deficit was even greater than the forecasts produced during the year anticipated, and that it is very unlikely that the deficit in 2021 will be contained within the budgeted level, further difficult decisions will need to be made in the months to come.

Meanwhile, a planned strategic review of the Diocese has begun with greater urgency. Under the title 'Shaped by God Together', we are carrying out a thorough review of our patterns of ministry, of finances and the ways we care for our church buildings. This review, which is planned to be concluded in October 2021 will, we hope, set us on a new and sustainable course for the coming years, and better-shaped for mission as we approach the second quarter of the twenty-first century.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**(a company limited by guarantee not having share capital)**

**ANNUAL REPORT**

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**CHAIRMAN'S REPORT (continued)**

Despite the challenges, we remain hopeful under God's guidance. I am so grateful for the generosity and commitment of so many people who support us financially and for the skill and dedication of all those who manage our finances, whether locally in the parishes or at the diocesan level. I pay particular tribute to our former Director of Finance, John Orridge, who left us at the end of the year to take up a similar role in another (larger) diocese after 11 years of faithful service of our mission; we have recently appointed Paul Stothard as John's replacement and I look forward to working with Paul. I would also like pay tribute to Stephen Barney, Chair of the DBF until February this year, who worked tirelessly and with enormous vision and creativity, in his stewardship of our financial resources. I wish John and Stephen every blessing and happiness for the future.

**David Palmer**  
**Chair of Leicester Diocesan Board of Finance**  
**15 May 2021**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
(a company limited by guarantee not having share capital)**

**ANNUAL REPORT**

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 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 Objects of the Diocese of Leicester covers the entire county of Leicestershire.

The Leicester Diocesan Board of Finance (The)'s ("LDBF") principal object is to promote, assist and advance the work of the Church of England in the Diocese of Leicester by acting as the financial executive of the Leicester 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 custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils ("PCC's") 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 Leicester (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; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments arising from the Diocesan Synod including the Diocesan budget.

## **STRATEGIC REPORT**

### **Strategic aims**

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

In November 2014, the Diocesan Synod unanimously recommitted to the "Shaped by God" vision and strategy for the next 10 years, which seeks to grow the kingdom of God in depth of discipleship, number of disciples of Jesus and the loving service of the world.

The Diocese of Leicester has identified ten 'marks of mission' which are in effect a statement of our values. We have articulated these values in the hope that they will shape our culture (the way we do things here) and infuse all our actions:

- noticing God at work among us, and continually asking: what are we learning, and how do we join in with God's activity? **(discerning)**
- lives and communities transformed, through the good news of Jesus Christ; **(transformational)**
- worship in a way that renews and inspires, echoing the praise of heaven; **(inspirational)**
- self-giving service to the community, because the Church is called to be local and outward looking; **(self-giving)**
- being rooted in prayer, because prayer is part of our loving response to the needs of the world; **(prayerful)**
- confident and sensitive evangelism, responding to Jesus' call to share our faith in word and deed; **(confident)**
- lifelong Christian nurture, because our mission overflows from our own discipleship; **(nurturing)**
- the welcome of newcomers, helping those who come close to the church to feel cherished by God; **(hospitable)**
- becoming child friendly, following our Lord's example of putting children at a central place in His ministry; **(child-like)**
- celebration of people and places, because godly celebration is at the heart of the gospel; **(celebratory)**

### **Overall objectives for the year**

In response to the above strategic priorities determined by the Diocesan Synod, several groups, including the Bishop's Council, Bishop's Staff and Deanery Synods, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- 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 Leicester.
- To maintain a sound financial structure required to support the clergy in the payment of stipends, managing parsonages and other ministerial housing and providing other facilities in support of the clergy and lay people in parishes across the Diocese.

**ANNUAL REPORT**

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- To support the National Church institutions through an annual grant, including a contribution to the cost of training Ordinands and for providing retirement housing for clergy.
- To support The Leicester Diocesan Board of Education (“LDBE”) by way of a grant towards staff costs and the provision of office accommodation.

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

**Activities and achievements in the year**

The Christian Presence

Clergy form a central part in the life of churches in the Leicester Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carried out 586 weddings (including marriage blessings), 1,713 funerals and 1,200 baptisms during 2019 – the figures are only available one year in arrears. Whilst the LDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops’ Council, a charity which the LDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 98 trained stipendiary clergy and 31 training curates we had at the end of 2020 in the diocese is a priority of the LDBF and represents by far its largest financial commitment. Although the LDBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of continual professional development and ministerial development review. It also gives clergy access to tribunals and other useful services.

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

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

Other related parties include:

- The Archbishops’ Council to which it pays a donation based on an apportionment system for funding national training of Ordinands and the activities of the various national boards and councils, as well as General Synod.
- The Church Commissioners from which the LDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the LDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.

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- Parochial Church Councils (“PCC’s”), to which LDBF is required to be custodian trustee in relation to PCC property. LDBF has no control over PCC’s, which are independent charities. The accounts of PCC’s and deaneries do not form part of these financial statements.
- Leicester Diocesan Board of Education (charity number 1151692), to which LDBF provides grant support.
- Leicester Cathedral Chapter, to which LDBF provides certain accounting services.
- Launde Abbey Trustees, to which LDBF provides long term loans used to refurbish the abbey (which is the Diocesan Retreat house) and to cover compensation and legal fees. At 31 December 2020, the loans plus interest totalled £865,138. All loans have been fully provided for and are secured on the value of Launde Abbey (for details see note 17 on page 39).
- Coventry Diocesan Board of Finance (The) (company no. 00319482; charity no. 247828), with which LDBF had a joint working arrangement for several staff during 2020.

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.

Volunteers

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

**Future plans**

A central priority within Jesus’ ministry was his calling of twelve disciples - “appointed... to be with him and to be sent out” Mark 3:15. He devoted much time to teaching and mentoring them. He sent them out to continue his work of announcing and giving signs of the kingdom.

The Diocese of Leicester has similarly chosen to focus on this priority of discipleship. Shaped by God in our lives and communities we seek the growth of His Kingdom in:

- the depth of discipleship,
- the number of disciples of Jesus,
- loving service of the world.

We have therefore asked our parish churches, our fresh expressions of church, our chaplaincies, and our schools to work to these priorities. Each Christian community must discern for themselves how to act on these priorities in their own context. It is not for the Board of Finance or the Bishop to dictate how individuals and communities should interpret these priorities. Rather the work of our central support staff is focused on enabling this discernment in each context and helping each community to channel their resources to these priorities. It is for the Bishop to hold each individual minister and each community to account for how they are doing this (“low control, high accountability”).

The major budget element continues to be directed towards the maintenance of a ministerial presence in every parish and the training and development of lay members of the church to support the work of the clergy will be a priority.

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We are now embarking upon a review of the Diocese entitled 'Shaped by God Together' which will report to Diocesan Synod in the Autumn of 2021 on the future shape and direction of the Diocese.

We continue to review the central diocesan structure which is designed to support the vision and priorities of the Diocese.

The ongoing objective is to be able to adequately resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

### **Financial review**

#### **Financial Performance**

Parish Contribution, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. This decreased by £429k to £4.16m (2019: £4.59m).

The Trustees are grateful to all the parishes for their contributions during the year, and especially to those parishes that make regular contributions by instalments, which is essential in keeping the Diocese's need to maintain a cash flow reserve to a minimum.

LDBF had a net £1.83m decrease in total funds in 2020 (2019: £344k increase). The 2020 result was affected by lower gains on property sales (£1.57m lower), lower bookshop, café, conferencing and SMH rental income (£679k lower) and lower share income (£106k lower).

Overall, the value of fixed asset investments decreased; Glebe properties are £31.89m (2019: £30.62m); other investments are £8.74m (2019: £10.76m), resulting in a decrease in investment assets of £758k.

The Trustees had prepared a 2021 budget that had a small net operational deficit. The impact of the Covid19 pandemic has meant a re-forecasted increased deficit for 2021 and a continued budgeted deficit for 2022. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism. We have sufficient relatively liquid assets (such as our stock market investments) to cope in the short term. It is anticipated returning to a breakeven budget in 2023, once the conclusions from Shaped by God Together are known. Hence, the Trustees are of the opinion that LDBF continues to be a going concern.

#### **Significant Property Transactions**

Land and building additions during the year (included in tangible fixed assets and investment properties) totalled £157k (2019: £1.91m) which included £60k being the final retention monies due on the development of St Martins Lodge (our 28 bed accommodation facility - £32k), and on 6 – 8 St Martins, the property being used for The Community of the Tree of Life (£28k). The balance of funds were spent improving and refurbishing the current stock of LDBF properties.

There were no new properties purchased during 2020.

Our policy continues to be:

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

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**Balance sheet position**

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £76.66m (2019: £78.48m) it must be remembered that included in this total are land & buildings, whose value amounted to £72.17m (2019: £71.82m). Additionally, some 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.

**Fundraising**

LDBF raise funds through Parish Contribution (based on offers given by the Parishes) and via an annual Bishop's Lent appeal. No professional fundraisers are employed in these activities. The Lent appeal is an invitation to the general public to contribute to a stated objective. No direct fundraising to individuals is undertaken.

**Reserves policy**

*Free reserves*

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 3 months budgeted unrestricted expenditure for 2021. At 31 December 2020 the amount required under this policy totalled £2.80m (2019: £2.37m). Actual free reserves as at 31 December 2020 totalled £7.03m (2019: £8.90m).

*Reserves tied up in fixed assets*

The general fund has tangible fixed assets of £19.01m, investments of £984k and net liabilities of £13.80m.

*Designated funds*

The Trustees may, with the approval of the board, 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 2020 total designated reserves were £0.83m (2019: £0.83m).

*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 2020 restricted funds totalled £1.75m (2019: £1.56m) and endowment funds totalled £67.88m (2019: £68.02m). Neither fund category is available for the general purposes of the LDBF except for the portion of the endowment fund set aside in the Total Return policy adopted on 1<sup>st</sup> January 2019. The balance of Unapplied Total Return as at 31 December 2020 was £15.90m (2019: £16.35m).

**Grant making policy**

The Memorandum of Association of the LDBF explicitly permits the LDBF to make grants in pursuance of its objects. The LDBF predominantly achieves this via the Capital and Growth funds. Grants from these funds are disclosed in note 12.

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**Investment policy**

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 21 provides detail of the assets of each fund, together with the related purposes, and note 16 summarises the movements in investments during the year.

The Trustees' investment policy is to hold investments in a balanced mix of a charity property fund with Savills Investment Management Limited (Savills) and equities with two portfolio managers (Brewin Dolphin and Charles Stanley). Both Brewin Dolphin and Charles Stanley have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2020 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
Brewin Dolphin listed investments	2,115	27.3%	2.4%	+1.2%
Charles Stanley listed investments	2,314	29.9%	2.1%	-1.3%
Savills Investment Management Property Fund	3,236	41.7%	3.9%	+1.2%
CCLA funds	39	0.5%	3.2%	+7.9%
Other investments	50	0.6%	0.0%	0.0%
	<hr/> 7,754 <hr/>	<hr/> 100.0% <hr/>		

The Investment Committee regularly reviews the performance of the funds and makes recommendations to the Trustees on investments.

LDBF is a member of the Church Investors Group. The Church Investors Group represents institutional investors from many mainstream Church denominations and church related charities. Its aims are to encourage the formulation of investment policies based on Christian ethical principles, to encourage responsible business practice through engagement with company managements and to share information and views on ethical matters related to investment. The CIG has 70 members, predominantly drawn from the UK and Ireland, with combined investment assets of over £21bn.

## **Principal risks and uncertainties**

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

The risk register identifies three broad 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:

### **External risk:**

- **Reputational risk from scandals and theological disagreements;** Incidents would be managed through Archdeacon reviews and/or the Communications department.
- **Economic risk from a fall in parish contributions;** Continued close analysis and review of budgets and treasury / investment management.
- **Demographic changes;** There is a "Shaped by God" strategic plan (see page 5 above) to diversify the Church via Fresh Expressions.

### **Operational risk:**

- **Personnel risk;** There are processes for performance development and for replacing key personnel who leave. There is also a contract with an external HR consultant.
- **Property;** There is a fully resourced Property department with an independent review of property transactions and management by the appropriate committee (Glebe, etc.).
- **IT;** Systems are off the shelf and easily replaceable. Data is backed up daily and can be restored within 24 hours. There are rules for internet usage monitored by the IT Manager. The IT Manager ensures compliance with The Data Protection Act and the General Data Protection Regulations.
- **Safeguarding and health & safety;** A health & safety policy has been issued to all staff. DBF has a department of 5 staff (2019: 4) dedicated to safeguarding who report to the Director of Operations and Governance.
- **Insurance;** Policies are reviewed annually with a suitably qualified broker.
- **Finance;** Financial processes have been implemented and are periodically reviewed. Changes in the amount of a particular income stream are analysed and appropriate corrective action implemented.

### **Governance risk:**

- **Trustees;** Procedures exist to appoint and retain suitable Trustees
- **Staff structure;** Staff structures are periodically reviewed and set to ensure best practice is adhered to.
- **National network;** There is engagement with all national initiatives whilst liaising with other Dioceses to ensure best practice is maintained.

## **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 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representatives from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into 10 deaneries, each with its own 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 apply for partnership with neighbouring Dioceses.

### **Organisational structure**

The Leicester Diocesan Board of Finance (The) ("LDBF") is a company limited by guarantee (No. 00227087) and a registered charity (No. 249100) 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 Leicester. It was established in its present form in 1927 and is successor in title to the Leicester Diocesan Trustees.

Governance and policy of Leicester Diocesan Board of Finance (The) ("LDBF") is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. The Trustees are The Bishop of Leicester, who is the ex-officio president of LDBF, The Archdeacons of Leicester and Loughborough (also ex-officio) along with eight people elected from and by the members of Diocesan Synod every three years (with the most recent elections held in 2021), up to three members co-opted by the Board of Trustees, and up to two members nominated by the Bishop. The chairman is nominated by the Bishop and approved by the Diocesan Synod every three years (with the most recent nomination and approval being in 2021). The details of Trustees who served during the year are set out on page 17.

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 Bishop's Leadership Team. The Synod membership is elected every three years, the last elections having been in 2021. The Synod elects eight of the possible seventeen Trustees of the Diocesan Board of Finance. Whilst the LDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association, by virtue of the National Institutions Measure 2000, the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

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**Decision making structure**

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Leicester, are set by the Diocesan Synod and the LDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the LDBF. The Trustees hold up to 6 meetings during the year.

The Bishop's Council consists of 11 ex-officio members, including the Diocesan Bishop, the Bishop of Loughborough and the two Archdeacons, 3 clergy elected by the house of clergy from among their number and 5 lay persons elected by the members of the house of laity, a Lay chair and an Area Dean and a maximum of 4 members nominated by the Diocesan Bishop.

The Bishop's Council and Standing Committee meet to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion
- Advising the Bishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

There are a number of Diocesan Synod committees, though not all are sub-committees of LDBF, that influence the operation of LDBF. The following are statutory committees:

**Houses Committee;** which is responsible for managing and maintaining LDBF houses, including buying, repairing, maintaining and disposing of LDBF houses (including parsonages and vicarages).

**Glebe Committee;** which is responsible for implementing policy and making major decisions concerning the management of Glebe property and investments for the benefit of the Diocesan Stipends Fund.

**The Diocesan Mission and Pastoral Committee;** which is responsible for approving pastoral reorganisation, taking account of available clergy numbers, and making use of new patterns of ministry.

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

**Leicester Diocesan Board of Patronage;** which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

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**Closed Church Buildings Committee;** which is responsible for finding appropriate alternative uses for churches that have been declared redundant.

**Vacancy in See Committee;** which is responsible for representing the Diocese in the appointment process of a Diocesan Bishop.

The Trustees, who also meet during the year as **The Finance Committee**, whose members are the Directors of the Company and Trustees of the Charity, are responsible for considering the financial affairs of the Diocese. The Committee reviews the management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the LDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 2011 (with regard to redundant churches). They also advise Bishop's Council on the financial aspects of strategic matters. They are also supported by:-

**The Investment Committee (a sub-committee of the Finance Committee);** is responsible for determining and overseeing the investment policy of LDBF.

**The Audit Committee (a sub-committee of the Finance Committee);** is responsible for assisting the Trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

**Trustee recruitment, selection and induction**

Trustees are given induction when first appointed. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff possess the title 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest.

**Delegation of day to day delivery**

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Diocesan Chief Executive is given specific and general delegated authority to deliver the business of the LDBF in accordance with the policies framed by the Trustees.

**Funds held as Custodian Trustee**

LDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £2.495m at 31 December 2020 (2019: £2.505m), 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 by the LDBF's solicitor, Stone King LLP.

## **TRUSTEES' RESPONSIBILITIES STATEMENT**

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

Company law requires the Trustees (as Directors of LDBF for the purposes of Company Law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of 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 apply them consistently
- Observe methods and principles in the Charities SORP FRS 102
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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. The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information, and to establish that the Charitable Company's 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 and other information included in Annual Reports, may differ from legislation in other jurisdictions.

## **APPOINTMENT OF AUDITORS**

The re-appointment of Grant Thornton UK LLP as auditors to LDBF will be proposed at the Annual General Meeting.

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**ADMINISTRATIVE DETAILS**

**Trustees**

No Trustee had any beneficial interest in the Charitable Company during 2020. The following Trustees were in post during the year and at the date of this report:

President (ex-officio):	The Right Reverend M J Snow – Lord Bishop of Leicester		
Chairman:	Mr D J Palmer (appointed 18 March 2021) Mr S G Barney (resigned 25 February 2021)		
Archdeacons (ex officio):	The Venerable R V Worsfold - Archdeacon of Leicester The Venerable C Wood - Archdeacon of Loughborough		
Elected by:			
Synod House of Clergy	The Reverend A R Leighton The Reverend C M Thomson (resigned 30 August 2020) The Reverend C Taylor		
Synod House of Laity	Mr D B Beeson Mr C J Sheldon	Mrs S A L Newbury Mrs M V Wang	Mr J C F Roberson
Bishop's Nominees	None – Two vacancies		
Co-opted by the Board	Mr G Brown Mr D J Palmer (appointed Chair 18 March 2021) The Reverend C M Thomson (appointed 19 January 2021)	Mr G W Newbury (resigned 11 November 2020)	

**Senior staff and advisers**

Diocesan Chief Executive:	Jonathan Kerry
Director of Operations and Governance:	Andrew Brockbank
Director of Finance and Support Services:	Paul Stothard (appointed 19 April 2021) Jim Pullen (appointed Acting Finance Director 1 January 2021 to 16 April 2021) John Orridge (resigned 31 December 2020)

Registered Office: St Martins House,  
7 Peacock Lane,  
Leicester LE1 5PZ

Bankers:	Barclays Bank plc, Dominus Way, Meridian Business Park, Leicester LE19 1RP	Auditors:	Grant Thornton UK LLP, Statutory Auditor, Regent House, 80 Regent Road, Leicester LE1 7NH
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Solicitors:	Latham & Co., Charnwood House, 2&4 Forest Road, Loughborough, Leicestershire LE11 3NP	Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham B3 2ES
	Stone King LLP, Boundary House 91 Charterhouse Street London EC1M 6HR	
Investment Advisers:	Savills Investment Management Limited, 33 Margaret Street, London W1G 0JD	Charles Stanley & Co. Limited, 25 Luke Street, London EC2A 4AR
	Brewin Dolphin, 1 <sup>st</sup> Floor, Waterfront House, Waterfront Plaza, 35 Station Street, Nottingham NG32 3DQ	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Glebe Agents and Valuers:	Andrew Granger & Co LLP, 44 – 46 Forest Road, Loughborough, Leicestershire LE11 3NP	Christie & Co., Suite 402 Bridlesmith House, 38 Bridlesmith Gate, Nottingham NG1 2GQ
Insurance brokers:	Cornerstone Business Insurance Limited, 8 Princess Road West, Leicester LE1 6TP	

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 6 - 12 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

**D J Palmer**  
Chairman

**J W Kerry**  
Diocesan Chief Executive

**15 May 2021**

**15 May 2021**

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LEICESTER DIOCESAN BOARD OF FINANCE (THE)**

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### **Opinion**

We have audited the financial statements of Leicester Diocesan Board of Finance (The) (the 'charitable company') for the year ended 31 December 2020, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### **Basis for opinion**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements section' of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the charitable company's business model including effects arising from Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of the Trustees for the financial statements' section 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.

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

We have nothing to report in this regard.

#### **Opinion 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 Chairman's Report and the Strategic Report, prepared for the purposes of company law, included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Chairman's Report and the Strategic Report included in the Annual Report have been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

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 Chairman's Report or the Strategic Report.

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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 The Trustees for the financial statements**

- As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (United Kingdom Generally Accepted Accounting Practice, the Charities SORP (FRS 102), the Charities Act 2011, the Charity code of Governance, the Companies Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the company operates.
- we enquired of management whether they were aware of any instances of noncompliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our commercial experience and through discussion with management.
- we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and evaluating management's incentives and opportunities for manipulation of the financial statements. We considered the risk of fraud to be higher through the potential for management override of controls.

- audit procedures performed by the engagement team included:
  - testing manual journal entries, in particular journal entries relating to management estimates and
  - entries determined to be large, profit affecting or relating to unusual transactions;
  - challenging assumptions and judgements made by management;
  - detailed testing around revenue recognition;
  - identifying and testing related party transactions.
- assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training; - understanding of the financial reporting framework and the relevant tax compliance regulations specific to the entity.
- we did not identify any matters relating to non-compliance with laws and regulation or incidents of fraud.

#### **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.

**Christopher Frostwick**  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**East Midlands**  
**15 May 2021**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
STATEMENT OF THE FINANCIAL ACTIVITIES  
For the year ended 31 December 2020**

	Note	Unrestricted funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	funds	funds
		£'000	£'000	£'000	£'000	2020	2019
						£'000	£'000
<b>Income and endowments from</b>							<b>(Note 30)</b>
Donations							
Parish contributions	2a	4,157	-	-	-	<b>4,157</b>	4,586
Archbishops' Council	2b	-	-	2,790	-	<b>2,790</b>	2,918
Other donations	2c	4	-	3	-	<b>7</b>	2
Charitable activities	3	298	2	786	-	<b>1,086</b>	457
Other activities	4	468	-	-	-	<b>468</b>	1,254
Investments	5	107	12	122	717	<b>958</b>	1,162
Other	6	92	-	-	81	<b>173</b>	1,759
		<u>5,126</u>	<u>14</u>	<u>3,701</u>	<u>798</u>	<u><b>9,639</b></u>	<u>12,138</u>
<b>Expenditure on</b>							
Raising funds	7	-	-	-	257	<b>257</b>	208
Charitable activities	8	9,980	12	623	-	<b>10,615</b>	10,908
Other	9	1,232	-	-	-	<b>1,232</b>	439
		<u>11,212</u>	<u>12</u>	<u>623</u>	<u>257</u>	<u><b>12,104</b></u>	<u>11,555</u>
<b>Net (expenditure) / income before losses and gains on investments</b>		(6,086)	2	3,078	541	<b>(2,465)</b>	583
(Loss) / gain on investments		(252)	(3)	-	1,044	<b>789</b>	(284)
		<u>(6,338)</u>	<u>(1)</u>	<u>3,078</u>	<u>1,585</u>	<u><b>(1,676)</b></u>	<u>299</u>
<b>Transfers between funds</b>	14	4,606	9	(2,882)	(1,733)	-	-
<b>Other recognised gains:</b>							
Loss on revaluation of fixed assets		(152)	-	-	-	<b>(152)</b>	45
		<u>(1,884)</u>	<u>8</u>	<u>196</u>	<u>(148)</u>	<u><b>(1,828)</b></u>	<u>344</u>
<b>Total funds brought forward</b>		<u>8,076</u>	<u>826</u>	<u>1,558</u>	<u>68,024</u>	<u><b>78,484</b></u>	<u>78,140</u>
<b>Total funds carried forward</b>	20	<u><u><b>6,192</b></u></u>	<u><u><b>834</b></u></u>	<u><u><b>1,754</b></u></u>	<u><u><b>67,876</b></u></u>	<u><u><b>76,656</b></u></u>	<u><u>78,484</u></u>

All activities derive from continuing activities. The notes on pages 27 to 51 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 December 2020**

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	<b>Total 2020 £'000</b>	Total 2019 £'000
Income before losses and gains on investments	8,841	9,810
Expenditure	(11,847)	(11,346)
<b>Operating deficit for the year</b>	<b>(3,006)</b>	<b>(1,536)</b>
Net loss on investments	(255)	101
Net transfer from endowment funds	1,733	1,981
<b>Net (expenditure) / income for the year</b>	<b>(1,528)</b>	<b>546</b>
Other comprehensive income:		
Revaluation of fixed assets	(152)	45
<b>Total comprehensive (expenditure) / income</b>	<b>(1,680)</b>	<b>591</b>

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. The notes on pages 27 to 51 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**BALANCE SHEET**  
**At 31 December 2020**

Company Number – 00227087

	Note	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets	15	39,374	39,996
Investments	16	40,625	41,383
		<u>79,999</u>	<u>81,379</u>
<b>CURRENT ASSETS</b>			
Stock		48	43
Debtors	17	897	1,081
Cash on deposit, at bank and in hand		1,057	1,649
		<u>2,002</u>	<u>2,773</u>
<b>CREDITORS: amounts falling due within one year</b>	18	<u>(5,119)</u>	<u>(2,464)</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<u>(3,117)</u>	<u>309</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>76,882</u>	<u>81,688</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Pension scheme liabilities	19	(190)	(668)
Loans	19	-	(2,500)
Other creditors	19	(36)	(36)
<b>NET ASSETS</b>		<u>76,656</u>	<u>78,484</u>
<b>FUNDS</b>			
<b>Endowment funds</b>			
(Including investment revaluation reserve of £23,719k (2019: £22,768k))		67,876	68,024
<b>Restricted income funds</b>			
(Including investment revaluation reserve of £Nil (2019: £Nil))		1,754	1,558
<b>Unrestricted income funds:</b>			
<b>General funds</b>			
(Including revaluation reserve of £125k (2019: £650k))		6,192	8,076
<b>Designated funds</b>			
(Including investment revaluation reserve of £37k (2019: £40k))		834	826
<b>TOTAL FUNDS</b>	20	<u>76,656</u>	<u>78,484</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 15 May 2021 and signed on behalf of the Board by:

**D J Palmer - Chairman**

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**CASH FLOW STATEMENT**  
**For the year ended 31 December 2020**

	2020		2019	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>		<b>(2,967)</b>		<b>(3,141)</b>
<b>Cash flows from investing activities</b>				
Dividends, interest and rent from investments	958		1,202	
Proceeds from the sale of tangible fixed assets	534		1,605	
Proceeds from the sale of fixed asset investments - shares	2,203		2,578	
Proceeds from the sale of fixed asset investments - Glebe	51		1,925	
Purchase of tangible fixed assets	(178)		(1,699)	
Purchase of fixed asset investments	(703)		(1,018)	
<b>Net cash provided by investing activities</b>		<b>2,865</b>		<b>4,593</b>
<b>Cash flows from financing activities</b>				
Contributions to Clergy and Lay staff pension plans	(490)		(465)	
<b>Net cash used in financing activities</b>		<b>(490)</b>		<b>(465)</b>
<b>Change in cash and cash equivalents in the period</b>		<b>(592)</b>		<b>987</b>
Cash and cash equivalents at 1 January		(851)		(1,838)
<b>Cash and cash equivalents at 31 December</b>		<b>(1,443)</b>		<b>(851)</b>
<b>Reconciliation of net movements in funds to net cashflow from operating activities</b>				
<b>Net movement in funds for the year ended 31 December</b>		<b>(1,828)</b>		<b>344</b>
<b>Adjustments for:</b>				
Depreciation charges		201		199
Dividends, interest and rent from investments		(958)		(1,202)
Repayment of Parish loans		53		55
Advancement of Parish loans		(21)		(90)
Profit on sale of fixed assets		(88)		(564)
Loss / (Gain) on revaluation of fixed assets		153		(45)
Loss / (Profit) / on sale of fixed asset investments - shares		148		(115)
Profit on sale of fixed asset investments - Glebe		(2)		(1,195)
(Gain) / Loss on revaluation of fixed asset investments		(939)		398
Increase in stock		(5)		(3)
Decrease / (Increase) in debtors		108		272
Clergy & Lay pension interest and liability adjustments		37		(1,190)
(Decrease) / Increase in related party loans		(219)		460
Increase / (Decrease) in creditors		393		(465)
<b>Net cash used in operating activities</b>		<b>(2,967)</b>		<b>(3,141)</b>
<b>Analysis of cash and cash equivalents</b>				
Cash at bank and in hand		959		1,339
Notice deposits (less than 3 months)		98		310
Bank loans		(2,500)		(2,500)
		<b>(1,443)</b>		<b>(851)</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2020**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which, in the main, are included at their market value at the balance sheet date, and certain tangible fixed assets which are included at fair value. 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 (FRS 102).

**Going Concern**

The Trustees had prepared a 2021 budget that had a small net operational deficit. The impact of the Covid19 pandemic has meant a re-forecasted deficit for 2021 and a significant budgeted deficit for 2022. These deficits can be offset by asset sales in the short term, via the Total Return release mechanism. We have sufficient relatively liquid assets (such as our stock market investments) to cope in the short term. It is anticipated returning to a breakeven budget in 2023, once the conclusions from Shaped by God Together are known. Therefore, the Trustees consider the Company to be a going concern.

The principal accounting policies are as follows;

**a) Income**

All income is included in the Statement of Financial Activities (SOFA) when the LDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Contributions** are recognised as income of the year in respect of which it is received, and up to 31 January of the following year.
- ii) **Income from other trading activities;**  
Housing rental receivable is recognised as income in the period to which it relates.  
Bookshop and Café sales represent goods sold and are recognised on the date of sale, over the counter. Internet sales are recognised on the date of notification.  
Conferencing and events income is recognised on the date of the associated event. Cancellation charges are recognised on the date of notification.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received, which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year end, are included in creditors to be carried forward to the following year.
- v) **Government grants (including furlough)** are recognised as income of the year to which they relate.
- vi) **Parochial fees** are recognised as income of the year to which they relate.
- vii) **Donations**, other than grants, are recognised when receivable.
- viii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- ix) **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 (as the expenditure is greater) and the legal restrictions, therefore, are satisfied. It is on this basis that the expenditure is shown in the unrestricted column of the Statement of Financial Activities and is offset by the income which, initially, is shown in the restricted column, but then transferred to the unrestricted column.

**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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

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- i) **Costs of raising funds** are costs relating to the temporary renting out of parsonages, agent's costs for Glebe investment properties and management fees on investment assets.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the Diocese, and expenditure that supports education within 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 LDBF, such grants being recognised as expenditure when the conditions attaching have been 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 based on the proportion of the net amount spent on resourcing and support of mission and ministry.
- v) **SMH trading and letting costs** consist of staff, cost of goods sold, and building costs charged on an accruals basis.
- vi) **Pension contributions** relate to LDBF staff who are members of the Church Workers Pension Fund. 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 contribution payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes is accrued at current value in creditors distinguished between contributions falling due within one year and after one year.

**c) Tangible fixed assets and depreciation**

***Freehold properties***

Depreciation is not provided on the majority of LDBF properties 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. 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. 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.

Depreciation is provided on Cathedral Gardens to write off the asset over a 10 year maintenance period as from April 2016.

***St Martins House (SMH) and St Martins Lodge (SML)***

St Martins House is valued at open market value at 31 December. SMH is divided into a fixed asset and a fixed asset investment property. 2% straight line annual depreciation on cost is provided on the fixed asset. St Martins Lodge is valued at open market value at 31 December.

***Properties subject to value linked loans***

There is one property which has been bought with the assistance of a value-linked loan from the Church Commissioners. The property and loan are carried at original cost. However, the Church Commissioners are entitled to be repaid the appropriate proportion of the value of the property when disposed. The appropriate proportion being the proportion of the loan supplied compared to the original cost of the property.

***Investment properties***

Glebe properties, which are held for investment purposes and rented out, are subject to annual revaluations and hence the properties are included at their year-end market value.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

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**1. ACCOUNTING POLICIES (continued)**

***Parsonage houses***

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 strict legal form. 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 cost.

**d) Other tangible fixed assets**

All capital expenditure over £500 is depreciated. 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:-

Computer equipment - 50% per annum on a straight line basis

Fixtures and fittings - 50% per annum on a straight line basis

**e) 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) **Stock** is included at the lower of cost and net realisable value and relates to books purchased for resale to the general public.
- iii) **Leases** refer to operating leases entered into for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

**f) Fund balances**

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

- **Unrestricted funds** are LDBF's corporate funds and are freely available for any purpose within the Charitable Company's objects, at the discretion of LDBF. There are two types of unrestricted funds:
  - **General funds** which LDBF intends to use for the general purposes of LDBF and
  - **Designated funds** set aside out of unrestricted funds by LDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the Charitable Company as a capital fund. In the case of the endowment funds administered by LDBF (Stipends Glebe Fund and Endowment Capital Funds), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. The Parsonage Houses Fund, where there is no provision for expenditure of capital, is classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the Charitable Company acts as Trustee and controls the management and use of the funds, are included in the Charitable Company's own financial statements as charity branches. Trusts where the Charitable Company 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 note 29 to the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**2. DONATIONS**

**2a. Parish Contributions**

All donations are collected from the parishes of the Diocese.

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General £'000	Designated £'000				
Current year	4,147	-	-	-	4,147	4,516
Receipts for previous years	10	-	-	-	10	70
	<u>4,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,157</u>	<u>4,586</u>

**2b. Archbishops' Council**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General £'000	Designated £'000				
Stipend support	-	-	1,279	-	1,279	1,330
Restructuring funding	-	-	150	-	150	65
Ordinand grants	-	-	253	-	253	281
Pioneer workers' grant	-	-	11	-	11	133
BAME grant	-	-	299	-	299	142
Resource churches grant	-	-	744	-	744	927
Youth workers' grant	-	-	11	-	11	-
Legal cost contribution	-	-	43	-	43	40
	<u>-</u>	<u>-</u>	<u>2,790</u>	<u>-</u>	<u>2,790</u>	<u>2,918</u>

**2c. Other Donations**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General £'000	Designated £'000				
Donations	4	-	3	-	7	2
	<u>4</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>7</u>	<u>2</u>

**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	152	-	-	-	152	237
All Churches Trust grant	133	-	-	-	133	132
Player Trust grant	-	-	311	-	311	33
Tree of Life donations	-	-	51	-	51	(17)
Historic England grant	-	-	45	-	45	47
Course fees and other	5	-	-	-	5	6
CJRS income	-	-	379	-	379	-
Other	8	2	-	-	10	19
	<u>298</u>	<u>2</u>	<u>786</u>	<u>-</u>	<u>1,086</u>	<u>457</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Housing rental income	275	-	-	-	275	283
Property grants	9	-	-	-	9	1
Redundant church sale	-	-	-	-	-	181
Bookshop, café and conferencing income	184	-	-	-	184	789
	<u>468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>468</u>	<u>1,254</u>

**5. INVESTMENT INCOME**

	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2020	Total funds 2019
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe rents	-	-	-	601	601	627
Listed securities	-	-	-	116	116	188
Unlisted securities	-	7	120	-	127	161
SMH rental income	106	-	-	-	106	180
Bank and other interest	1	5	2	-	8	6
	<u>107</u>	<u>12</u>	<u>122</u>	<u>717</u>	<u>958</u>	<u>1,162</u>

**6. OTHER INCOMING RESOURCES**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020	Total funds 2019
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on parsonage sales	-	-	-	65	65	338
Gain on Glebe property sales	-	-	-	16	16	1,175
Gain on DBF property sales	88	-	-	-	88	226
Remeasurement of Clergy pension liability	-	-	-	-	-	-
Other income	4	-	-	-	4	20
	<u>92</u>	<u>-</u>	<u>-</u>	<u>81</u>	<u>173</u>	<u>1,759</u>

**7. FUND RAISING COSTS**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020	Total funds 2019
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
Glebe agent's fees	-	-	-	47	47	54
Other Glebe costs	-	-	-	175	175	119
Investment management fees	-	-	-	35	35	35
	<u>-</u>	<u>-</u>	<u>-</u>	<u>257</u>	<u>257</u>	<u>208</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**8. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General £'000	Designated £'000				
<b>8a Contributions to Archbishops' Council</b>						
Training for Ministry	195	-	-	-	195	194
National Church Responsibilities	(19)	-	-	-	(19)	41
Retired clergy housing costs	70	-	-	-	70	67
	<u>246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246</u>	<u>302</u>
<b>8b Resourcing Mission and Ministry</b>						
Parish Ministry stipends and National Insurance (NI)	3,931	-	-	-	3,931	3,719
Clergy pension contributions	805	-	-	-	805	781
Non clergy salaries, NI and pensions	491	-	-	-	491	363
Housing costs	955	-	-	-	955	1,019
Ordinand, removal & resettlement grants	341	-	-	-	341	481
Interregna costs	10	-	-	-	10	34
Resource church grants	248	-	-	-	248	430
Other expenses	81	-	-	-	81	247
Support costs	801	-	-	-	801	761
	<u>7,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,663</u>	<u>7,835</u>
<b>8c Support for Mission and Ministry</b>						
Salaries, NI and pension costs	1,229	-	15	-	1,244	935
Growth fund grants	-	-	202	-	202	290
Capital fund grants	-	-	110	-	110	136
Other grants	103	11	226	-	340	469
Pioneer Development worker costs	12	-	-	-	12	119
Redundant church costs	-	-	70	-	70	19
Other costs	262	1	-	-	263	350
Support costs	259	-	-	-	259	245
	<u>1,865</u>	<u>12</u>	<u>623</u>	<u>-</u>	<u>2,500</u>	<u>2,563</u>
<b>8d Support for education</b>						
Support for church schools	206	-	-	-	206	208
	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206</u>	<u>208</u>
<b>TOTAL CHARITABLE ACTIVITIES</b>	<u>9,980</u>	<u>12</u>	<u>623</u>	<u>-</u>	<u>10,615</u>	<u>10,908</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**9. OTHER RESOURCES EXPENDED**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
	General £'000	Designated £'000				
DBS / Clergy pension liability increase	3	-	-	-	3	5
Interest on pension liabilities	10	-	-	-	10	53
Remeasurement of Clergy pension Liability	24	-	-	-	24	(1,248)
SMH trading and letting costs	1,195	-	-	-	1,195	1,629
	<b>1,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,232</b>	<b>439</b>

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

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2020 £'000
Raising funds	257	-	-	257
Charitable activities:				
Contributions to Archbishops' Council	-	246	-	246
Resourcing Mission and Ministry	6,484	378	801	7,663
Supporting Mission and Ministry	1,590	651	259	2,500
Support for education	206	-	-	206
Other resources expended	1,232	-	-	1,232
	<b>9,769</b>	<b>1,275</b>	<b>1,060</b>	<b>12,104</b>

**11. ANALYSIS OF SUPPORT COSTS**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
	General £'000	Designated £'000			
Central administration	894	-	-	-	894
Governance:					
Registrar and Chancellor	127	-	-	-	127
Audit costs:					
- External audit	26	-	-	-	26
- Other services	5	-	-	-	5
Synodical costs	7	-	-	-	7
	<b>1,060</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,060</b>

External audit costs in 2020 were £25,500 (2019: £23,120). Other auditor service costs in 2020 were £5,199 (2019: £3,197). These amounts are inclusive of UK VAT.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

12. ANALYSIS OF GRANTS MADE	Number	Individuals £'000	Institutions £'000	2020 Total £'000	2019 Total £'000
<b>From unrestricted funds for national Church responsibilities:</b>					
Contributions to Archbishops' Council	1	-	246	246	302
<b>From unrestricted funds:</b>					
Maintenance grants to Ordinands	21	214	-	214	257
Diocesan Board of Education support grants	2	-	205	205	208
Resettlement and first appointment grants	44	96	-	96	166
University Chaplaincies	3	-	91	91	90
St Philip's Centre	1	-	70	70	69
Holy Apostles project	1	-	32	32	38
Leicester Cathedral	1	-	25	25	25
Community Link grants	4	-	15	15	49
St Peter's Church grant for Premises Officer	1	-	11	11	11
Other grants	11	-	11	11	11
Ecumenical support (Churches Together)	1	-	9	9	9
Reader and Clergy training grants	17	4	-	4	12
Leicester Cathedral share of surpluses	-	-	-	-	20
FareShare grant	-	-	-	-	10
International Link grants	-	-	-	-	8
<b>Total</b>	<b>107</b>	<b>314</b>	<b>469</b>	<b>783</b>	<b>983</b>
<b>From restricted funds for various purposes within resourcing parish ministry:</b>					
Growth fund grants	26	-	202	202	290
Capital fund grants	20	-	110	110	136
Ordinand training grants	28	226	-	226	287
<b>Total</b>	<b>74</b>	<b>226</b>	<b>312</b>	<b>538</b>	<b>713</b>
<b>Total</b>	<b>182</b>	<b>540</b>	<b>1,027</b>	<b>1,567</b>	<b>1,998</b>

Leicester Cathedral (LCAT) are entitled to a proportion of the surpluses made by St Martins House (SMH). The amount of the payment is calculated based on SMH surpluses as follows;

- Up to £100k – LCAT 50%, SMH refurbishment fund 50% and LDBF general fund 0%
- Between £100k and £200k – LCAT 50%, SMH refurbishment fund 25% and LDBF general fund 25%
- Sums in excess of £200k – LCAT 25%, SMH refurbishment fund 25% and LDBF general fund 50%

LCAT was entitled to Nil (2019: Nil) for the year to 31<sup>st</sup> December 2020 as SMH made a deficit in the year.

From 1<sup>st</sup> January 2019, LDBF has agreed to provide an annual grant of up to £25,000 to Leicester Cathedral where the share of the SMH surplus, as calculated above, does not attain £25,000.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**13. STAFF COSTS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Employee costs during the year were as follows:		
Wages and salaries	<b>2,091</b>	1,953
National Insurance contributions	<b>186</b>	167
Pension costs	<b>237</b>	223
	<u><b>2,514</b></u>	<u>2,343</u>

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
The average number of persons employed by LDBF during the year:		
SMH Conference Centre	<b>41.0</b>	34.1
Administration and financial management	<b>9.8</b>	8.4
Property	<b>4.0</b>	3.5
Discipleship, Ministry & Stewardship	<b>36.7</b>	25.1
Safeguarding & inclusion	<b>5.3</b>	4.2
Parochial lay staff	<b>3.9</b>	3.9
	<u><b>100.7</b></u>	<u>79.2</u>

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
The average number of persons employed by LDBF during the year based on full-time equivalents:		
SMH Conference Centre	<b>26.8</b>	30.0
Administration and financial management	<b>8.8</b>	7.8
Property	<b>2.3</b>	1.6
Discipleship & Ministry, Stewardship	<b>29.1</b>	22.7
Safeguarding and inclusion	<b>4.2</b>	3.5
Parochial lay staff	<b>2.7</b>	2.7
	<u><b>73.9</b></u>	<u>68.3</u>

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
The numbers of staff whose emoluments amounted to more than £60,000 (including benefits in kind but excluding pension contributions and NIC's) were as follows:		
£60,001 - £70,000	-	1
£70,001 - £80,000	<b>1</b>	-
£80,001 - £90,000	<b>1</b>	1
	<u><b>1</b></u>	<u>1</u>

Pension payments of £15,101 (2019: £14,964) were made for these employees.

**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 Chief Executive	Jonathan Kerry
Director of Operations and Governance	Andrew Brockbank
Director of Finance and Support Services	John Orridge

Remuneration (excluding NIC's) and pensions for these 3 employees amounted to £233,883 (2019: £228,564).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

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**13. STAFF COSTS (continued)**

**Trustees' emoluments**

No Trustee received remuneration for services as a Trustee. The Trustees received travel and out of pocket expenses, totalling £4,443 (2019: £11,079) in respect of General Synod duties, duties as a Trustee and also in their diocesan role as Archdeacon or Area / Rural Dean. The majority of expenses were paid for Trustee's diocesan roles; the amount paid for as a Trustee was insignificant.

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

	<b>Stipend</b>	<b>Housing</b>
The Venerable RV Worsfold	Yes	Yes
The Venerable C Wood	Yes	Yes
The Reverend C M Thomson	Yes	Yes
The Reverend C Taylor	Yes	Yes

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

The LDBF paid an average of 146 (2019: 138) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and their costs were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	<b>3,798</b>	3,611
National Insurance contributions	<b>349</b>	328
Pension costs	<b>935</b>	881
Housing costs	<b>92</b>	88
	<b>5,174</b>	4,908

The annual rate of stipend, funded by the LDBF, paid to the two Archdeacons in 2020 was in the range £35,000 - £40,000 (2019: range £35,000 – £40,000) and other clergy who were Trustees were paid in the range £0 - £30,000 (2019: range: £0 – £30,000). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2020 at £12,795 (2019: £12,304).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
Church Commissioners' and Historic England grant income	2,632	-	(2,632)	-
UK Government grants including furlough	379	-	(379)	-
Glebe rental income, net of costs, used for general purposes	460	-	-	(460)
Stipend Glebe Unapplied Total Return transfer	1,200	-	-	(1,200)
General fund transfer to Growth fund	(70)	-	70	-
Endowment income used to fund stipends	115	-	(115)	-
General fund transfer to Capital fund	(110)	-	110	-
Restricted income used to fund retired clergy grants	-	9	(9)	-
Property fund transfers	-	-	18	(18)
Endowment fund transfers	-	-	55	(55)
	<b>4,606</b>	<b>9</b>	<b>(2,882)</b>	<b>(1,733)</b>

**Church Commissioners' grant income** - Within restricted funds there is income received from The Archbishops' Council of £1.28m (2019: £1.33m) to fund the payment of stipends, £744k (2019: £927k) to fund the Resource Church project, £253k (2019: £281k) to fund Ordinands, £299k (2019: £142k) to fund the BAME project, and £11k (2019: £133k) to fund Pioneer development from unrestricted funds.

**Stipends Glebe rental income** - This income is rental income from endowment properties. The income is used to fund the payment of stipends from unrestricted funds.

**Stipends Glebe Unapplied Total Return transfer** – This transfer has been made from the Unapplied Total Return fund and is for general purposes. The Unapplied Total Return Fund is part of the Stipends Glebe endowment fund.

**Property fund transfers** – relates to £65k proceeds received for a deed of variation offset by £47k of capital improvements on parsonages.

**15. TANGIBLE FIXED ASSETS**

	SMH	Parsonage	DBF	Other	Total
	£'000	houses	properties	equipment	£'000
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
<b>At 1 January 2020</b>	<b>3,215</b>	<b>20,321</b>	<b>16,770</b>	<b>751</b>	<b>41,057</b>
Additions	-	47	48	83	178
Transfers	-	-	-	-	-
Disposals	-	-	(446)	-	(446)
Revaluation	(224)	-	-	-	(224)
<b>At 31 December 2020</b>	<b>2,991</b>	<b>20,368</b>	<b>16,372</b>	<b>834</b>	<b>40,565</b>
<b>Depreciation</b>					
<b>At 1 January 2020</b>	-	-	<b>341</b>	<b>720</b>	<b>1,061</b>
Disposals	-	-	-	-	-
Charge for the year	71	-	91	39	201
Revaluation	(71)	-	-	-	(71)
<b>At 31 December 2020</b>	-	-	<b>432</b>	<b>759</b>	<b>1,191</b>
<b>Net Book Value</b>					
<b>At 31 December 2020</b>	<b>2,991</b>	<b>20,368</b>	<b>15,940</b>	<b>75</b>	<b>39,374</b>
<b>At 1 January 2020</b>	<b>3,215</b>	<b>20,321</b>	<b>16,429</b>	<b>31</b>	<b>39,996</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
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For the year ended 31 December 2020**

**15. TANGIBLE FIXED ASSETS (continued)**

All of the properties in the Balance Sheet are freehold and are vested in the LDBF. One property has been purchased with the help of a value-linked loan from the Church Commissioners. When the property is disposed, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of the property included above is £36,323 (2019: £36,323). All properties at 31 December 2020 and 31 December 2019 are valued at cost. All property repairs are charged as expenditure.

As at 31 December 2020, St Martins House (SMH) has been valued by Andrew Granger & Co. LLP, Chartered Surveyors. The property was valued at £3,975,000 (2019: £4,450,000) on an open market basis.

£2,991,316 (2019: £3,215,000) of the SMH value was deemed to represent a fixed asset, the balance of £983,684 (2019: £1,235,000) was deemed to represent a fixed asset investment (see note 16 below). If SMH had not been revalued, the fixed asset element would have been included at its historical cost of £2,760,000 less accumulated depreciation of £346,885.

**16. FIXED ASSETS INVESTMENTS**

	<b>At 1 January 2020 £'000</b>	<b>Additions £'000</b>	<b>Disposals £'000</b>	<b>Change in Market Value £'000</b>	<b>At 31 December 2020 £'000</b>
<b>Unrestricted funds</b>					
Listed investments	-	-	-	-	-
Unlisted investments	-	-	-	-	-
Other	1,235	-	-	(251)	984
<b>Total</b>	<b>1,235</b>	<b>-</b>	<b>-</b>	<b>(251)</b>	<b>984</b>
<b>Designated funds</b>					
Unlisted investments	207	-	(6)	(2)	199
<b>Endowment funds</b>					
Investment properties	30,623	62	(49)	1,251	31,887
Listed investments	5,996	641	(2,230)	22	4,429
Unlisted investments	3,322	-	(115)	(81)	3,126
	39,941	703	(2,394)	1,192	39,442
<b>Total</b>	<b>41,383</b>	<b>703</b>	<b>(2,400)</b>	<b>939</b>	<b>40,625</b>

The valuation of investments at 31 December 2020 was carried out by the Board's Investment Advisors as shown in the Administrative Details on page 18.

Included in investment properties is St Martins Lodge, which is a property purchased during 2015 costing a total of £4,450,611 (including subsequent refurbishment costs). St Martins Lodge has been developed into a high quality, 28 bed overnight accommodation facility.

As at 31 December 2020, St Martins Lodge was valued by Christie & Co. at £2,140,000 (2019: £2,300,000) on an open market basis.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**17. DEBTORS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due within one year</b>		
Trade debtors	-	60
Parish contribution	<b>212</b>	206
Loans to parishes	<b>46</b>	71
Amounts owed by related parties	<b>33</b>	77
Other debtors	<b>176</b>	372
Prepayments and accrued income	<b>324</b>	182
	<u>791</u>	<u>968</u>
<b>Due after more than one year</b>		
Loans to parishes	<b>101</b>	108
Value linked loan	<b>5</b>	5
	<u>106</u>	<u>113</u>
<b>Total debtors</b>	<b>897</b>	1,081
	<u><u>897</u></u>	<u><u>1,081</u></u>

**The loans above are represented by:**

	<b>Due within one year £'000</b>	<b>Due after one year £'000</b>	<b>Total £'000</b>
<b>Unsecured loans</b>			
Loans to parishes	46	101	147
<b>Total unsecured loans</b>	<u>46</u>	<u>101</u>	<u>147</u>
<b>Secured loans</b>			
Trustees of Launde Abbey	-	865	865
Provision on Launde Abbey loan	-	(865)	(865)
Value linked loan on retired clergy housing	-	5	5
<b>Total secured loans</b>	<u>-</u>	<u>5</u>	<u>5</u>
<b>Total loans outstanding</b>	<u><u>46</u></u>	<u><u>106</u></u>	<u><u>152</u></u>

**Unsecured loans**

The Parish loans are generally for one off cashflow issues with varying periods of repayment and attract a commercial rate of interest, currently being 3% per annum.

**Secured loans**

There is a loan to the Trustees of Launde Abbey for £865,141, which has been fully provided for (which includes accrued interest). On 31<sup>st</sup> December 2018, an agreement was reached whereby the loan was secured as a first charge against the total value of Launde Abbey. On any disposal of Launde Abbey in its entirety, LDBF would recover the greater of 21.89% of disposal proceeds - based on the valuation of the property at 9 April 2015, being £3,950,000 - or £865,141. In the event of a part disposal, LDBF would receive £865,141 on the first part disposal and then be entitled to 21.89% of total part disposal proceeds where there are future part disposals, where the total of all part disposal proceeds exceed £865,141. Any excess of funds paid to LDBF over £865,141 is deemed to be a premium on the loan.

LDBF is the Custodian Trustee of Launde Abbey which is the Diocesan retreat house.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

<b>18. CREDITORS: amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	242	245
Bank loan	2,500	-
Taxation and social security	57	106
Other creditors	801	543
Accruals	189	127
Deferred income	165	40
Clergy pension scheme liabilities (see note 27)	398	373
Lay workers' defined benefit pension scheme liabilities (see note 27)	92	92
Amounts owed to related parties	675	938
<b>Total</b>	<b>5,119</b>	<b>2,464</b>

The £2,500,000 bank loan is a revolving credit facility provided by Barclays Bank Plc during 2018. Interest is payable on the loan quarterly in arrears at LIBOR plus 2.01%. The loan has been secured on four LDBF properties and can be repaid at any time by giving 3 months' notice. The revolving facility is due for repayment on 20<sup>th</sup> September 2021.

<b>19. CREDITORS: amounts falling due after more than one year</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan	-	2,500
Clergy pension scheme liabilities (see note 27)	76	468
Lay workers' defined benefit pension scheme liabilities (see note 27)	114	200
Church Commissioners' value-linked loan	36	36
<b>Total</b>	<b>226</b>	<b>3,204</b>

The value-linked loan (VLL) is secured by guarantee against a property. The loan is repayable, when the property is sold, in proportion to the sale value to the original percentage of the cost of the house originally loaned. The proportion of the loan on this property is 94.74%. At 31 December 2020, the estimated value of the property was £167,143 which is itself a 15% discount to the Nationwide House Price Index. The amount repayable to the Church Commissioners based on the discounted valuation would be £158,346. At 31 December 2020 the Board had no intention of disposing of the property.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**20. SUMMARY OF FUND MOVEMENTS**

	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2020 £'000
<b>UNRESTRICTED FUNDS</b>						
General Funds	8,076	5,126	(11,212)	4,606	(404)	6,192
<b>Designated funds</b>						
Retired Clergy Fund	161	5	(11)	9	(1)	163
Church Extension Fund	556	5	-	-	-	561
Workplace Chaplaincy Fund	2	-	-	-	-	2
Archdeacons' Discretionary Fund	107	4	(1)	-	(2)	108
Total Designated Funds	826	14	(12)	9	(3)	834
<b>Total unrestricted funds</b>	<b>8,902</b>	<b>5,140</b>	<b>(11,224)</b>	<b>4,615</b>	<b>(407)</b>	<b>7,026</b>
<b>RESTRICTED FUNDS</b>						
Pastoral Fund	1,460	-	(70)	18	-	1,408
Church Commissioners', Historic England and other grant income	-	2,632	-	(2,632)	-	-
UK Government grants	-	379	-	(379)	-	-
Endowment Fund	110	290	-	(69)	-	331
Growth Fund	-	147	(217)	70	-	-
Bishop Jeune Ordinands' Fund	1	-	-	-	-	1
The Alan Everitt Fund	2	-	-	-	-	2
Diocesan Capital Fund	-	-	(110)	110	-	-
Ordinand Training Fund	(15)	253	(226)	-	-	12
CofE Stipend Trust Reserve	-	-	-	-	-	-
<b>Total Restricted Funds</b>	<b>1,558</b>	<b>3,701</b>	<b>(623)</b>	<b>(2,882)</b>	<b>-</b>	<b>1,754</b>
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Parsonage Houses	20,321	65	-	(18)	-	20,368
<b>Expendable</b>						
Stipends Glebe (see note 22)	46,039	733	(257)	(1,660)	1,086	45,941
Other Endowment Capital	1,664	-	-	(55)	(42)	1,567
<b>Total Endowment Funds</b>	<b>68,024</b>	<b>798</b>	<b>(257)</b>	<b>(1,733)</b>	<b>1,044</b>	<b>67,876</b>
<b>Total funds</b>	<b>78,484</b>	<b>9,639</b>	<b>(12,104)</b>	<b>-</b>	<b>637</b>	<b>76,656</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

21. SUMMARY OF ASSETS BY FUND	Fixed assets Tangible £'000	Investments £'000	Net Current Assets / (Liabilities) £'000	Total Assets £'000
<b>Unrestricted funds – General</b>	19,006	984	(13,798)	6,192
<b>Unrestricted - Designated</b>				
Retired Clergy / Clergy widows	-	140	23	163
Church Extension Fund	-	-	561	561
Workplace Chaplaincy	-	-	2	2
Archdeacons' Discretionary Fund	-	59	49	108
	-	199	635	834
<b>Restricted</b>				
Pastoral Fund	-	-	1,408	1,408
Church Commissioners' Fund	-	-	-	-
<b>Endowment Funds:</b>				
Drew Trust Income Fund	-	-	9	9
Horwood Robinson Income Fund	-	-	9	9
CE Huston Income Fund	-	-	24	24
D Huston Income Fund	-	-	115	115
Clarke Income Fund	-	-	-	-
Fry Income Fund	-	-	1	1
Chippington Income Fund	-	-	5	5
Clergy Stipend Endowment Income	-	-	1	1
Clergy Stipend Income	-	-	-	-
JD Player Memorial Fund	-	-	168	168
Diocesan Growth Fund	-	-	-	-
Bishop Jeune Ordinands' Fund	-	-	-	-
Alan Everitt Memorial Fund	-	-	2	2
Diocesan Capital Fund	-	-	-	-
Ordinand Training Fund	-	-	12	12
CofE Stipend Trust Reserve	-	-	-	-
	-	-	1,754	1,754
<b>Endowment Expendable</b>				
Stipends Glebe Fund (see note 22)	-	37,875	8,066	45,941
<b>Endowment Capital Funds:</b>				
Drew Trust Investment Fund	-	249	-	249
Horwood Robinson Investment Fund	-	242	-	242
CE Huston Investment Fund	-	725	-	725
D Huston Investment Fund	-	181	-	181
Clarke Investment Fund	-	1	-	1
Fry Investment Fund	-	15	-	15
Chippington Investment Fund	-	129	-	129
Clergy Stipend Investment Fund	-	25	-	25
<b>Permanent</b>				
Parsonage Houses Fund	20,368	-	-	20,368
	20,368	39,442	8,066	67,876
<b>Total funds</b>	39,374	40,625	(3,343)	76,656

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**22. ANALYSIS OF STIPENDS GLEBE ENDOWMENT FUND**

With effect from 1<sup>st</sup> January 2019, the company adopted a Total Return strategy to its Stipends Glebe fund. An exercise was carried out to determine the Endowment fund value and the unapplied Total Return value applicable to the Stipends Glebe Fund. In this regard, records and information, including those held at our Land Agents Andrew Granger & Co. were used to determine the initial value of the endowment, Subsequently, the official Retail Price Index ("RPI") was used to obtain the value of the original endowment as at 1<sup>st</sup> January 2019; The value calculated was £29,048,439. The difference between this value and the balance sheet value, being £46,395,636, at that date was deemed to be the unapplied total return available for transfer to general funds, i.e. £17,347,197. During 2019, there were net movements totalling £997,209.

During 2020, there were income and investment gains in the period of £1,562,083 (2019: £1,430,084). £356,234 (2019: £640,765) of these gains were transferred back to the endowment capital fund as recognition of the increase in value of the endowment as measured by RPI over 2020. In addition, there were transfers out of Unapplied Return to the General Fund totalling £1,659,954 (2019: £1,786,527); of this £459,954 (2019: £586,527) was used to fund stipends. The balance as at 31 December 2020 was £15,895,883 (2019: £16,349,988).

	<b>Endowment: Stipends Glebe £'000</b>	<b>Unapplied Total Return £'000</b>	<b>Total £'000</b>
<b>As at 1 January 2020</b>	<b>29,689</b>	<b>16,350</b>	<b>46,039</b>
<b>Movements in the reporting period</b>			
Investment income: Glebe rents and dividends	-	717	717
Investment returns: Realised and unrealised gains / (losses) on shares and the Glebe portfolio	-	1,102	1,102
Less: Investment management costs	-	(257)	(257)
<b>Total movements in the reporting year</b>	<b>-</b>	<b>1,562</b>	<b>1,562</b>
<b>Unapplied Total Return allocated in Income in the year</b>	<b>-</b>	<b>(1,660)</b>	<b>(1,660)</b>
<b>Allocation to capital</b>	<b>356</b>	<b>(356)</b>	<b>-</b>
<b>Net movements in the reporting year</b>	<b>356</b>	<b>(454)</b>	<b>(98)</b>
<b>As at 31 December 2020</b>	<b>30,045</b>	<b>15,896</b>	<b>45,941</b>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

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**23. DESCRIPTION OF FUNDS**

<b>GENERAL FUNDS</b>	General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.
<b>DESIGNATED FUNDS</b>	Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.
<b>RESTRICTED FUNDS</b>	Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.
<b>ENDOWMENT FUNDS</b>	Endowment funds are funds held on trust to be retained for the Charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

**Designated funds**

**The Retired Clergy Fund** represents funds set aside for the benefit of retired clergy and their spouses, including those widowed, divorced or separated.

**The Church Extension Fund** represents funds put aside over a number of years by the Board to give loans to Parochial and District Church Councils to help with extensions, improvements and repairs to church buildings.

**Workplace Chaplaincy fund** represents funds to support people in workplace environments by offering confidential and independent support on a range of issues.

**The Archdeacons Discretionary Fund** is used by the Archdeacons to pay grants to needy clergy and their families within the Diocese.

**Restricted funds**

**The Pastoral Fund** is a capital and income fund where both may be expended. It may be used for a variety of purposes except for employment costs. It is the Board's policy to use these funds primarily for the purchase of and improvement to parsonage houses.

Prior to 2007 the balance included funds of £281,989 held by the Church Commissioners from the sale of parsonage houses which could not be released for other uses until such time as new pastoral schemes for the parishes involved had become operative and the appropriate PCC consents to the funds being released.

In 2007 these funds were released to the Diocese but had to be ring-fenced for the same reason. £286,530 including accumulated interest was received by the Diocese, a small amount of which was immediately expendable but the remainder placed in a separate fund in relation to one parish. At 31 December 2020 this fund stood at £313,308 (2019: £313,303) and is included in the Pastoral Fund balance.

**Restricted Income from the Church Commissioners** is received from them to support Stipends and Clergy Pension Costs. Income is transferred to the General Fund to be applied against payment of such costs.

**Endowment Income Funds** represent accumulated income and income arising from endowment funds that has not yet been expended.

**The Diocesan Growth Fund** was formerly known as the **Church Commissioners' Mission Fund** and represents additional funds given to the Board by the Church Commissioners that have arisen as a result of better returns on their investment assets.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

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

**Restricted funds (continued)**

**The Bishop Jeune Ordinands' Fund** arose from accumulated income received from the Diocese of Peterborough arising from a fund set up by the late Bishop Jeune in 1868. It is available to be used for the benefit of Ordinands.

**The Alan Everitt Memorial Fund**, which commenced in 2010, is specifically for drama and dance based projects that promote the self-esteem of young people in a Christian environment.

**The Diocesan Capital Fund** was set up in 2013 to support churches in the Diocese with grants for capital projects.

**The CofE Stipend Trust Reserve** provides discretionary grants to Ordinands.

**The Ordinand Training Fund** provides discretionary training grants to Ordinands.

**Endowment funds**

**The Stipends Glebe Fund** represents the value of property and investments held under the Endowments and Glebe Measure 1976, invested to produce income to be applied for the augmentation of stipends.

**Endowment Capital Funds** are funds, the majority of which are, for the augmentation of stipends.

**The Parsonage Houses Fund** represents the deemed value of the parsonage houses calculated as set out in note 1c to these financial statements.

**24. CAPITAL COMMITMENTS**

At 31 December 2020 the LDBF had no (2019: nil) capital expenditure commitments authorised but not contracted for, and contracted for but not yet due of £22,725 (2019: £54,121).

**25. OPERATING LEASES**

Total commitments under non-cancellable operating leases are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Non land &amp; buildings operating leases where the lease expires:</b>		
Within one year of the balance sheet date	<b>8</b>	1
In the second to fifth years inclusive of the balance sheet date	<b>11</b>	29
More than five years from balance sheet date	-	-
	<b>=====</b>	<b>=====</b>

**26. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES**

There were no post balance sheet events or contingent liabilities.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

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**27. PENSIONS**

The LDBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the 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 ("CWPF")**. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

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

**Church of England Funded Pension Scheme**

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

LDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. At the end of the year the Scheme was paying contributions for 141 members (2019: 138) of the scheme out of a total membership of approximately 8,500 active members. This scheme is administered by the Church of England Pensions Board which holds the assets of the schemes separately from those of the employers.

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

This scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers, and this means that contribution are accounted for as if the Scheme were a defined contribution scheme. There were pension costs charged to the Statement of Financial Activities in the year of £935,380 (2019: £883,255) which were contributions payable towards benefits and expenses accrued in that year, plus the figures highlighted in the table on page 47 as being recognised in the Statement of Financial Activities (an overall £31,000 charge), giving a total charge of £966,380 for 2020 (2019: credit of £317,745).

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 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%;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA\_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model, with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place whereby recovery contributions were planned at 11.9% of pensionable stipends until December 2025. However, at 31 December 2019 and 31 December 2020, the deficit recovery contributions were set at 11.9% for 2019 and 2020 reducing to 7.1% of pensionable stipends for the period 1 January 2021 to 31 December 2022.

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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2020**

**27. PENSIONS (continued)**

**Church of England Funded Pension Scheme (continued)**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Balance sheet liability as at 1 January	<b>841</b>	2,415
Contributions paid	<b>(398)</b>	(373)
Interest cost (recognised in the SOFA)	<b>7</b>	47
Remaining change to the balance sheet liability (recognised in SOFA)	<b>24</b>	(1,248)
	<hr/>	<hr/>
Balance sheet liability as at 31 December	<b>474</b>	841
	<hr/> <hr/>	<hr/> <hr/>

The remaining change to the balance sheet liability comprises changes in the agreed deficit recovery plan and changes in discount rates and assumptions between year ends.

The overall balance sheet liability represents the present value of the deficit contributions agreed as at 31 December 2020, and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments.

	<b>December</b>	<b>December</b>	<b>December</b>
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Discount rate (p.a.)	0.2%	1.1%	2.1%
Price inflation (p.a.)	3.1%	2.8%	3.1%
Increase to pensionable payroll (p.a.)	1.6%	1.3%	1.6%

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

**Church Workers Pension Fund – Defined Benefits Scheme**

The Defined Benefits Scheme ("DBS") section of the CWPF 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 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 pension costs charged to the Statement of Financial Activities (SOFA) are the contributions payable for the year towards benefits and expenses accrued in that year being £67,107 for 2020 (2019: £57,289) plus the £6,000 charge (2019: £11,000) in relation to the Scheme deficit highlighted in the table below and recognised in the SOFA giving a total charge of £73,107 for 2020 (2019: £68,289).

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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**27. PENSIONS (continued)**

**Church Workers Pension Fund – Defined Benefits Scheme (continued)**

A valuation of the Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the employer contributions that would otherwise have been payable. The overall deficit in the Scheme was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contribution agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, LDBF has entered into an agreement with the CWPF to pay a contribution rate of 30.8% of pensionable salary and expenses of £7,300 per year. In addition, deficit payments of £92,154 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within these financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. A reconciliation of the balance sheet liability is set out in the table below.

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Balance sheet liability as at 1 January	<b>292</b>	373
Contributions paid	<b>(92)</b>	(92)
Interest cost (recognised in the SOFA)	<b>3</b>	6
Remaining change to the balance sheet liability (recognised in the SOFA)	<b>3</b>	5
	<hr/>	<hr/>
Balance sheet liability as at 31 December	<b>206</b>	292
	<hr/> <hr/>	<hr/> <hr/>

The remaining change to the balance sheet liability comprises changes in the agreed recovery plan and changes in discount rates between year ends.

The balance sheet liability represents the present value of the deficit contributions agreed as at 31 December 2020, and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments;

	<b>December 2020</b>	<b>December 2019</b>	<b>December 2018</b>
Discount rate (p.a.)	0.3%	1.2%	2.1%

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

**Church Workers Pension Fund – Pension Builder Scheme**

LDBF participates in the Pension Builder Scheme section of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of LDBF and the other participating employers.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections; a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014. Both sections of the Pension Builder Scheme 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.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

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**27. PENSIONS (continued)**

**Church Workers Pension Fund – Pension Builder Scheme (continued)**

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 subdivision of assets between employers in either 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 pension costs charged to the Statement of Financial Activities in the year are the contributions payable and were £120,472 (2019: £95,772).

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. A valuation as at 31 December 2019 was under way as at 31 December 2020.

For the Pension Builder Classic section, the 2016 valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Pensions 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 this time.

For the Pension Builder 2014 section, the 2016 valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at this time.

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

**28. RELATED PARTY TRANSACTIONS**

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education (LDBE), The Diocese of Leicester Academies Trust (DLAT), the University Chaplaincies at the three universities in the Diocese of Leicester, Leicester Cathedral Chapter (LCC), Launde Abbey Trustees (LAT), St Philips Centre (SPC), Bishop's Lodge (BL), Coventry Diocesan Board of Finance (The) (CDBF), and Leicester City of Sanctuary (LCOS). Details of grants made to these bodies are given in note 12 of the financial statements.

During 2020, LDBF recharged LCC £84,573 (2019: £114,719), of which £22,368 (2019: £23,103) were salaries or a stipend. Conversely, LCC recharged LDBF £665 (2019: £5,970).

During 2020, LDBF recharged LDBE £94,640 (2019: £126,047), of which £79,106 (2019: £99,760) were salaries or consultancy costs. Conversely, LDBE recharged LDBF £32,679 (2019: £38,040) of which £20,775 (2019: £28,408) was interest on monies loaned.

During 2020, LAT recharged LDBF £41,610 (2019: £76,795) of which £15,130 (2019: £17,897) were salaries.

During 2020, LDBF recharged CDBF £93,799 (2019: £139,693), of which £77,407 (2019: £115,307) were salaries or consultancy costs. Conversely, CDBF recharged LDBF £29,263 (2019: £14,069).

During 2020, SPC recharged LDBF £41,720 (2019: £65,757), of which £41,440 (2019: £50,757) were salaries and pension costs.

During 2020, LDBF recharged Bishop's Lodge £74 (2019: £3,920), of which £nil (2019: £2,655) were salary costs.

During 2020, LDBF recharged LCOS £32,591 (2019: £34,494), of which £32,490 (2019: £34,494) were salary costs.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**28. RELATED PARTY TRANSACTIONS (continued)**

At the end of the year, the following amounts, all of which are included in debtors or creditors as appropriate, were receivable / payable by the Board in respect of related parties:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Amounts receivable / (payable) by the Board</b>		
Leicester Diocesan Board of Education	<b>(658)</b>	(859)
Coventry Diocesan Board of Finance (The)	<b>(2)</b>	9
Leicester Cathedral Chapter	<b>20</b>	2
Launde Abbey Trustees	<b>(2)</b>	(2)
St Philips Centre	-	(12)
Bishop's Lodge	-	1

**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:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
CBF Church of England Investment Fund - income shares	<b>983</b>	930
CBF Church of England Deposit Fund	<b>768</b>	771
Other common investment fund holdings	<b>456</b>	505
Direct holdings in UK equities	<b>234</b>	235
CBF Church of England Fixed Interest Securities Fund – income shares	<b>51</b>	49
Cash at bank	<b>3</b>	15
	<hr/>	<hr/>
<b>Total assets held as Custodian Trustee</b>	<b>2,495</b>	2,505
	<hr/> <hr/>	<hr/> <hr/>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020**

**30. PRIOR YEAR COMPARATIVE SOFA**

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
	General £'000	Designated £'000			
<b>Income and endowments from</b>					
Donations					
Parish Contributions	4,586	-	-	-	<b>4,586</b>
Archbishops' Council	-	-	2,918	-	<b>2,918</b>
Other donations	1	1	-	-	<b>2</b>
Charitable activities	423	2	32	-	<b>457</b>
Other activities	1,073	-	181	-	<b>1,254</b>
Investments	181	14	152	815	<b>1,162</b>
Other	246	-	-	1,513	<b>1,759</b>
<b>Total income and endowments</b>	<b>6,510</b>	<b>17</b>	<b>3,283</b>	<b>2,328</b>	<b>12,138</b>
<b>Expenditure on</b>					
Raising funds	-	-	-	208	<b>208</b>
Charitable activities	10,140	18	749	1	<b>10,908</b>
Other	439	-	-	-	<b>439</b>
<b>Total expenditure</b>	<b>10,579</b>	<b>18</b>	<b>749</b>	<b>209</b>	<b>11,555</b>
<b>Net (expenditure) / income before losses and gains on investments</b>	<b>(4,069)</b>	<b>(1)</b>	<b>2,534</b>	<b>2,119</b>	<b>583</b>
Gain on investments	100	1	-	(385)	<b>(284)</b>
<b>Net(expenditure) / income</b>	<b>(3,969)</b>	<b>-</b>	<b>2,534</b>	<b>1,734</b>	<b>299</b>
<b>Transfers between funds</b>	<b>4,031</b>	<b>9</b>	<b>(2,059)</b>	<b>(1,981)</b>	<b>-</b>
Gain on revaluation of fixed assets	45	-	-	-	<b>45</b>
<b>Net movement in funds</b>	<b>107</b>	<b>9</b>	<b>475</b>	<b>(247)</b>	<b>344</b>
<b>Total funds brought forward</b>	<b>7,969</b>	<b>817</b>	<b>1,083</b>	<b>68,271</b>	<b>78,140</b>
<b>Total funds carried forward</b>	<b>8,076</b>	<b>826</b>	<b>1,558</b>	<b>68,024</b>	<b>78,484</b>