

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

| TABLE OF CONTENTS | Page |
|---|-------------|
| Chair's report | 3 - 4 |
| Legal objects | 5 |
| Strategic report: | |
| Strategic aims | 6 |
| Overall objectives for the year | 6 - 7 |
| Activities and achievements in the year | 7 - 8 |
| Future plans | 8 - 9 |
| Financial review | 9 - 11 |
| Principal risks and uncertainties | 12 |
| Structure and governance | 13 - 15 |
| Trustees' responsibilities statement | 16 |
| Administrative details | 17 - 18 |
| Independent auditor's report | 19 - 21 |
| Statement of Financial Activities | 22 |
| Income and Expenditure Account | 23 |
| Balance Sheet | 24 |
| Cash Flow Statement | 25 |
| Notes to the financial statements | 26 - 55 |

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)
(a company limited by guarantee not having share capital)

ANNUAL REPORT

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)
(a company limited by guarantee not having share capital)

ANNUAL REPORT

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.

ANNUAL REPORT

- 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

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.

ANNUAL REPORT

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 1st 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.

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

ANNUAL REPORT

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.

ANNUAL REPORT

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)

ANNUAL REPORT

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

ANNUAL REPORT

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)

ANNUAL REPORT

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 |
|----------|---|---|

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

ANNUAL REPORT

| | | |
|------------------------------|--|---|
| 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 st 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)

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)

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. 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

| | | Unrestricted funds | | Restricted | Endowment | Total | Total |
|--|------|--------------------|------------|--------------|---------------|----------------|-----------|
| | Note | General | Designated | Funds | Funds | funds | funds |
| | | £'000 | £'000 | £'000 | £'000 | 2023 | 2022 |
| | | | | | | £'000 | £'000 |
| Income and endowments from | | | | | | | (Note 30) |
| Donations | | | | | | | |
| Parish contributions | 2a | 3,978 | - | - | - | 3,978 | 3,941 |
| Archbishops' Council | 2b | - | - | 2,735 | - | 2,735 | 3,257 |
| Other donations | 2c | 16 | - | 3 | - | 19 | 13 |
| Charitable activities | 3 | 379 | 5 | 69 | - | 453 | 556 |
| Other activities | 4 | 864 | - | - | 641 | 1,505 | 1,344 |
| Investments | 5 | 206 | 10 | 125 | 689 | 1,030 | 950 |
| Other | 6 | 510 | - | - | 476 | 986 | 902 |
| | | | | | | | |
| Total income and endowments | | 5,953 | 15 | 2,932 | 1,806 | 10,706 | 10,963 |
| | | | | | | | |
| Expenditure on | | | | | | | |
| Raising funds | 7 | - | - | - | 165 | 165 | 201 |
| Charitable activities | 8 | 10,449 | 22 | 146 | - | 10,617 | 10,340 |
| Other | 9 | 1,229 | - | - | 560 | 1,789 | 1,467 |
| | | | | | | | |
| Total expenditure | | 11,678 | 22 | 146 | 725 | 12,571 | 12,008 |
| | | | | | | | |
| Net (expenditure) / income before losses and gains on investments | | (5,725) | (7) | 2,786 | 1,081 | (1,865) | (1,045) |
| | | | | | | | |
| (Loss) / Gain on investments | | (1,229) | (10) | - | 2,212 | 973 | 2,670 |
| | | | | | | | |
| Net (expenditure) / income | | (6,954) | (17) | 2,786 | 3,293 | (892) | 1,625 |
| | | | | | | | |
| Transfers between funds | 14 | 8,649 | (554) | (3,439) | (4,656) | - | - |
| | | | | | | | |
| Other recognised gains: | | | | | | | |
| Loss on revaluation of fixed assets | | (354) | - | - | - | (354) | (143) |
| | | | | | | | |
| Net movement in funds | | 1,341 | (571) | (653) | (1,363) | (1,246) | 1,482 |
| | | | | | | | |
| Total funds brought forward | | 6,559 | 829 | 2,422 | 70,729 | 80,539 | 79,057 |
| | | | | | | | |
| Total funds carried forward | 20 | 7,900 | 258 | 1,769 | 69,366 | 79,293 | 80,539 |

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

| | Total 2023 £'000 | Total 2022 £'000 |
|---|---------------------------------|---------------------------------|
| Income before losses and gains on investments | 8,900 | 9,152 |
| Expenditure | (11,846) | (11,326) |
| Operating deficit for the year | (2,946) | (2,174) |
| Net (loss) / profit on investments | (1,239) | 129 |
| Net transfer from endowment funds | 4,656 | 2,261 |
| Net income for the year | 471 | 216 |
| Other comprehensive losses: | | |
| Revaluation of fixed assets | (354) | (143) |
| Total comprehensive income | 117 | 73 |

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

| | | 2023 | 2022 |
|---|------|----------------------|----------------------|
| | Note | £'000 | £'000 |
| FIXED ASSETS | | | |
| Tangible assets | 15 | 34,157 | 38,287 |
| Investments | 16 | 43,747 | 43,754 |
| | | <u>77,904</u> | <u>82,041</u> |
| CURRENT ASSETS | | | |
| 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> |
| CREDITORS: amounts falling due within one year | 18 | <u>(3,726)</u> | <u>(3,961)</u> |
| NET CURRENT ASSETS / (LIABILITIES) | | <u>1,425</u> | <u>(1,466)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>79,329</u> | <u>80,575</u> |
| CREDITORS: amounts falling due after more than one year | 19 | <u>(36)</u> | <u>(36)</u> |
| NET ASSETS | | <u><u>79,293</u></u> | <u><u>80,539</u></u> |
| FUNDS | | | |
| Endowment funds | | | |
| (Including investment revaluation reserve of £28,288k (2022: £27,865k)) | | 69,366 | 70,729 |
| Restricted income funds | | | |
| (Including investment revaluation reserve of £Nil (2022: £Nil)) | | 1,769 | 2,422 |
| Unrestricted income funds: | | | |
| General funds | | | |
| (Including revaluation reserve of £421k (2022: £625k)) | | 7,900 | 6,559 |
| Designated funds | | | |
| (Including investment revaluation reserve of £26k (2022: £36k)) | | 258 | 829 |
| TOTAL FUNDS | 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 |
| Net cash outflow from operating activities | (3,564) | (2,039) |
| Cash flows from investing activities | | |
| 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) |
| Net cash provided by investing activities | 6,351 | 1,925 |
| Cash flows from financing activities | | |
| Contributions to Clergy and Lay staff pension plans | - | (147) |
| Net cash used in financing activities | - | (147) |
| Change in cash and cash equivalents in the period | 2,787 | (261) |
| Cash and cash equivalents at 1 January | (796) | (535) |
| Cash and cash equivalents at 31 December | 1,991 | (796) |
| Reconciliation of net movements in funds to net cashflow from operating activities | | |
| Net movement in funds for the year ended 31 December | (1,246) | 1,482 |
| Adjustments for: | | |
| 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 |
| Net cash used in operating activities | (3,564) | (2,039) |
| Analysis of cash and cash equivalents | | |
| Cash at bank and in hand | 1,791 | 1,632 |
| Notice deposits (less than 3 months) | 2,550 | 72 |
| | 4,341 | 1,704 |
| Borrowings | | |
| Bank loans due within one year | (2,350) | (2,500) |
| Bank loans due after more than one year | - | - |
| Total cash and cash equivalents | 1,991 | (796) |

LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

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

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

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 | Endowment | Total funds | Total funds |
|--------------|--------------------|------------|------------|-----------|--------------|--------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'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 | Endowment | Total funds | Total funds |
|-------------------------|--------------------|------------|--------------|-----------|--------------|--------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'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 | Endowment | Total funds | Total funds |
|-----------|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'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 | Endowment | Total funds |
|-----------|--------------------|------------|------------|-----------|-------------|
| | General | Designated | Funds | Funds | 2022 |
| | £'000 | £'000 | £'000 | £'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 | Endowment | Total funds | Total funds |
|------------------------|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'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 |
| | 379 | 5 | 69 | - | 453 | 556 |

| | Unrestricted funds | | Restricted | Endowment | Total funds |
|------------------------|--------------------|------------|------------|-----------|-------------|
| | General | Designated | Funds | Funds | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'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 |
| | 395 | - | 161 | - | 556 |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|--|--------------------|------------|------------|------------|--------------|--------------|
| | General | Designated | funds | funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'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 |
| | 864 | - | - | 641 | 1,505 | 1,344 |

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 | Endowment funds | Total funds 2022 |
|--|--------------------|------------------|------------------|-----------------|------------------|
| | General £'000 | Designated £'000 | £'000 | £'000 | £'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 | Endowment funds | Total funds 2023 | Total funds 2022 |
|-------------------------|--------------------|------------------|------------------|-----------------|------------------|------------------|
| | General £'000 | Designated £'000 | £'000 | £'000 | £'000 | £'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 | Endowment funds | Total funds 2022 |
|-------------------------|--------------------|------------------|------------------|-----------------|------------------|
| | General £'000 | Designated £'000 | £'000 | £'000 | £'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 | Endowment Funds | Total funds 2023 | Total funds 2022 |
|--|--------------------|------------------|------------------|-----------------|------------------|------------------|
| | General £'000 | Designated £'000 | £'000 | £'000 | £'000 | £'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 | Endowment | Total funds |
|--|--------------------|------------|------------|------------|-------------|
| | General | Designated | Funds | Funds | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'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 | Endowment | Total funds | Total funds |
|----------------------------|--------------------|------------|------------|------------|-------------|-------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'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 | Endowment | Total funds | Total funds |
|---|--------------------|------------|------------|-----------|-------------|-------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 8a Contributions to Archbishops' Council | | | | | | |
| Training for Ministry | 195 | - | - | - | 195 | 195 |
| National Church Responsibilities | 176 | - | - | - | 176 | 96 |
| Retired clergy housing costs | 77 | - | - | - | 77 | 73 |
| | <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 | Endowment | Total funds | Total funds |
|--|--------------------|------------|------------|-----------|--------------|-------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 8b Resourcing Mission and Ministry | | | | | | |
| Parish Ministry stipends and National Insurance (NI) | 3,533 | - | - | - | 3,533 | 3,592 |
| Clergy pension contributions | 728 | - | - | - | 728 | 880 |
| Non clergy salaries, NI and pensions | 361 | - | - | - | 361 | 405 |
| Housing costs | 1,330 | - | - | - | 1,330 | 1,220 |
| Ordinand, removal & resettlement grants | 127 | - | - | - | 127 | 233 |
| Interregna costs | 43 | - | - | - | 43 | 34 |
| Resource church costs | 181 | - | - | - | 181 | 180 |
| Other expenses | 287 | - | - | - | 287 | 253 |
| Support costs | 732 | - | - | - | 732 | 731 |
| | 7,322 | - | - | - | 7,322 | 7,528 |

2022 funds are all Unrestricted General Funds

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|--|--------------------|------------|------------|-----------|--------------|-------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 8c Support for Mission and Ministry | | | | | | |
| Salaries, NI and pension costs | 1,298 | - | - | - | 1,298 | 1,315 |
| Leicester Cathedral grants | 525 | - | - | - | 525 | 25 |
| Growth fund grants | 34 | - | 4 | - | 38 | 65 |
| Capital fund grants | - | - | - | - | - | 25 |
| Other grants | 64 | 19 | 119 | - | 202 | 296 |
| Redundant church costs | - | - | 23 | - | 23 | 26 |
| Other costs | 352 | 3 | - | - | 355 | 360 |
| Support costs | 272 | - | - | - | 272 | 227 |
| | 2,545 | 22 | 146 | - | 2,713 | 2,339 |

| | Unrestricted funds | | Restricted | Endowment | Total Funds |
|---|--------------------|------------|------------|-----------|--------------|
| | General | Designated | funds | funds | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Support for Mission and Ministry (continued) | | | | | |
| 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 |
| | 2,014 | 34 | 291 | - | 2,339 |

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 | Endowment | Total funds | Total funds |
|---------------------------------|--------------------|------------|------------|-----------|-------------------|-------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 8d Support for education | | | | | | |
| Support for church schools | 134 | - | - | - | 134 | 109 |
| | <u>134</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>134</u> | <u>109</u> |

2022 funds are all Unrestricted General Funds

| | | | | | | |
|---|----------------------|------------------|-------------------|-----------------|----------------------|----------------------|
| TOTAL CHARITABLE ACTIVITIES 2023 | 10,449 | 22 | 146 | - | 10,617 | 10,340 |
| | <u><u>10,449</u></u> | <u><u>22</u></u> | <u><u>146</u></u> | <u><u>-</u></u> | <u><u>10,617</u></u> | <u><u>10,340</u></u> |
| TOTAL CHARITABLE ACTIVITIES 2022 | 10,015 | 34 | 291 | - | 10,340 | |
| | <u><u>10,015</u></u> | <u><u>34</u></u> | <u><u>291</u></u> | <u><u>-</u></u> | <u><u>10,340</u></u> | |

9. OTHER EXPENDITURE

| | Unrestricted funds | | Restricted | Endowment | Total funds | Total funds |
|--------------------------------|--------------------|------------|------------|------------|---------------------|--------------|
| | General | Designated | Funds | Funds | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| SM Lodge & New Street expenses | - | - | - | 560 | 560 | 481 |
| SMH trading and letting costs | 1,229 | - | - | - | 1,229 | 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 | Endowment | Total funds |
|-------------------------------|--------------------|------------|------------|------------|--------------|
| | General | Designated | Funds | Funds | 2022 |
| | £'000 | £'000 | £'000 | £'000 | £'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 |
| | 10,118 | 1,449 | 1,004 | 12,571 | 12,008 |

| | 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 |
| | 10,025 | 1,025 | 958 | 12,008 |

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 |
| | 1,004 | - | - | - | 1,004 | 958 |

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

| | Number | Individuals £'000 | Institutions £'000 | 2023 Total £'000 | 2022 Total £'000 |
|--|------------|----------------------|-----------------------|------------------------|------------------------|
| From unrestricted funds for national Church responsibilities: | | | | | |
| Contributions to Archbishops' Council | 1 | - | 448 | 448 | 364 |
| From unrestricted funds: | | | | | |
| Diocesan Board of Education support grants | 2 | - | 134 | 134 | 109 |
| University Chaplaincies | 3 | - | 117 | 117 | 107 |
| Maintenance grants to Ordinands | 11 | 88 | - | 88 | 88 |
| Resettlement and first appointment grants | 25 | 58 | - | 58 | 140 |
| St Philip's Centre | 1 | - | 51 | 51 | 51 |
| Leicester Cathedral | 1 | - | 25 | 25 | 25 |
| St Peter's Church grant for Premises Officer | 1 | - | 13 | 13 | 12 |
| Community Link grants | 1 | - | 11 | 11 | 10 |
| Retired clergy fund grants | 191 | 11 | - | 11 | - |
| Ecumenical support (Churches Together) | 1 | - | 10 | 10 | 19 |
| Reader and Clergy training grants | 35 | 9 | - | 9 | 5 |
| Archdeacons' fund grants | 17 | 7 | - | 7 | - |
| International Links | - | - | - | - | 27 |
| Other grants | - | - | - | - | 1 |
| Total | 290 | 173 | 360 | 533 | 594 |
| From restricted or endowment funds for various purposes: | | | | | |
| Leicester Cathedral | 1 | - | 500 | 500 | - |
| Ordinand training grants | 13 | 111 | - | 111 | 151 |
| Growth fund grants | 5 | - | 37 | 37 | 65 |
| Capital fund grants | - | - | - | - | 25 |
| Strategic Development Fund grants | 16 | - | 55 | 55 | - |
| JD Player interest | 2 | - | 6 | 6 | 4 |
| Total | 37 | 111 | 598 | 709 | 245 |
| Total | 328 | 284 | 1,406 | 1,690 | 1,203 |

As from 1st 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

| | 2023 | 2022 |
|---|--------------|-------|
| | £'000 | £'000 |
| Employee costs during the year were as follows: | | |
| Wages and salaries | 1,891 | 1,821 |
| National Insurance contributions | 182 | 177 |
| Pension costs | 132 | 228 |
| | 2,205 | 2,226 |

| | 2023 | 2022 |
|---|---------------|--------|
| | Number | Number |
| The average number of persons employed by LDBF during the year: | | |
| SMH Conference Centre | 50.0 | 44.0 |
| Administration and financial management | 8.0 | 7.2 |
| Property | 3.0 | 4.1 |
| Discipleship, Ministry & Stewardship | 26.7 | 29.8 |
| Safeguarding & inclusion | 5.0 | 5.0 |
| Parochial lay staff | 2.0 | 2.0 |
| | 94.7 | 92.1 |

| | 2023 | 2022 |
|--|---------------|--------|
| | Number | Number |
| The average number of persons employed by LDBF during the year based on full-time equivalents: | | |
| SMH Conference Centre | 25.9 | 27.0 |
| Administration and financial management | 7.3 | 6.6 |
| Property | 1.6 | 2.1 |
| Discipleship & Ministry, Stewardship | 23.5 | 24.4 |
| Safeguarding and inclusion | 3.7 | 3.7 |
| Parochial lay staff | 1.5 | 1.5 |
| | 63.5 | 65.3 |

| | 2023 | 2022 |
|---|---------------|--------|
| | Number | 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 | 2 | 2 |
| £70,001 - £80,000 | 1 | - |
| £80,001 - £90,000 | 1 | 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:

| | Stipend | Housing |
|---------------------------|----------------|----------------|
| 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:

| | 2023 | 2022 |
|----------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Stipends | 3,589 | 3,615 |
| National Insurance contributions | 313 | 331 |
| Pension costs | 841 | 1,018 |
| Housing allowances | 118 | 105 |
| | 4,861 | 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 |
| 2023 | | | | |
| 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) |
| | 8,649 | (554) | (3,439) | (4,656) |
| 2022 | | | | |
| 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) |
| | 5,023 | 8 | (2,770) | (2,261) |

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 | Parsonage | DBF | Other | Total |
|----------------------------|--------------|------------------|-------------------|------------------|---------------|
| | £'000 | houses | properties | equipment | £'000 |
| | | £'000 | £'000 | £'000 | |
| Cost or valuation | | | | | |
| At 1 January 2023 | 3,111 | 20,453 | 15,317 | 974 | 39,855 |
| Additions | - | 122 | 150 | 91 | 363 |
| Transfers | - | (2,081) | (729) | - | (2,810) |
| Disposals | - | (390) | (521) | - | (911) |
| Revaluation | (426) | - | - | - | (426) |
| At 31 December 2023 | 2,685 | 18,104 | 14,217 | 1,065 | 36,071 |
| Depreciation | | | | | |
| At 1 January 2023 | - | - | 614 | 954 | 1,568 |
| Disposals | - | - | - | - | - |
| Charge for the year | 72 | - | 297 | 49 | 418 |
| Revaluation | (72) | - | - | - | (72) |
| At 31 December 2023 | - | - | 911 | 1,003 | 1,914 |
| Net Book Value | | | | | |
| At 31 December 2023 | 2,685 | 18,104 | 13,306 | 62 | 34,157 |
| 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 |
|---------------------------|----------------------------------|--------------------|--------------------|---------------------------------------|------------------------------------|
| Unrestricted funds | | | | | |
| Listed investments | - | - | - | - | - |
| Unlisted investments | - | - | - | - | - |
| Other | 1,314 | 2,810 | - | (1,229) | 2,895 |
| Total | 1,314 | 2,810 | - | (1,229) | 2,895 |
| | | | | | |
| Unlisted investments | 170 | - | - | (9) | 161 |
| | | | | | |
| Endowment funds | | | | | |
| 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 |
| | 42,270 | 259 | (3,856) | 2,018 | 40,691 |
| | | | | | |
| Total | 43,754 | 3,069 | (3,856) | 780 | 43,747 |

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

| | 2023 | 2022 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Due within one year | | |
| 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 |
| | 716 | 667 |
| Due after more than one year | | |
| Loans to parishes | 45 | 80 |
| Value linked loan | 5 | 5 |
| | 50 | 85 |
| Total debtors | 766 | 752 |

| The loans above are represented by: | Due within one year £'000 | Due after one year £'000 | Total £'000 |
|---|--|---|------------------------|
| Unsecured loans | | | |
| Loans to parishes | 30 | 45 | 75 |
| Total unsecured loans | 30 | 45 | 75 |
| Secured loans | | | |
| Trustees of Launde Abbey | - | 865 | 865 |
| Provision on Launde Abbey loan | - | (865) | (865) |
| Value linked loan on retired clergy housing | - | 5 | 5 |
| Total secured loans | - | 5 | 5 |
| Total loans outstanding | 30 | 50 | 80 |

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 31st 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

| 18. CREDITORS: amounts falling due within one year | 2023 | 2022 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| Trade creditors | 293 | 264 |
| Bank loan | 2,350 | 2,500 |
| Taxation and social security | 94 | 103 |
| Other creditors | 307 | 411 |
| Accruals | 579 | 494 |
| Deferred income | 77 | 152 |
| Amounts owed to related parties | 26 | 37 |
| Total | <u>3,726</u> | <u>3,961</u> |

| 19. CREDITORS: amounts falling due after more than one year | 2023 | 2022 |
|--|------------------|------------------|
| | £'000 | £'000 |
| Church Commissioners' value-linked loan | 36 | 36 |
| Total | <u>36</u> | <u>36</u> |

The £2,350,000 bank loan has been provided by Barclays Bank Plc since 20th 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 20th 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 |
|--|---|-----------------|----------------------|--------------------|--------------------------------|---|
| UNRESTRICTED FUNDS | | | | | | |
| 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 |
| RESTRICTED FUNDS | | | | | | |
| 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 |
| ENDOWMENT FUNDS | | | | | | |
| Permanent | | | | | | |
| Parsonage Houses | 20,453 | 470 | - | (2,819) | - | 18,104 |
| Expendable | | | | | | |
| 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 |
| 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)
NOTES TO THE FINANCIAL STATEMENTS (continued)
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 |
|--|---|-----------------|----------------------|--------------------|------------------------------|---|
| UNRESTRICTED FUNDS | | | | | | |
| 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 |
| RESTRICTED FUNDS | | | | | | |
| 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 |
| ENDOWMENT FUNDS | | | | | | |
| 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

| 21. SUMMARY OF ASSETS BY FUND | Fixed assets Tangible £'000 | Investments £'000 | Net Assets / (Liabilities) £'000 | Total Assets £'000 |
|--------------------------------------|--|------------------------------|---|-----------------------------------|
| Unrestricted funds – General | 16,053 | 2,927 | (11,080) | 7,900 |
| Unrestricted - Designated | | | | |
| Retired Clergy / Clergy widows | - | 116 | 40 | 156 |
| Church Extension Fund | - | - | - | - |
| Workplace Chaplaincy | - | - | - | - |
| Archdeacons' Discretionary Fund | - | 45 | 57 | 102 |
| | - | 161 | 97 | 258 |
| Restricted | | | | |
| Pastoral Fund | - | - | 1,558 | 1,558 |
| Church Commissioners' Fund | - | - | - | - |
| Endowment Funds: | | | | |
| 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 |
| Endowment Expendable | | | | |
| Stipends Glebe Fund (see note 22) | - | 39,484 | 10,603 | 50,087 |
| Endowment Capital Funds: | | | | |
| 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 | - | - | - | - |
| Permanent | | | | |
| Parsonage Houses Fund | 18,104 | - | - | 18,104 |
| | 18,104 | 40,659 | 10,603 | 69,366 |
| Total funds | 34,157 | 43,747 | 1,389 | 79,293 |

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 1st 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 1st 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).

| | Endowment: Stipends Glebe £'000 | Unapplied Total Return £'000 | Total £'000 |
|--|--|---|------------------------|
| As at 1 January 2023 | 36,657 | 12,339 | 48,996 |
| Movements in the reporting period | | | |
| 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) |
| Total movements in the reporting year | - | 2,896 | 2,896 |
| Unapplied Total Return allocated in Income in the year | - | (1,805) | (1,805) |
| Allocation to capital | 1,441 | (1,441) | - |
| Net movements in the reporting year | 1,441 | (350) | 1,091 |
| As at 31 December 2023 | 38,098 | 11,989 | 50,087 |

LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

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

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:

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | £'000 | £'000 |
| Non land & buildings operating leases where the lease expires: | | |
| Within one year of the balance sheet date | - | - |
| In the second to fifth years inclusive of the balance sheet date | 8 | 11 |
| 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

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.

| | 2023 | 2022 |
|--|--------------|--------------|
| | £'000 | £'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.

| | December | December | December |
|--|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2021 |
| 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.

| | 2023 £'000 | 2022 £'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;

| | December 2023 | December 2022 | December 2021 |
|----------------------|--------------------------------|--------------------------------|--------------------------------|
| 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**

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 1st 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)
For the year ended 31 December 2023

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:

| | 2023 | 2022 |
|--|--------------|-------|
| | £'000 | £'000 |
| Amounts receivable / (payable) by the Board | | |
| Leicester Diocesan Board of Education | (19) | (33) |
| Coventry Diocesan Board of Finance (The) | 10 | 16 |
| Leicester Cathedral Chapter | 15 | 3 |
| Launde Abbey Trustees | (2) | - |
| St Philips Centre | (4) | (4) |
| Bishop's Lodge | - | 2 |
| Together Leicester | 5 | 4 |
| Leicester City of Sanctuary | 7 | 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:

| | 2023 | 2022 |
|--|--------------|--------------|
| | £'000 | £'000 |
| CBF Church of England Investment Fund - income shares | 1,085 | 992 |
| CBF Church of England Deposit Fund | 855 | 752 |
| Other common investment fund holdings | 507 | 494 |
| Direct holdings in UK equities | 194 | 248 |
| CBF Church of England Fixed Interest Securities Fund – income shares | 51 | 41 |
| Cash at bank | 25 | 16 |
| Total assets held as Custodian Trustee | 2,717 | 2,543 |

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 | Endowment Funds | Total funds 2022 |
|--|---------------------------|-------------------------|-------------------------|------------------------|-------------------------|
| | General £'000 | Designated £'000 | £'000 | £'000 | £'000 |
| Income and endowments from | | | | | |
| Donations | | | | | |
| Parish Contributions | 3,941 | - | - | - | 3,941 |
| Archbishops' Council | - | - | 3,257 | - | 3,257 |
| Other donations | 11 | 2 | - | - | 13 |
| Charitable activities | 395 | - | 161 | - | 556 |
| Other activities | 762 | - | - | 582 | 1,344 |
| Investments | 143 | 9 | 101 | 697 | 950 |
| Other | 370 | - | - | 532 | 902 |
| Total income and endowments | 5,622 | 11 | 3,519 | 1,811 | 10,963 |
| Expenditure on | | | | | |
| Raising funds | - | - | - | 201 | 201 |
| Charitable activities | 10,015 | 34 | 291 | - | 10,340 |
| Other | 986 | - | - | 481 | 1,467 |
| Total expenditure | 11,001 | 34 | 291 | 682 | 12,008 |
| Net (expenditure) / income before losses and gains on investments | (5,379) | (23) | 3,228 | 1,129 | (1,045) |
| Gain / (loss) on investments | 144 | (15) | - | 2,541 | 2,670 |
| Net(expenditure) / income | (5,235) | (38) | 3,228 | 3,670 | 1,625 |
| Transfers between funds | 5,023 | 8 | (2,770) | (2,261) | - |
| Loss on revaluation of fixed assets | (143) | - | - | - | (143) |
| Net movement in funds | (355) | (30) | 458 | 1,409 | 1,482 |
| Total funds brought forward | 6,914 | 859 | 1,964 | 69,320 | 79,057 |
| Total funds carried forward | 6,559 | 829 | 2,422 | 70,729 | 80,539 |