

THE LIVERPOOL DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 249740

Details

Status Registered

Legal form Charitable company

Company number 00018301

Registered 1966-11-14

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

Contact

Address St James' House
20 St James Road
Liverpool
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Website www.liverpool.anglican.org

Activities

Objects: TO ADVANCE RELIGION AND TO ACT AS THE ADMINISTRATIVE UNIT OF THE CHURCH OF ENGLAND IN THE DIOCESE.

Activities: The development and implementation of mission and church growth strategies. The provision of advisory services to bishops, parishes, schools and church bodies (mainly through employed staff). The support, training, payment and housing of clergy. The support and training of lay people. The management and development of staff members. Contributing to the national work of the Church of England.

Classification

- **How:** Makes Grants To Organisations, Provides Other Finance, Provides Services, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Religious Activities, Environment/conservation/heritage
- **Who:** Children/young People, Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF LIVERPOOL
- Cheshire East
- Cheshire West & Chester
- Halton
- Knowsley
- Lancashire
- Liverpool City
- Sefton
- St Helens
- Warrington
- Wigan

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£15,757,726	£14,865,458	£50,493,220	83
2023-12-31	£14,276,193	£14,301,235	£49,152,245	74
2022-12-31	£15,393,895	£14,726,025	£48,882,409	62
2021-12-31	£14,983,528	£14,574,072	£48,758,313	59
2020-12-31	£15,123,269	£13,622,485	£47,761,687	55

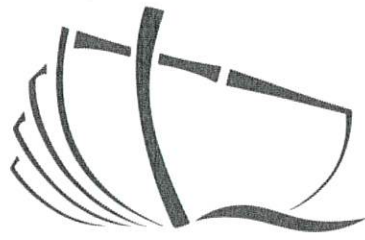
Trustees

Name	Role	Appointed
Angela Michele Matthewson		2016-01-01
Canon Margaret Anne Swinson		2022-01-01
Carol Wilson		2025-01-01
Ian Crowe		2025-01-01
Philip John Stott		2016-01-01
Rev Canon Peter William Dawkin		2019-01-01
Rev Emma Louise Williams		2022-01-01
Richard Christopher Somer Denno		2022-01-01
Stephen Philip Derringer		2022-01-01
The Venerable Dr Miranda Threlfall-Holmes		2022-01-01
Venerable Peter Hendry Spiers		2015-11-14
Venerable Simon John Plumley Fisher		2019-01-01

THE LIVERPOOL DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249740

Accounts



Diocese of
Liverpool

Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2024

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CHAIR'S REPORT

CHAIR'S REPORT

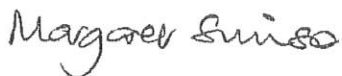
I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2024.

Following several Covid-19 recovery years during which the LDBF has been grateful for Parish Share Credit and other grant support from the Church Commissioners, 2024 has been a year of planning with a view to reaching a position of financial stability for 2025-31. We have engaged with the national church throughout this planning process which has been a creative one and have continued to develop and extend the Fit for Mission initiative to deaneries through a rolling programme.

This work has been undertaken in the context of ongoing financial pressure for our parishes as they seek to move from maintenance to mission and to maintain their buildings. Our diocese includes parishes which have managed to sustain their worshipping congregation membership and others which are growing. However, it takes time for numerical growth to be reflected in the depth of discipleship which generates regular committed giving. The commitment of the Church of England to carbon net zero by 2030 is being taken seriously by a number of parishes but it presents an additional challenge, particularly those with historic buildings, as they take steps to become more environmentally sustainable through changes to energy sources and consumption.

The Diocesan Synod set a budget for 2024 anticipating a small deficit of £11,642. Against this budget, the management accounts showed a surplus of £161,605. This surplus reflects one-off stabilisation funding of £750,000 which was used to offset the significant shortfall in Parish Share collection of £985,342, savings resulting from the higher than anticipated rate of clergy vacancies, a financial benefit but not one which is ideal when the Diocese is looking to press forward in mission, generated savings and higher than budgeted expenditure on clergy housing. In spite of the surplus, the Diocese continues to face challenging year on year operational financial challenges and we are very thankful for the continued support we receive from the church nationally. The statutory accounts show further, non-operating, increases in funds which are set out in the Trustees Report.

Our work for 2025 will focus on the continued progress of Fit for Mission and establishing our financial sustainability for the coming six years. These are significant areas of work and I would like to thank the staff at St James' House, the parishes and the clergy of the diocese for their ongoing commitment and support as we engage in this work and to thank those who serve on the Finance Committee for their committed stewardship of the work in the diocese over the last year.



Maggie Swinson

Chair

25 September 2025

TRUSTEES' ANNUAL REPORT AND DIRECTORS' REPORT INCORPORATING STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

Liverpool Diocesan Board of Finance is a multi-faceted structure. It is:

- ◆ A registered charity (no. 249740)
- ◆ A company limited by guarantee (no. 18301)
- ◆ A Board of Finance established under the Diocesan Boards of Finance Measure 1925
- ◆ A trust corporation.

Its registered office is St James' House, 20 St James Road, Liverpool L1 7BY.

The governing body of the diocese is the Diocesan Synod whose members are also members of the Diocesan Board of Finance. Although the work of the Finance Committee is the sole responsibility of those elected to serve on it, all its business is conducted under the authority of the Diocesan Bishop who presides over all the affairs of the diocese.

Trustees

The financial executive of the Diocesan Synod is the Finance Committee. The members of the Finance Committee are the directors of the company and trustees of the charity. Through a combination of elected, ex officio, and co-opted posts our constitution enables us to achieve an appropriate balance between clergy and lay people.

Elections to the Finance Committee take place every three years. There were elections in November 2024 for the current Finance Committee which runs from 1 January 2025 to 31 December 2027. The trustees who served in 2024 were:

Maggie Swinson, Chair (ex officio)
Philip Stott, Deputy Chair
The Right Reverend Beverley Mason, Bishop of Warrington (ex-officio)
The Venerable Pete Spiers, Archdeacon of Knowsley & Sefton (ex officio)
The Venerable Simon Fisher, Archdeacon of St Helens & Warrington (ex officio)
The Ven Dr Miranda Threlfall-Holmes, Archdeacon of Liverpool (ex officio)
Rev Dr Thomas Carpenter (elected) (from January 2025)
Keith Cawdron (elected) (to December 2024)
Gabriel Chiu (elected) (to December 2024)
Ian Crowe (elected) (from January 2025)
Richard Denno (elected)
Stephen Derringer (elected)
Rev Peter Dawkin (elected)
Angela Matthewson (elected)
Rev Emma Williams (elected)
Carol Wilson (elected) (from January 2025)

Senior staff

The Chief Officer for the charity is the Diocesan Secretary, Sharon Parr. The senior management team, to whom day to day management of the charity is delegated by the trustees, are:

Sharon Parr, Diocesan Secretary (from February 2025)
Mike Eastwood, Diocesan Secretary (to December 2024)
Stuart Haynes, Assistant Diocesan Secretary & Director of Communications
Anne Kavanagh (from October 2024)
Debbie Brisco, HR Manager (to October 2024)
Matt Elliott, Director of Finance
Stuart Harrison, Director of Education

TRUSTEES' REPORT

Ellen Loudon, Director of Social Justice
Suzanne Matthews, Director of Vocations
Steve Pierce, Director of Learning & Stewardship
Richard Gedge – Diocesan Programme Manager

Bankers and professional advisers

Auditors

Mitchell Charlesworth (Audit) Limited, Suites C, D, E & F, 14th Floor, The Plaza, 100 Old Hall Street, Liverpool, L3 9QJ

Bankers

Lloyds Bank plc, Church Street, Liverpool, L1 3HD

Investment managers

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

Diocesan Registrar

Howard Dellar of Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London SW1P 3JT

Solicitors

Hill Dickinson LLP, No. 1 St Paul's Square, Liverpool L3 9SJ

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and objects

The structure governing the work of the charity is complex reflecting the idiosyncrasies of the Church of England. On the one hand, the charity is fairly straightforwardly registered as a charity and a company with appropriate memorandum and articles of association (last modified in March 2010). On the other hand, there are a number of inter-connected relationships and influences directly impacting on the work of the charity (see below).

Trustees

The Finance Committee is the trustee board. It has a mixture of ex-officio and elected members. Elections take place every three years at the first meeting of the new Diocesan Synod (itself elected every three years). The most recent set of elections were in November 2024, with all newly elected members of the Finance Committee serving from 1 January 2025. The trustees have the power to co-opt members according to their assessment of possible imbalances or skills gaps among the elected and co-opted members. Given the relatively large number of elected and ex-officio trustees the general approach has been to keep co-options to a minimum (currently there are no co-opted trustees).

All trustees receive an induction pack, and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, especially around investment issues.

Organisational structure and decision-making

The Finance Committee is the financial executive of the Diocesan Synod and is required to comply with certain directions given to it by that Synod. It holds the budgets and accounts for all committees of the DBF and all activities undertaken by DBF staff and officers. It also needs to work very closely with Bishop's Council as the standing committee of Diocesan Synod. This requires an understanding of the aims and aspirations of those bodies and a desire to see them fulfilled alongside a deep regard for the need for good and appropriate governance of the charity. In recent years there hasn't been a particular conflict between these bodies, nor is one anticipated; however, the potential is always there.

The Finance Committee functions as the Parsonages Board of the diocese for purposes of parsonages legislation, although it delegates the oversight of DBF housing management to the Clergy Housing Committee. It has subcommittees dealing with audit, remuneration of DBF staff, and the management of the DBF property and investments.

TRUSTEES' REPORT

2. STRUCTURE, GOVERNANCE AND MANAGEMENT [Continued]

The Diocesan Board of Education is integrated into the Diocesan Board of Finance both legally and practically. On 16 June 2022 the Diocesan Board of Education formally became a Statutory Committee of the Diocesan Board of Finance under Section 23(1) of the Diocesan Boards of Education Measure 2021. This integration helps organisational cohesiveness and inter-departmental working.

Trustees are fully aware of their responsibilities under charity law. Within this the day-to-day running of the charity is delegated to senior staff. However, trustees and senior staff are clear that all decisions on policy that may create significant financial or other risk to the company, or which affect material issues of principle must be taken by trustees and not staff.

Networks and key relationships

The charity has a multiplicity of relationships. The main ones are with:

- ◆ Diocesan Synod as the Board of Finance and governing body of the diocese
- ◆ Bishop's Council as the standing committee of Diocesan Synod
- ◆ The Diocesan Oversight Team and Appointments & Wellbeing Committee, where decisions are taken about strategy and the deployment of clergy
- ◆ Other diocesan committees, especially the Diocesan Mission & Pastoral Committee and Board of Education
- ◆ Deanery Synods and Deanery Mission & Pastoral Committees, where local mission plans are decided, and their pastoral implications worked through
- ◆ Parishes within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance
- ◆ Church schools in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- ◆ Liverpool Cathedral, on whose campus we are located and with whom there is now an established pattern of integrated working
- ◆ Other dioceses, especially in the North West of England, with whom we have close collaborations and provide services, especially to schools
- ◆ Providers of pre-ordination and Reader training, particularly Emmanuel Theological College and also the residential theological colleges
- ◆ The national church institutions (Archbishops' Council, Church Commissioners, and the Pensions Board) from whom we receive significant funding, policy directives and legal consents to transactions.
- ◆ Other Christian denominations with and through whom we work on matters of workplace chaplaincy, safeguarding and ecumenical relations notably through Churches Together in the Merseyside Region and Mission in the Economy
- ◆ Interfaith bodies, such as Merseyside Council of Faiths and Liverpool Community Spirit, as part of our cross-community work to promote good interfaith relations
- ◆ Key infrastructural bodies on Greater Merseyside (notably VS6, volunteer centres and councils for voluntary service) on which we represent ecumenical partners and lead on provision in rural areas.
- ◆ Liverpool Diocesan Council for Social Aid whose key roles are running Adelaide House Women's Bail Hostel and working on penal affairs and social inclusion

In 2017 the Diocese established the Liverpool Diocesan Schools Trust as multi-academy trust as part of its on-going engagement with the academisation agenda. This sits alongside the Liverpool Diocesan Educational Trust which was established in 2012 to enhance links with church school academies. DBE Services Ltd continued trading, as did Emmanuel Theological College. DBE Services Ltd is an inter-diocesan company for the dioceses of Liverpool, Blackburn, Carlisle, Chester, Manchester, and York, providing property and other services to schools. Emmanuel Theological College (ETC) was formed in April 2021 out of the former All Saints Centre for Mission & Ministry. The Diocese of Liverpool is one of four member bodies. We also maintained our joint venture with the Church Urban Fund entitled Together Liverpool which seeks to support and resource parishes as they seek to serve their wider community. In 2018 we established the Good Funerals Company to help re-imagine the way in which we engage with bereavement ministry.

The single most important relationship we have continues to be with the clergy and lay people within the churches in our diocese whose ministry is the heartbeat of the diocese. We currently have c 160 serving parish and cathedral-based stipendiary clergy, around 60 self-supporting and ordained local clergy, c. 20 Local Missional Leaders, 170 readers and over 160 active retired clergy. We have c. 20 clergy serving full-time as chaplains in schools, hospitals, universities, and prisons plus others serving in a part-time capacity.

TRUSTEES' REPORT

2. STRUCTURE, GOVERNANCE AND MANAGEMENT [Continued]

Public benefit

The trustees are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board. We believe that by promoting the work of the Church of England in the Diocese of Liverpool we help to promote the whole mission of the Church (pastoral, evangelistic, social, and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that this provides a benefit to the public by:

- ◆ Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for our members and for anyone who wishes to benefit from what the Church offers; and
- ◆ Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

More information on these benefits follows throughout this report.

3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. For many years we have been working to achieve growth in our diocese. We have used different ways to express this, but the aim and direction of travel has remained the same – consistent with the whole of the Church of England. Our vision and strategy is to ask God for a bigger church so we can make a bigger difference so that there are more people knowing Jesus and more justice in the world.

In 2021, as part of our Fit for Mission work (see below), we refined this into 4 priorities:

- i. Introducing people to Jesus
- ii. Deepening discipleship
- iii. Developing Christian leaders
- iv. Working for justice

Successive Bishops have affirmed this missional direction and in spring 2025 we welcomed Bishop Ruth Worsley to the Diocese as Interim Diocesan Bishop.

The Finance Committee is aware that a diocese succeeds through the mission and ministry of its parishes and its bishops. Through striving for the highest standards of financial management, the Finance Committee aims to create the conditions in which their mission and ministry can flourish and be maximised.

It interprets its role broadly, contributing to the strategic leadership of the diocese, balancing careful stewardship with a flexible and proactive approach, a body that enables, not inhibits. It sees itself as a servant of Synod and Bishop's Council, primarily through exercising good financial governance.

The Finance Committee is working towards the following organisational outcomes:

1. A sustainable financial resource to support agreed mission and ministry in the Diocese of Liverpool
2. A talented and high performing team at St James' House serving the mission and ministries of the parishes and bishops and delivering on the aspirations of the diocesan strategy
3. A well-run charity which meets the highest standards in governance, management, and operational efficiency.

Our main activities can be summarised as:

- ◆ The development and implementation of mission and church growth strategies
- ◆ The provision of advisory services to bishops, archdeacons, parishes, schools, chaplaincies, fresh expressions, and church bodies (mainly through employed staff)
- ◆ The support, training, payment, and housing of clergy
- ◆ The support and training of lay people
- ◆ The management and development of staff members
- ◆ Contributing to the national work of the Church of England

TRUSTEES' REPORT

3. OBJECTIVES AND ACTIVITIES [Continued]

For more detail on individual activities see section 4 (I), "Achievements and performance". For information on our strategic thinking into the future please see section 4 (III), "Future plans".

Grant-making policy

No political contributions were paid during the year. Charitable contributions have been made as part of the Board's objectives. The main grants are as follows:

Mission in the Economy – £35,000 (2023 - £35,000) to support mission and chaplaincy in the world of work.

Churches Together in the Merseyside Region – £8,284 (2023 - £8,284) to support initiatives with ecumenical partners

Volunteers

The diocese continues, quite rightly, to be dependent on the huge number of people involved in church activities both locally and at diocesan level. Surveys suggest that faith communities in general and Anglican churches in particular are major contributors to their community through an enormous number of voluntary activities. This is one of the surest signs that our faith makes a difference to our lives and our outlook; we ignore and neglect this at our absolute peril.

The DBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the diocese's mission and strategy.

4. STRATEGIC REPORT

I. ACHIEVEMENTS AND PERFORMANCE

As flagged in previous Annual Reports we conducted a comprehensive strategic review in 2021. While retaining a continued focus on growing a bigger church to make a bigger difference we asked fundamental questions as to how we give full effect to our vision that there are ever more people knowing Jesus and more justice in the world. This review ended culminated in a successful bid for £7.5 million from the national church programme for Strategic Transformation Funding. Our programme is entitled Fit for Mission and seeks to re-imagine how we undertake mission and ministry in the across our parishes.

There is much more information on Fit for Mission on the diocesan website, but we would summarise Fit for Mission as an ambitious, growth-orientated, and locally delivered change programme to enable mission and ministry to flourish in the Diocese of Liverpool. It simultaneously invests in our 4 priority areas (introducing people to God through Jesus, deepening discipleship, developing Christian leaders, working for justice) while dealing head-on with the intransigent problems that significantly inhibit growth (constraining structures, inappropriate buildings, non-delivery of expectations). Each deanery within our diocese will be supported and resourced to work through a 2-year change process, in which they shape the detail and make good and contextually appropriate local decisions.

The intensive work of transformation is underway. It will be a long and no doubt bumpy process but we remain convinced that Fit for Mission offers the best chance for the diocese to establish a platform to reverse decades of gradual decline and to move to a more resilient and growth-orientated position.

As we noted in previous report, the finances of the Diocese were strained during the pandemic and we remain challenged by ongoing uncertainty in the wider economy. We reported last year that we had seen a fall in regular church attendance of c. 20%; that plus the cost of living crisis had impacted on giving; furthermore, the massive increase in utility costs had also impacted parish finances. For these and other reasons we identified a post Covid structural deficit of c. £1 million had emerged in the diocesan budget. This manifested in a shortfall in local capacity to meet Parish Share payments.

TRUSTEES' REPORT

4. STRATEGIC REPORT [Continued]

In this current climate, structural deficit is a challenge facing many Dioceses, yet the pressures of this are more immediate and impactful in this Diocese than in many others due to the limitations of our asset base (the lowest in the Church of England) and the financial challenges facing communities in the Diocese that are amongst the most deprived in England. These constraints are a significant drag on missional impact in normal times, and a major resourcing challenge in difficult times. They are also the product of history rather than of performance and the impact is limitation on our capacity as a Diocese to invest in frontline mission at comparative scale to many other Dioceses in England.

In last year's report we said that this has come to an unsustainable position, not least because of the impact on parishes. Levels of Parish Share as a proportion of parish income had become too high to sustain. This sometimes means a shortfall in payment towards the costs of frontline ministry as well as a significant constraint on local capacity to invest in mission, outreach church facilities and the full range of church activities. Also in last year's report, we set out more detail on the ongoing dialogue with the National Church Institutions, including the independent review that concluded that the Diocese is well managed and that our financial challenges are not the result of poor decision-making, as well as the next steps of that dialogue in which we explore the level of investment that would help turn the trajectory of the Diocese from decline into sustained growth, seeking stronger parishes and more resilient finances, geared towards making the four missional priorities a reality across the whole Diocese. We continue to work towards this into 2025.

Though this dialogue continues, in 2025 we have nonetheless begun to plan towards a more sustainable future and have implemented a real terms reduction in Parish Share requests in response to the local financial challenges facing churches throughout the Diocese. In the long term we will either need to achieve incremental real terms increases in parish incomes to facilitate a sustainable and healthy church in the Diocese or face a different reality with increasingly constrained missional choice and less capacity to respond to missional opportunity.

We are extremely grateful to parishes for their continued support for Parish Share, with many continuing to pay in full and on time despite increasing financial pressure locally. Similarly, we are enormously grateful to the Archbishop's Council for the additional financial support awarded to the Diocese in response to shortfalls in Parish Share from those parishes that have been unable to pay in full as a result of the impact of the pandemic and resulting financial challenges. That support has been hugely valuable and has been a hugely important out-working of the three-way partnership between parishes, Diocese and the National Church Institutions. We remain fully engaged in dialogue with the Archbishop's Council over funding opportunities that will support the whole Diocese in responding to the significant missional potential we see throughout communities in the Diocese.

Strategic Development Projects

We continue to engage constructively in the national church's visions and strategy programme. We have previously reported on our first 3 Strategic Development Fund programmes – Transforming Wigan, Joshua Centre and Transform North West. These are all in the process of being integrated into our Fit for Mission project work. Transforming Wigan and the Joshua Centre have each been independently reviewed with a clear celebration and lessons learned focus. These reviews are available on the diocesan website.

Our 4th Strategic Development Fund project – Missing Generations – began its work in earnest in September 2020. It aims to grow 2 major resource churches at St James in the City and St Barnabas Penny Lane with a view to planting a 3rd resource church (which will begin its work fully during 2025). Each of these churches will be central to our future planting and revitalising work and capacity, not least as they are focussed on the under 30-year-old generations. The Missing Generations project is also geared at working in secondary schools, FE colleges and universities in Liverpool and Wigan, again to reach out to people currently unconnected with church. The ambitious work of Missing Generations remained on course during 2024.

Social and racial justice

In 2021 there was a significant re-gearing of Together Liverpool, our key social justice partner, significantly aided by a successful application for National Lottery funding. Together Liverpool's research shows that if Liverpool were a diocese of 100 churches:

- 64 would be involved in food banks
- 41 would be involved with toddler groups or playgroups
- 54 would be providing lunch clubs or drop ins for older people
- 28 would be involved in community cafes
- 16 would be helping provide money and debt advice
- 20 would be providing breakfast or after school activities
- 17 would be involved with provision for homeless people
- 32 would be involved in other social action work and projects

TRUSTEES' REPORT

4. STRATEGIC REPORT [Continued]

In 2022 we appointed our first Racial Justice Officer, supported by monies kindly given by the Diocese of Oxford. Through the work of our Racial Justice Officer we developed a strategy to enable us to become an anti-racist diocese and to move from repentance to repair in matters of racial justice. During 2023 and 2024 we secured funding from the national church to support this work.

Good Funerals Company

We have established the Good Funerals Company as a subsidiary trading company of the Diocesan Board of Finance. This is part of a long-term strategy to reverse the decline in church-led funerals in the Diocese of Liverpool as well as engaging constructively and compassionately with bereaved families. It was launched in the summer of 2019 and developed significantly through the Covid crisis. The Good Funerals Company has grown year on year and in 2024 took over 250 funerals.

Church attendance

Levels of church attendance have remained a concern, though there is a cautious optimism resulting from the impact of our strategic interventions, projects and programmes. The pre Covid average age of our congregations was significantly higher than the average age of the general population and it is clear that the net impact of Covid on church attendance was negative. Weekly attendance had begun to settle down at c 80% of the pre-Covid levels (though there are some signs that this measure continues to recover). More positively, total worshipping community numbers exceeded pre-pandemic levels by the end of 2023. Though this is a positive sign, it remains a significant but vital challenge to turn decades of decline into sustained growth.

Schools

We continue to maintain our 'market share' of children attending schools with c. 40,000 children in Church of England schools. Over 90% of our schools are currently rated good or outstanding by Ofsted, in line with our target. LDST, our multi-academy trust (MAT) is now well established and the subject of a very positive Ofsted inspection, and we continue to work on plans relating to the Government's Schools White Paper. We continue to be ambitious in promoting high quality, distinctively Christian primary and secondary education.

Access and inclusion

We remain absolutely committed to sustained excellence in safeguarding both children and vulnerable adults in the diocese. We have invested significantly in the capacity of our safeguarding team and the level of training and information produced. We have a clear strategy in place. Our second Past Cases Review (PCRs) was finished in December 2021 – the timescale set by the national church for all dioceses – and was published in October 2022. We have systematically worked through its recommendations and are confident that there are currently no outstanding actions.

The DBF's commitment to access and inclusion has continued through the work on Disability Awareness and the Disabled Friendly Church Award. The move to on-line worship has been one of the few upsides to Covid in terms of making church accessible to people who would otherwise be unable to attend physically.

Asset management

2024 was another reasonably positive year for investment markets and our CCLA portfolio saw an unrealised gain of £126,166.

Similarly, after a period of reduced activity during the height of the pandemic, improvement and compliance works on clergy housing continued during 2024 with an additional £1.45m in financial investment into housing beyond the existing budget up to the end of 2024. We also recognise the continued need for this greater level of investment and we continue to plan for substantial improvement works in 2025 and beyond.

We continue to monitor closely our cash and broader reserve levels and think and plan on the basis of the medium rather than the short-term investments. We have not deemed it necessary or advantageous to change our investment policies.

Property

We hold a lot of property (valued at £45 million). Much of this in practice takes the form of notional assets; because we have a responsibility to house clergy, we have little operational freedom around disposal or re-working of the individual assets. Rather, our primary responsibility is to ensure that clergy and their families feel safe and comfortable in their homes and that it provides a suitable base for mission and ministry.

TRUSTEES' REPORT

4. STRATEGIC REPORT [Continued]

The trustees are of the opinion that the market value of land and buildings exceeds their carrying value by an amount which cannot be ascertained without a disproportionate cost in determining the information.

2024 saw some minor changes in our property portfolio. Two former vicarages held under the Church Commissioners Value Linked Loan scheme were sold. Both properties were originally purchased via loans from the Church Commissioners and gains under the relevant loan scheme are to the benefit of the lender and therefore there are no net gains or losses to report.

II. FINANCIAL REVIEW

We continued to face significant financial challenges during 2024. Parish finances remain under significant pressure and Parish Share collection has not yet recovered to pre-pandemic levels. We were supported by the Archbishops Council again in 2024, with stabilisation funding supporting the underlying financial position. The operating position represented a surplus of £161,605, with national funding supporting a shortfall in Parish Share collection and a number of budget savings achieved during the year. Though helpful in the short term, this surplus masks a range of significant financial and strategic challenges, including the underlying missional and financial health of parishes in the Diocese, and it is therefore important that we continue to attend to the underlying financial position in line with our fiscal rules as we plan towards greater mission and financial stability into the future.

We also continue to recognise that the clergy housing budget is inadequate to ensure a safe, warm, and comfortable home for all our clergy. We continued through a process of strategic review to analyse what investment will be required to get and maintain our clergy housing in good condition. We have increased funding for housing by a total of £2.75m over the five years to 2025.

Our fiscal rules are:

- 1. We aim to achieve break-even in each financial year and triennial cycle. Financial losses may be acceptable on a limited scale over a short period, within the context of breakeven over the triennium. Consecutive annual losses will only be acceptable in extraordinary circumstances (to avoid perpetuating reductions in reserve levels).*
- 2. Parish Share and Lowest Income Communities Funding are to fund Missional Leadership. Investment income (rental and dividend), earned income and grant funding are to fund St James' House Services. Any imbalance between St James' House services budget and Missional Leadership budget is to be limited to within £100,000 in any given year.*
- 3. Missional Leadership budget variance to be distributed or recovered within the triennium.*
- 4. Strict budget discipline to apply in all areas of activity. Flexibility between budgets is acceptable, flexibility beyond budgets is not.*
- 5. Investment and cash reserves are to be maintained at a minimum of four months operating expenditure*

Performance against budget

Each year we present a budget to Synod, which summarises our financial thinking and – once approved – sets the framework for our financial decision-making.

For 2024 we set a budget with a small deficit of £11,642. At the end of 2024 our management accounts surplus was £161,605, underneath which we incurred a significant shortfall in Parish Share collection of £985,342, offset by one-off stabilisation funding totalling £750,000. We experienced savings on clergy stipends due to a higher than anticipated rate of clergy vacancies and also incurred additional costs relating to clergy housing over and above the housing budget. Despite these variances and the underlying financial challenges that remain significant at both parish and Diocesan levels, the year end operating position represented a surplus of £161,605.

Annual accounts

The Statement of Financial Activities on page 18 to 19 shows a significantly better position than the management accounts, namely a net increase in funds for the year of £1,340,975. This is because in addition to the surplus of £161,605 referred to above there were additional gains, expenses, provisions and revaluations including:

TRUSTEES' REPORT

4. STRATEGIC REPORT [Continued]

Expenditure, provisions and losses (reducing funds):

- ◆ £6,000 in depreciation
- ◆ £61,000 in costs relating to additional housing investment

Gains and revaluations (increasing funds):

- ◆ £448,708 in unrealised investment gains
- ◆ £215,000 relating to movement in provisions for Parish Share arrears
- ◆ £418,500 in additional restricted fund gains relating to the sale of closed places of worship
- ◆ £239,000 in release of prior period provisions
- ◆ £140,000 in other restricted fund movements

Despite the range of challenges we have encountered in recent years, we continue to manage our financial position within our existing means and to plan for a future in which we can attend to the widespread need to improve mission and financial health throughout the Diocese.

Reserves

The reserves policy of the Finance Committee is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

The DBF aims to maintain the equivalent of at least four months' operating expenditure in cash and equities in the General Fund. This excludes all designated funds, loans and loan guarantees. This policy is to be reviewed annually in the January Finance Committee meeting.

Our fiscal rules established in 2018 state that investment and cash reserves are to be maintained at a minimum of 4 months operating expenditure. At the end of 2024 the total value of investments had recovered to the equivalent of 4 months budgeted expenditure but we remain vulnerable to volatility in the wider economy. Until we are able to enhance our asset base and diversify our holdings we remain vulnerable to reserves falling below the minimum target figure.

Investment markets stabilised during the year and we were able to maintain sufficient cashflow without any requirement to drawdown on investment reserves to realise additional cash.

The unrestricted reserve stands at £10.9m. £3.4m representing 3 months' operating expenditure, is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining reserves at a minimum of three months will cushion the diocese from short-term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

There were no designated funds during 2024.

Investments

The Memorandum of Association gives the trustees power to invest in any investment authorised by law in investment of trust funds. The trustees confirm that all investments have been acquired in accordance with their powers, and that they have followed the ethical investment policy used by the central Church of England bodies.

Our historic Glebe land portfolio is substantially managed by Fisher German.

Grants received

Our main source of income is Parish Share. We also receive grants from Archbishops' Council through the Lowest Income Communities Fund, Strategic Development Fund, Strategic Ministry Fund and Sustainability Fund. These issues are discussed elsewhere in this report. We continue to be very grateful for the support of Marshall's Charity in the improvement of our housing stock and for the ongoing support of the Benefact Trust.

TRUSTEES' REPORT

4. STRATEGIC REPORT [Continued]

III. FUTURE PLANS

We remain committed to asking God for a bigger church to make a bigger difference so that there are more people knowing Jesus and more justice in the world. As reported above these have been refined into 4 mission priorities and we obtained significant funding for our Fit for Mission programme. If we cannot reverse the underlying long-term decline, amplified by Covid, we will find our future increasingly constrained. These are key times for the long-term future of the Diocese of Liverpool.

IV. PRINCIPAL RISKS AND UNCERTAINTIES

In addition to the financial and other risks outlined below, there are various key areas of activity where the diocese could incur financial penalties, operational failings, or reputational damage. In 2021 we began a process of re-working our risk and assurance processes; this work was completed in 2022. We now have a comprehensive risk and assurance framework where risk is clearly articulated and operates as a forcing function. The assurance framework is underpinned by metrics which articulate what good looks like and then track performance through. The trustees undertake an annual risk review exercise (the Audit Committee is the lead body in this).

Our risk register continues to highlight a number of risks which could impact seriously on the charity's operation and development. These range from the failure to reverse numerical decline to the failure to generate new disciples; from the failure to develop resilient finances to the failure to develop and maintain a robust safeguarding culture and practice; from the failure to invest in new technology to the implications of the climate crisis. The Finance Committee oversees the implementation of the recommendations arising out of this risk analysis. Liquidity risk is managed by ensuring sufficient liquidity to meet foreseeable needs, with an overdraft facility providing short-term flexibility and longer-term loans supporting asset acquisition.

5. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board is Custodian Trustee for trust assets with a market value of £5.7m at 31 December 2024. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2024. Most of these trusts are held on behalf of parishes whose charitable purpose is the advancement of religion and therefore is parallel to those of the Diocese. The funds are held in separate investments from those of the DBF and there is a separate bank account from which payments are made. We also hold a number of parish properties as Custodian Trustee, but we are unable to obtain a current valuation of these properties due to the complexity and substantial costs involved.

The Board also holds funds for the Liverpool Diocesan Pensions Fund and a number of historic trusts under the practical management of the bishops and archdeacons which give financial support to clergy and their families in need in the Diocese of Liverpool.

Further funds are held on behalf of Church of England Schools in the Diocese for capital building projects. At 31 December 2024, these funds had a market value of £3.4m (2023 - £3.4m).

6. NOTES AND QUERIES

There are a number of declarations and explanations that also need to be included in the annual report. These are as follows:

Significant changes in fixed assets

These are now explained in notes 10 and 11 to the financial statements.

Related party transactions

The diocese is a complex entity with a series of potentially overlapping structures. These can give rise to conflicts of interest. For example, many board members are also active in their local church, either as priests or lay members, and there may well be issues discussed at board level which impact on their own church. There are also specific instances, such as an application for a diocesan loan, where the parish can directly benefit. The board is always conscious of such potential conflicts and the need for board members to act appropriately. Indeed, each Finance Committee meeting has a formal declaration of interest to highlight potential conflicts, and individual members have left the room during certain discussions to ensure freedom of debate.

TRUSTEES' REPORT

6. NOTES AND QUERIES [Continued]

In 2008 a loan of £25k was issued to Emmanuel Theological College, (originally known as the Southern North West Training Partnership), a related party, and a further loan of £25k was issued in 2009. In December 2020, a further loan of £10,000 was issued to support the development of the new theological college (renamed to Emmanuel Theological College). A total of £15,000 remained outstanding as at 31 December 2024. This balance is included within the figure of £48,000 for parish and other concessionary loans at note 12.

Post Balance Sheet Events

During the year we continued to develop our understanding of the longer term impact of the pandemic whilst engaging with the challenges and uncertainty that remain within both the church and the wider economy. We have been able to maintain our financial position and a position of similar strength to the position prior to the pandemic, but we recognise that the underlying financial strength of many parishes remain weakened post-pandemic.

In 2024 we continued to work through our Fit for Mission programme of change, supported by Strategic Transformation Funding from the Archbishops' Council. This programme allows us to work with deaneries to re-imagine how we undertake mission and ministry in the Diocese. We continue to work with partners throughout the church structures on this key strategic change programme whilst aiming to develop plans that will support improvements in our overall sustainability into the long term.

Fundraising

There have been no significant fundraising activities at diocesan level in 2024.

Insurance

We continue to arrange our insurance with Ecclesiastical Insurance Group. The policies are subject to regular review.

Trustees' interest in shares

The board is a company limited by guarantee (company number 18301) and trustees, as members, may derive no benefit, income or capital interest in the board's financial affairs, other than the reimbursement of out-of-pocket expenses. No expenses were paid to Trustees' during the year.

Taxation status

The Board is a registered charity (charity number 249740) and, as such, is not liable to Income Tax or Corporation Tax on its charitable activities.

Contingent liabilities

There were no contingent liabilities on the Board at the end of the year other than the loans for which the charity has agreed to act as guarantor. The amounts are disclosed in note 16 to the financial statements.

7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the Liverpool Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

TRUSTEES' REPORT

7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

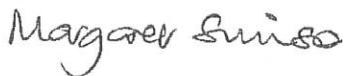
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

8. DISCLOSURE OF INFORMATION TO AUDITORS

Trustees have made the company's auditors aware of the Charity Commission's ongoing investigation into the circumstances that led to the resignation of the former Bishop of Liverpool, the Right Reverend John Perumbalath, in January 2025. To date, the Commission has not confirmed the outcome of this investigation.

The trustees confirm that, as far as they are aware, there is no relevant audit information of which the charity's auditors are unaware and they have taken all 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 company's auditors are aware of that information.

By order of the Trustees



Maggie Swinson

Trustee

25 September 2025

INDEPENDENT AUDITOR'S REPORT

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LIVERPOOL DIOCESAN BOARD OF FINANCE**

Opinion

We have audited the financial statements of Liverpool Diocesan Board of Finance (the 'charity') for the year ended 31 December 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2024 and of its net incoming resources and application of resources, 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 charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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.

INDEPENDENT AUDITOR'S REPORT

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes 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 directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

INDEPENDENT AUDITOR'S REPORT

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

INDEPENDENT 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mitchell Charlesworth (Audit) Limited

Anita Mason BA(Hons) BFP FCA (Senior Statutory Auditor)
for and on behalf of Mitchell Charlesworth (Audit) Limited
Chartered Accountants
Statutory Auditor
29/9/2025

Suites C, D, E & F
14th Floor, The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 DECEMBER 2024

Current financial year	Notes	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Endowment Funds 2024 £	Total Funds 2024 £	Total Funds 2023 £
Income from						
Donations	2					
Parish share		7,232,628	-	-	7,232,628	7,065,714
Archbishop's Council		3,289,551	2,273,963	-	5,563,514	4,849,249
Other donations		992,586	485,689	-	1,478,275	1,416,192
Charitable activities	3	294,586	-	-	294,586	245,850
Investments	4	770,223	-	-	770,223	688,188
Other	5	-	418,500	-	418,500	11,000
Total income		12,579,574	3,178,152	-	15,757,726	14,276,193
Expenditure on						
Charitable activities	6	11,686,334	2,848,179	-	14,534,513	14,040,705
Other	7	303,271	27,674	-	330,945	260,530
Total expenditure		11,989,605	2,875,852	-	14,865,458	14,301,235
Net income before investment gains		589,969	302,298	-	892,268	(25,042)
Net gains on investments	11	448,708	-	-	448,708	294,878
Net income	15	1,038,677	302,298	-	1,340,976	269,836
Transfers between funds	20	-	-	-	-	-
Net movement in funds		1,038,677	302,298	-	1,340,976	269,836
Total funds brought forward		9,829,178	5,498,068	33,824,999	49,152,245	48,882,409
Total funds carried forward		10,867,855	5,800,366	33,824,999	50,493,220	49,152,245

All activities derive from continuing activities.

The notes on pages 22 to 47 form part of the financial statements.

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 DECEMBER 2024

Prior financial year	Notes	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Endowment Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Income from						
Donations	2					
Parish share		7,065,714	-	-	7,065,714	7,321,397
Archbishop's Council		2,583,830	2,265,419	-	4,849,249	4,683,745
Other donations		1,334,680	81,512	-	1,416,192	1,148,864
Charitable activities	3	219,810	26,040	-	245,850	460,988
Investments	4	688,188	-	-	688,188	682,304
Other	5	11,000	-	-	11,000	1,096,596
Total income		11,903,222	2,372,971	-	14,276,193	15,393,895
Expenditure on						
Charitable activities	6	11,964,785	2,075,920	-	14,040,705	14,513,503
Other	7	260,530	-	-	260,530	212,522
Total expenditure		12,225,315	2,075,920	-	14,301,235	14,726,025
Net (expenditure) income before investment gains		(322,093)	297,051	-	(25,042)	667,870
Net gains (losses) on investments	11	294,878	-	-	294,878	(543,774)
Net (expenditure) income	15	(27,215)	297,051	-	269,836	124,096
Transfers between funds	20	174,000	(174,000)	-	-	-
Net movement in funds		146,785	123,051	-	269,836	124,096
Total funds brought forward		9,682,393	5,375,017	33,824,999	48,882,409	48,758,313
Total funds carried forward		9,829,178	5,498,068	33,824,999	49,152,245	48,882,409

All activities derive from continuing activities.

The notes on pages 22 to 47 form part of the financial statements.

BALANCE SHEET

BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	£	2024 £	£	2023 £
Fixed assets					
Tangible assets	10		38,773,418		38,850,968
Investments	11		10,585,313		10,103,172
			49,358,731		48,954,140
Current assets					
Debtors: due within 1 year	12	1,849,902		1,336,943	
Cash at bank and in hand		4,075,720		3,804,478	
		5,925,622		5,141,421	
Creditors:					
Amounts falling due within one year	13	(4,229,085)		(4,357,716)	
Net current assets			1,696,537		783,705
Total assets less current liabilities			51,055,268		49,737,845
Creditors: amounts falling due after more than one year					
Other creditors	14		(562,047)		(585,600)
Net assets			50,493,220		49,152,245
Accumulated funds	20				
Endowment funds			33,824,999		33,824,999
Restricted funds			5,800,366		5,498,068
Unrestricted funds			10,867,855		9,829,178
Total funds			50,493,220		49,152,245

The financial statements on pages 22 to 47 were approved by the Finance Committee on 25/09/2025 and signed:

Maggie Swinson

Maggie Swinson
Chair

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	2023 £
Cash flows from operating activities:			
<i>Net cash (used in) provided by operating activities</i>	i	(955,337)	(1,247,993)
Cash flows from investing activities:			
Investment income		770,223	688,188
Sale of tangible fixed assets		503,501	185,000
Purchase of tangible fixed assets		(13,712)	-
Purchase of fixed asset investments		(33,433)	-
Interest on loans and bank overdrafts		-	-
Net cash provided by investing activities		1,226,579	873,188
Cash flows from financing activities:			
Cash inflows from new borrowings		-	-
Net cash provided by financing activities		-	-
Net change in cash and cash equivalents		271,242	(374,805)
Cash and cash equivalents brought forward		3,804,478	4,179,283
Cash and cash equivalents carried forward		4,075,720	3,804,478

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

i. Reconciliation of net income to net cash (used in) provided by operating activities		2024 £	2023 £	
Net income for the reporting period (as per the statement of financial activities)		892,268	(25,042)	
Depreciation		6,262	4,924	
Investment income		(770,223)	(688,188)	
Gains on disposal of property		(418,500)	(11,000)	
Increase in debtors		(512,959)	(436,566)	
(Decrease) increase in creditors		(152,186)	(92,121)	
Net cash (used in) provided by operating activities		(955,337)	(1,247,993)	
ii. Analysis of cash and cash equivalents	I January 2024	Cash Flow	Other Non Cash	31 December 2024
	£	£	£	£
Net cash:				
Cash at bank and in hand	3,804,478	271,242	-	4,075,720
iii. Reconciliation of net cash flow to movement in net funds		2024 £	2023 £	
(Decrease) increase in cash		271,242	(374,805)	
Opening net funds		3,804,478	4,179,283	
Closing net funds		4,075,720	3,804,478	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

I. (a) Accounting policies

The Liverpool Diocesan Board of Finance is company limited by guarantee registered in England no 18301 and a registered charity no 249740 and its registered office is at St James House, 20 St James Road, L1 7BY. The LDBF constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The charity has claimed exemption from preparing consolidated financial statements as its subsidiary, The Good Funeral Company Limited, remained dormant throughout 2024 and its activities have been recorded within the income and expenditure of the Diocese.

The presentation currency is pounds sterling and figures are shown to the nearest £. A summary of the more important accounting policies which have been consistently applied is set out below.

(b) Income

The principal source of income comes from voluntary giving in the form of parish share. All income is included in the Statement of Financial Activities (SOFA) when LDBF has entitlement to the funds, the amount can be quantified, and receipt of the funds is probable.

(c) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 17). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.
- vi) **Parish share credit** Parish Share Credit was calculated in two stages, the first of which was targeted at those parishes with very low levels of reserves and a shortfall in income, with the second stage considering those parishes that had suffered reductions in reserve levels and faced a reduced ability to pay Parish Share in the subsequent year. The sums credited were calculated using parish financial data and forecasts, in dialogue with deanery leaders.

NOTES TO THE ACCOUNTS

(d) Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing the accounts.

(e) Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Basis financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

(g) Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(h) Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

NOTES TO THE ACCOUNTS

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

(i) **Critical accounting estimates and judgements**

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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.

Critical judgements

Properties held under revaluation model

The charity records properties held within investments under the revaluation model. Periodically the charity obtains a third party valuation from a suitably qualified specialist. This report values all property and land held by the charity at fair value but where this is not possible, uses the depreciated replacement cost method.

(j) **Investment assets and income arising**

The Board of Finance holds investments for itself and on behalf of parishes and other charities. Investments and their associated income are only recognised where the Board is investment custodian, investment manager and the beneficiary.

Investments are shown at market value, or at the trustees' best estimate of such.

Investment properties are included in the balance sheet at their open market value and are not depreciated. Although this accounting policy is in accordance with the applicable accounting standard, FRS102, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the trustees, compliance with the accounting standard FRS102 is necessary for the financial statements to give a true and fair view of its financial position, performance and cashflow. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

All unquoted investments are held and valued on the basis of information provided from CCLA.

Dividends and interest are included in the financial statements when receivable.

Realised gains on investments are reinvested where appropriate. Both realised and unrealised gains are disclosed in the Statement of Financial Activities.

NOTES TO THE ACCOUNTS

(k) Major funds

Funds held by the charity are either:

Restricted funds – these funds consist of trust and other funds, which may only be used for specific purposes imposed by the settlor, donor, or legislation.

Permanent Endowment funds – these are funds where there is no power to convert capital into income. Where the trustees have the power to convert endowments into income, these funds are known as expendable endowments.

Unrestricted funds – these are funds which may be used for general purposes without any external restriction.

Designated Funds – these are unrestricted funds that have been set aside by the Board for purposes designated by Diocesan policy. Such designations may be set aside from time to time according to policy decisions.

Details of the major funds held by the Board are given in note 20 to the Financial Statements.

(l) Stipends

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Board are shown gross in these financial statements. However, bishops are paid entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

(m) Fixed assets

Classes of Fixtures and fittings are grouped and only those classes with a value of over £10,000 are capitalised and not expensed. Property is held in the balance sheet at cost or deemed cost for land and buildings held at valuation at the date of transition to FRS 102.

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

Depreciation on fixed assets is provided on a straight-line basis over five years for furniture and over three years for IT equipment.

All fixed assets are held for continuing use in the charity's activities and are therefore classified as fixed assets for charitable use.

(n) Netting off of expenses and income

All incoming resources are reported gross, as far as is possible. Income received in circumstances where a claim for repayment of tax has been or will be made, is grossed up for the tax recoverable and the gross figure included as income.

(o) Designated funds

Designated funds are used for their intended purpose. Any transfers to or from designated funds are subject to authorisation controls.

NOTES TO THE ACCOUNTS

(p) Reserves

Accumulated capital is the amount transferred from general reserve, profits less losses on sale of fixed assets and investments, legacies and gifts received for capital purposes. The general reserve is the total accumulated surplus less deficits for the Board of Finance.

Restricted funds are subject to specific conditions either imposed by the donor and binding on the Board or linked to the basis on which money was obtained. They represent unspent restricted income and/or assets to which restrictions as to their use apply.

(q) Irrecoverable VAT

Irrecoverable VAT is grossed up and included in all relevant expenditure.

(r) Taxation

The Diocese benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income and gains falling within those exemptions.

(s) Operating leases

Rentals payable under operating leases are charged in the SOFA on a straight- line basis over the lease term.

NOTES TO THE ACCOUNTS

2. Donations and legacies	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2024	Total Funds 2023
Current financial year	£	£	£	£	£
General Parish Share Income	7,232,628	-	-	7,232,628	7,065,714
Income from National Church Institutions					
Lowest Income Communities Funding	1,768,158	-	-	1,768,158	1,709,191
Sustainability Funding	1,362,628	-	-	1,362,628	560,836
Strategic Development Funding	-	961,260	-	961,260	956,253
Ordination Training Block Grant	-	29,214	-	29,214	250,316
Strategic Ministry Fund for Curates	103,561	-	-	103,561	249,706
Strategic Transformation Funding	-	1,283,489	-	1,283,489	1,058,850
Grant for legal services	55,204	-	-	55,204	64,097
	3,289,551	2,273,963	-	5,563,514	4,849,249
Other donations					
Benefact Trust Grant	141,470	-	-	141,470	164,500
General DBF donations	348,103	259,600	-	607,703	420,475
Racial Justice	-	93,371	-	93,371	50,000
Buildings for Mission	-	40,000	-	40,000	-
Marshalls Charity Grants for Parsonages	49,945	13,293	-	63,238	70,772
Stipends	1,639	-	-	1,639	2,398
Net Zero	-	79,425	-	79,425	113,000
DBE Services Ltd	5,050	-	-	5,050	78,176
DBF fees	446,379	-	-	446,379	516,870
	992,586	485,689	-	1,478,275	1,416,192

Strategic Transformation Funding relates to income received from the Archbishop's Council. The total value of the multi-year grant is £7.6m and cover a period of 6 years to 2027. Income is recognised as conditions are satisfied.

NOTES TO THE ACCOUNTS

2.

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2023 £
General Parish Share Income	7,065,714	-	-	7,065,714
Income from National Church Institutions				
Lowest Income Communities Funding	1,709,191	-	-	1,709,191
Sustainability Funding	560,836	-	-	560,836
Strategic Development Funding	-	956,253	-	956,253
Ordination Training Block Grant	-	250,316	-	250,316
Strategic Ministry Fund for Curates	249,706	-	-	249,706
Energy Costs Grant	-	-	-	-
Strategic Capacity Funding	-	-	-	-
Strategic Transformation Funding	-	1,058,850	-	1,058,850
Grant for legal services	64,097	-	-	64,097
	2,583,830	2,265,419	-	4,849,249
Other donations				
Benefact Trust Grant	164,500	-	-	164,500
General DBF donations	409,736	10,740	-	420,476
Racial Justice	50,000	-	-	50,000
Transform North West	-	-	-	-
Joshua Centre Fund	-	-	-	-
Marshalls Charity Grants for Parsonages	-	70,772	-	70,772
Stipends	2,398	-	-	2,398
Net Zero	113,000	-	-	113,000
School Building donations	-	-	-	-
DBE Services Ltd	78,176	-	-	78,176
DBF fees	516,870	-	-	516,870
	1,334,680	81,512	-	1,416,192

NOTES TO THE ACCOUNTS

3. Charitable activities					
	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
Current financial year	Funds	Funds	Endowment	2024	2023
	£	£	£	£	£
Gift Aid Scheme	51	-	-	51	9,298
General DBF income	65,710	-	-	65,710	86,090
Board of Education	194,457	-	-	194,457	124,461
Communications Office	-	-	-	-	(39)
Clergy Housing income	7,215	-	-	7,215	-
Church inspection fees	27,153	-	-	27,153	26,040
	294,586	-	-	294,586	245,850
	Unrestricted	Restricted	Permanent	Total Funds	
Prior financial year	Funds	Funds	Endowment	2023	
	£	£	£	£	
Gift Aid Scheme	9,298	-	-	9,298	
General DBF income	86,090	-	-	86,090	
Board of Education	124,461	-	-	124,461	
Communications Office	(39)	-	-	(39)	
Clergy Housing income	-	-	-	-	
Church inspection fees	-	26,040	-	26,040	
	219,810	26,040	-	245,850	
4. Investment income					
	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
Current financial year	Funds	Funds	Endowment	2024	2023
	£	£	£	£	£
DBF Investment income	136,818	-	-	136,818	133,467
Church House/Investment property Rental income	100,331	-	-	100,331	117,488
Parsonages rental income	533,074	-	-	533,074	437,233
	770,223	-	-	770,223	688,188
	Unrestricted	Restricted	Permanent	Total Funds	
Prior financial year	Funds	Funds	Endowment	2023	
	£	£	£	£	
DBF Investment income	133,467	-	-	133,467	
Church House/Investment property Rental income	117,488	-	-	117,488	
Parsonages rental income	437,233	-	-	437,233	
	688,188	-	-	688,188	

NOTES TO THE ACCOUNTS

5. Other income	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2024	2023
Current financial year	£	£	£	£	£
Property transactions	-	418,500	-	418,500	11,000
	-	418,500	-	418,500	11,000
Prior financial year	Unrestricted	Restricted	Permanent	Total Funds	
	Funds	Funds	Endowment	2023	
	£	£	£	£	
Property transactions	11,000	-	-	11,000	
Share of proceeds of school site	-	-	-	-	
	11,000	-	-	11,000	
6. Charitable activities	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
Current financial year	Funds	Funds	Endowment	2024	2023
	£	£	£	£	£
Archbishop's Council	48,420	-	-	48,420	215,948
Resourcing Mission and Ministry					
Parish Mission and Ministry:					
Clergy stipends	4,387,966	-	-	4,387,966	4,578,388
Clergy pension costs	980,489	-	-	980,489	1,087,479
National Insurance	363,267	-	-	363,267	405,302
Resettlement/removal grants etc	95,838	-	-	95,838	137,680
Lay Workers	74,226	-	-	74,226	23,564
Administration and other costs	279,608	-	-	279,608	392,088
Clergy grants	2,325	93,183	-	95,508	289,438
Parish share stabilisation funding	383,379	-	-	383,379	-
Area Dean Grants	32,450	-	-	32,450	37,300
Good Funeral Company	62,049	-	-	62,049	105,551
Strategic Development Funding	-	2,420,344	-	2,420,344	1,488,908
Building for Mission	-	97,450	-	97,450	-
Clergy Housing	1,821,595	-	-	1,821,595	1,605,743
Deanery Mission and Growth					
Grants	78,041	-	-	78,041	447,931
DBF Central costs (25%)	257,951	46,123	-	304,074	203,352
St James' House costs (15%)	11,452	-	-	11,452	19,995
	8,830,637	2,657,100	-	11,487,736	10,822,719

NOTES TO THE ACCOUNTS

6. Charitable activities [Continued]

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2024 £	Total Funds 2023 £
Support for Parish mission and Ministry:					
Clergy training	277,451	-	-	277,451	280,039
Lifelong Learning	252,699	-	-	252,699	300,596
Social Justice	253,438	-	-	253,438	209,566
Church Growth & Ecumenism	62,844	-	-	62,844	65,666
Resources Department	122,958	-	-	122,958	126,422
Ordinands in Training	293,549	33,713	-	327,262	559,051
Communications Office	204,618	-	-	204,618	170,616
Pastoral Committee	82,084	-	-	82,084	52,459
Safeguarding and Inclusion	182,735	-	-	182,735	166,588
Diocesan Advisory Council	74,028	-	-	74,028	73,436
Ecumenical Funding	-	-	-	-	43,284
DBF Central costs (60%)	619,083	110,695	-	729,778	488,044
St James' House costs (80%)	61,079	-	-	61,079	106,638
Other	-	46,671	-	46,671	13,181
	2,486,567	191,079	-	2,677,645	2,655,587
Expenditure on education:					
Support for church schools and parishes	320,711	-	-	320,711	346,452
	320,711	-	-	320,711	346,452
Total charitable activities 2024	11,686,334	2,848,179	-	14,534,513	14,040,705

NOTES TO THE ACCOUNTS

6. Charitable activities [Continued]

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2023 £
Archbishop's Council	215,948	-	-	215,948
Resourcing Mission and Ministry				
Parish Mission and Ministry:				
Clergy stipends	4,578,388	-	-	4,578,388
Clergy pension costs	1,087,479	-	-	1,087,479
National Insurance	405,302	-	-	405,302
Resettlement/removal grants etc	137,680	-	-	137,680
Lay Workers	23,564	-	-	23,564
Administration and other costs	392,088	-	-	392,088
Clergy grants	9,247	280,191	-	289,438
Parish share grant credit	-	-	-	-
Area Dean Grants	37,300	-	-	37,300
Good Funeral Company	105,551	-	-	105,551
Strategic Development Funding	-	1,488,908	-	1,488,908
Clergy Housing	1,605,743	-	-	1,605,743
Deanery Mission and Growth Grants	447,931	-	-	447,931
Grants to parishes from property sales	-	-	-	-
DBF Central costs (25%)	203,352	-	-	203,352
St James' House costs (15%)	19,995	-	-	19,995
	9,053,620	1,769,099	-	10,822,719
Support for Parish mission and Ministry:				
Clergy training	280,039	-	-	280,039
Lifelong Learning	300,596	-	-	300,596
Social Justice	209,566	-	-	209,566
Church Growth & Ecumenism	65,666	-	-	65,666
Resources Department	126,422	-	-	126,422
Ordinands in Training	317,870	241,181	-	559,051
Communications Office	170,616	-	-	170,616
Pastoral Committee	-	52,459	-	52,459
Safeguarding and Inclusion	166,588	-	-	166,588
Diocesan Advisory Council	73,436	-	-	73,436
Ecumenical Funding	43,284	-	-	43,284
DBF Central costs (60%)	488,044	-	-	488,044
St James' House costs (80%)	106,638	-	-	106,638
Other	-	13,181	-	13,181
	2,348,766	306,821	-	2,655,587
Expenditure on education:				
Support for church schools and parishes	346,452	-	-	346,452
Property expenditure on schools	-	-	-	-
	346,452	-	-	346,452
Total charitable activities 2023	11,964,785	2,075,920	-	14,040,705

NOTES TO THE ACCOUNTS

7. Other resources expended

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
Governance:					
DBF Central costs (15%)	154,771	27,674	-	182,445	122,011
Diocesan Registry	122,178	-	-	122,178	111,605
Audit and accounting fees	22,505	-	-	22,505	20,249
St James' House costs (5%)	3,817	-	-	3,817	6,665
	<u>303,271</u>	<u>27,674</u>	<u>-</u>	<u>330,945</u>	<u>260,530</u>
Prior financial year					
	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds	Total Funds
	£	£	£	2023	2023
	£	£	£	£	£
Governance:					
DBF Central costs (15%)	122,011	-	-	122,011	
Diocesan Registry	111,605	-	-	111,605	
Audit and accounting fees	20,249	-	-	20,249	
St James' House costs (5%)	6,665	-	-	6,665	
	<u>260,530</u>	<u>-</u>	<u>-</u>	<u>260,530</u>	

8. Analysis of support costs

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2024	Total Funds 2023
	£	£	£	£	£
Central administration	1,031,806	184,491	-	1,216,297	813,407
Diocesan Registry	122,178	-	-	122,178	111,605
St James' House	76,349	-	-	76,349	133,298
	<u>1,230,333</u>	<u>184,491</u>	<u>-</u>	<u>1,414,824</u>	<u>1,058,310</u>
Prior financial year					
	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds	Total Funds
	£	£	£	2023	2023
	£	£	£	£	£
Central administration	813,407	-	-	813,407	
Diocesan Registry	111,605	-	-	111,605	
St James' House	133,298	-	-	133,298	
	<u>1,058,310</u>	<u>-</u>	<u>-</u>	<u>1,058,310</u>	

9. Staff costs

	2024	2023
	£	£
Employee costs during the year were as follows:		
Wages and salaries	2,403,298	2,004,273
National Insurance Contributions	233,569	212,012
Pension costs	226,292	334,447
	<u>2,863,159</u>	<u>2,550,732</u>

NOTES TO THE ACCOUNTS

9. Staff costs [Continued]	2024	2023
	Number	Number
The average number of persons employed during the year:		
Full time	44	43
Part time	39	33
	83	76
	83	76

Remuneration of key management personnel

Key management personnel are deemed to be those having the authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Liverpool Diocesan Board of Finance. At the end of 2024 these were:

Diocesan Secretary and Company Secretary	Mike Eastwood
Assistant Diocesan Secretary and Director of Communications	Stuart Haynes
HR Manager	Debbie Brisco
Director of Vocations	Suzanne Matthews
Director of Finance	Matt Elliott
Director of Education	Stuart Harrison
Director of Social Justice	Ellen Loudon
Director of Learning and Stewardship	Steve Pierce
Diocesan Programme Manager	Richard Gedge
HR Manager	Anne Kavanagh

Total remuneration and pensions for these employees amounted to £508,094 (2023: £557,624).

	2024	2023
	Number	Number
The number of employees whose emoluments exceeded £60,000 was:		
£60,001 - £70,000	-	1
£70,001 - £80,000	2	1
	2	1
	2	1

Trustees' emoluments

No trustee received any remuneration or reimbursement for expenses for services as trustee. Trustees who are also stipendiary clergy receive remuneration for including stipends, pension and housing based on national rates set by the central stipends authority.

The following trustees received remuneration in respect of their roles as stipendiary clergy:

The Venerable Miranda Threlfall-Holmes
The Venerable Pete Spiers
The Venerable Simon Fisher
Rev Peter Dawkin (elected)
Rev Canon Emma Williams (elected)

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 housing for stipendiary clergy in the diocese, including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

The LDBF paid an average of 150 (2023: 165) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2024	2023
	£	£
Stipends	4,528,308	4,632,930
Pension costs	1,026,126	1,114,764
National Insurance Contributions	411,205	411,045
	5,965,639	6,158,739
	5,965,639	6,158,739

NOTES TO THE ACCOUNTS

10. Tangible fixed assets

	DBF Property £	DBF Glebe £	DBV VLL Property £	Team Vicars Glebe £	Parsonages £	Fixtures & Fittings £	Total Funds £
Cost or valuation							
At 1 January 2024	703,840	2,659,971	85,001	3,296,000	32,104,466	350,486	39,199,764
Additions	-	-	-	-	-	13,712	13,712
Disposals	-	-	(85,001)	-	-	-	(85,001)
At 31 December 2024	703,840	2,659,971	-	3,296,000	32,104,466	364,198	39,128,475
Depreciation							
At 1 January 2024	-	-	-	-	-	348,795	348,795
Charge for year	-	-	-	-	-	6,262	6,262
At 31 December 2024	-	-	-	-	-	355,057	355,057
Net book value							
At 31 December 2024	703,840	2,659,971	-	3,296,000	32,104,466	9,141	38,773,418
At 31 December 2023	703,840	2,659,971	85,001	3,296,000	32,104,466	1,691	38,850,969

All properties held as Tangible Fixed Assets are freehold.

11. Fixed asset investments

	Investment Properties £	UK Unquoted Investments £	Total Funds 2024 £	Total Funds 2023 £
Unquoted				
Market value at 1 January 2024	5,882,458	4,220,714	10,103,172	9,808,294
Additions	-	33,433	33,433	-
Gains on investment assets	322,542	126,166	448,708	294,878
Market value at 31 December 2024	6,205,000	4,380,313	10,585,313	10,103,172

Investment properties were valued by Anthony Grant, and Revive Lettings as at 31 March and 7th April 2025 respectively. The trustees have consider these valuations accurate for the year end and therefore have valued the investment properties at a current fair value of £6,205,000 as at 31 December 2024

The above unquoted investments are pooled and have been reallocated during the year to ensure that each fund has an appropriate portion of investments allocated to it, taking into account the relative size of the fund and other assets held specifically in that fund.

	2024 £	2023 £
Historical cost of investments		
UK unquoted	2,881,937	2,848,504
Investment property	3,809,068	3,809,068
	6,691,005	6,657,572

NOTES TO THE ACCOUNTS

11. Fixed asset investments [Continued]	2024	2023
	£	£
Unquoted investments comprise		
CBF Property Fund	736,549	732,484
CBF Investment Fund	2,380,440	2,327,173
CBF Global Equity Fund	1,168,590	1,099,756
CBF Deposit Fund	94,722	61,289
DBE Service Ltd	12	12
	<u>4,380,313</u>	<u>4,220,714</u>

In 2005 the diocese purchased 12 ordinary shares of £1 each (now a 1/6th shareholding) in DBE Services Ltd. DBE Services Ltd provides services for schools. In 2024 the Diocese's share of the surplus was £5,000 (see note 2).

The shares may not be disposed of or charged, except in accordance with the provisions of the Shareholders' Agreement. Distributable profits attributable to the work done for relevant schools are to be distributed in the proportions to which they arise from the work done for the relevant schools for each shareholder and the remaining distributable profits shall be divided equally between the shareholders.

During 2018 The Good Funerals Company Limited was established as a company limited by guarantee under the control of LDBF. The company itself remained dormant during 2023 and 2024, but all of its activities have been reported through the Diocesan accounts.

12. Debtors	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
Current financial year	Funds	Funds	Endowment	2024	2023
	£	£	£	£	£
Amounts due from parishes	570,295	-	-	570,295	391,555
Sundry debtors	1,231,607	-	-	1,231,607	856,397
Parish and other concessionary loans	46,400	1,600	-	48,000	88,991
	<u>1,848,302</u>	<u>1,600</u>	<u>-</u>	<u>1,849,902</u>	<u>1,336,943</u>
	Unrestricted	Restricted	Permanent	Total Funds	
	Funds	Funds	Endowment	2023	
	£	£	£	£	
Amounts due from parishes	391,555	-	-	391,555	
Sundry debtors	856,397	-	-	856,397	
Parish and other concessionary loans	87,391	1,600	-	88,991	
	<u>1,335,343</u>	<u>1,600</u>	<u>-</u>	<u>1,336,943</u>	

NOTES TO THE ACCOUNTS

13. Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2024 £	Total Funds 2023 £
Current financial year					
Sundry creditors	3,591,347	-	-	3,591,347	3,474,786
Accruals	73,356	-	-	73,356	285,331
Deanery Mission and Growth Funds	564,382	-	-	564,382	606,374
Taxation and social security	-	-	-	-	(8,775)
	4,229,085	-	-	4,229,085	4,357,716
Prior financial year					
Sundry creditors	3,474,786	-	-	3,474,786	3,474,786
Accruals	285,331	-	-	285,331	285,331
Deanery Mission and Growth Funds	606,374	-	-	606,374	606,374
Taxation and social security	(8,775)	-	-	(8,775)	(8,775)
	4,357,716	-	-	4,357,716	

14. Creditors: amounts falling due after more than one year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2024 £	Total Funds 2023 £
Current financial year					
Loans from Church Commissioners	-	-	-	-	85,000
Loans from CCLA	561,447	-	-	561,447	500,000
Loans from CBF	-	600	-	600	600
	561,447	600	-	562,047	585,600
Prior financial year					
Loans from Church Commissioners	85,000	-	-	85,000	85,000
Loans from CCLA	500,000	-	-	500,000	500,000
Loans from CBF	-	600	-	600	600
	585,000	600	-	585,600	

Loans from Church Commissioners are secured on value-linked loan properties, included in fixed assets and are repayable on the sale of the property. There is no fixed repayment date for these. The total interest paid during 2024 was £Nil (2023: £Nil).

NOTES TO THE ACCOUNTS

15.	Net income for the year	2024	2023
		£	£
	This is stated after charging:		
	Auditors' remuneration:		
	Audit	13,435	16,800
	Non audit fees (compilation of accounts and payroll)	5,625	3,449
	Depreciation	6,262	4,924
	Operating leases - land and buildings	75,000	75,000
	Operating leases - plant and equipment	1,755	1,812
	Interest on bank loans and overdrafts	-	115
	Gains on disposal of fixed assets	(418,500)	(11,000)
		<u> </u>	<u> </u>

16. Guarantees

The Board has given guarantees to Lloyds Bank for £49,639 (2023: £49,639) in respect of loans granted to parishes.

17. Pensions

(a) Clergy Pensions

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2024: £980,489. 2023: £1,087,479), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contribution paid were £Nil (2023: £Nil).

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

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

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

NOTES TO THE ACCOUNTS

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

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil
31 December 2024	Nil

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

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

	2024 £	2023 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

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

The legal structure of the scheme is such that if another Responsible Body fails, Liverpool DBF could become responsible for paying a share of that failed Responsible Body's pension.

(b) Staff pensions

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

CWPF has two sections:

1. The Defined Benefits Scheme.
2. The Pensions Builder Schemes, which has two subsections:
 - a. a deferred annuity section known as Pension Builder Classic; and
 - b. a cash balance section known as Pension Builder 2014.

NOTES TO THE ACCOUNTS

Defined Benefits Scheme

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

For funding purposes, 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. This does 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 DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2024: £96,544, 2023: £147,011) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £96,544 for 2024 (2023: £147,011).

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 having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

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

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

NOTES TO THE ACCOUNTS

18. Analysis of net assets by funds as at 31 December 2024

Current financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long-term Liabilities £	Total £
Unrestricted funds	712,981	9,630,237	1,086,085	(561,447)	10,790,755
Restricted funds	5,190,514	-	610,452	(600)	5,800,366
Endowment funds	32,869,923	955,076	-	-	33,824,999
Total	38,773,418	10,585,313	1,696,537	(562,047)	50,493,220

Prior financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long-term Liabilities £	Total £
Unrestricted funds	790,532	9,178,096	475,550	(585,000)	9,829,178
Restricted funds	5,190,513	-	308,155	(600)	5,498,068
Endowment funds	32,869,923	955,076	-	-	33,824,999
Total	38,850,968	10,103,172	783,705	(585,600)	49,152,245

Further details of individual funds are given in note 20 below.

19. Lease obligations

At 31 December 2024, Liverpool DBF was committed to making the following payments under non-cancellable operating leases:

	2024		2023	
	Land and Buildings £	Plant and Equipment £	Land and Buildings £	Plant and Equipment £
Within 1 year	75,000	-	75,000	-
Within 2 to 5 years	131,250	-	206,250	-

NOTES TO THE ACCOUNTS

20. Accumulated funds

Diocesan Stipends Fund (DSF) Capital Account: The Diocesan Stipends Fund Capital account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can be utilised for stipend purposes. The DSF capital account is disclosed as an expendable endowment in these financial statements.

Stipends & Ordinands Permanent Endowment: The Stipends & Ordinands Permanent Endowment Fund represents the accumulation of a number of donations given over a number of years towards the support of Stipendiary Ministry and Ordinands in training and their families.

DBE Property Restricted Fund: The DBE Property Restricted fund relates to the proceeds of sale of redundant school sites and is used for the benefit of church schools in the Diocese.

DBF Property Fund: The DBF Property Restricted fund represents the accumulated value of Glebe Houses and owned by the DBF.

Parsonage Building Expendable Endowment Fund: The Parsonage Building Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefice concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage building fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Building Fund has been included as an expendable endowment fund in these financial statements.

The Specific Restricted fund includes income and related expenditure for the following:

- C of E Stipends Fund
- Church Inspections
- Partners in Mission
- English Heritage

NOTES TO THE ACCOUNTS

20. Accumulated funds [Continued]

Current financial year	General £	Specific Restricted £	DBF Property Fund £	DBE Property Restricted £	DSF Capital Expendable Endowment £	Parsonage Building Expendable Endowment £	Stipends & Ordinands Permanent Endowment £	Total £
Movement in year:								
Total funds 2023	9,829,178	306,554	5,190,514	1,000	765,457	32,104,466	955,076	49,152,245
Incoming resources	12,579,574	3,178,152	-	-	-	-	-	15,757,726
Outgoing resources	(11,989,605)	(2,875,853)	-	-	-	-	-	(14,865,458)
Gains/losses	448,708	-	-	-	-	-	-	448,708
Transfers	-	-	-	-	-	-	-	-
Total funds 2024	10,867,855	608,852	5,190,514	1,000	765,457	32,104,466	955,076	50,493,220
Represented by:								
Tangible fixed assets:	712,981	-	5,190,514	-	765,457	32,104,466	-	38,773,418
DBF Houses & Glebe	703,840	-	1,894,514	-	765,457	-	-	3,363,811
DBF Houses VLL	-	-	-	-	-	-	-	-
Parsonages and TV Glebe	-	-	3,296,000	-	-	32,104,466	-	35,400,466
Furniture and fittings	9,141	-	-	-	-	-	-	9,141
Investments:	9,630,237	-	-	-	-	-	955,076	10,585,313
CCLA	3,425,225	-	-	-	-	-	955,076	4,380,301
Investment property	6,205,000	-	-	-	-	-	-	6,205,000
DBE Services Ltd	12	-	-	-	-	-	-	12
Net current liabilities:	1,086,084	608,852	-	1,600	-	-	-	1,696,536
Debtors	1,848,302	-	-	1,600	-	-	-	1,849,902
Bank and cash (net of overdraft)	3,466,868	608,852	-	-	-	-	-	4,075,720
Sundry creditors and accruals	(4,229,086)	-	-	-	-	-	-	(4,229,086)
Long term liabilities:	(561,447)	-	-	(600)	-	-	-	(562,047)
Loans from Church Commissioners	-	-	-	-	-	-	-	-
Loans from CCLA	(561,447)	-	-	-	-	-	-	(561,447)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributions	-	-	-	-	-	-	-	-
Total funds 2024	10,867,855	608,852	5,190,514	1,000	765,457	32,104,466	955,076	50,493,220

NOTES TO THE ACCOUNTS

20. Accumulated funds [Continued]

Current financial year	General £	Specific Restricted £	DBF Property Fund £	DBE Property Restricted £	DSF Capital Expendable Endowment £	Parsonage Building Expendable Endowment £	Stipends & Ordinands Permanent Endowment £	Total £
Analysis of reserves:								
General funds	10,867,855	-	-	-	-	-	-	10,867,855
Restricted funds	-	608,852	5,190,514	1,000	-	-	-	5,800,366
Endowment funds	-	-	-	-	765,457	32,104,466	955,076	33,824,999
	10,867,855	608,852	5,190,514	1,000	765,457	32,104,466	955,076	50,493,220

NOTES TO THE ACCOUNTS

20. Accumulated funds [Continued]	General £	Specific Restricted £	DBF Property Fund £	DBE Property Restricted £	DSF Capital Expendable Endowment £	Parsonage Building Expendable Endowment £	Stipends & Ordinands Permanent Endowment £	Total £
Prior financial year								
Movement in year:								
Total funds 2022	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409
Incoming resources	11,903,222	2,372,971	-	-	-	-	-	14,276,193
Outgoing resources	(12,225,315)	(2,075,920)	-	-	-	-	-	(14,301,235)
Gains/losses	294,878	-	-	-	-	-	-	294,878
Transfers	174,000	-	(174,000)	-	-	-	-	-
Total funds 2023	9,829,178	306,554	5,190,514	1,000	765,457	32,104,466	955,076	49,152,245
Represented by:								
Tangible fixed assets:	790,532	-	5,190,514	-	765,457	32,104,466	-	38,850,969
DBF Houses & Glebe	703,840	-	1,894,514	-	765,457	-	-	3,363,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages and TV Glebe	-	-	3,296,000	-	-	32,104,466	-	35,400,466
Furniture and fittings	1,691	-	-	-	-	-	-	1,691
Investments:	9,148,096	-	-	-	-	-	955,076	10,103,172
CCLA	3,265,626	-	-	-	-	-	955,076	4,220,702
Investment property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net current liabilities:	475,550	306,554	-	1,600	-	-	-	783,704
Debtors	1,335,343	-	-	1,600	-	-	-	1,336,943
Bank and cash (net of overdraft)	3,497,924	306,554	-	-	-	-	-	3,804,478
Sundry creditors and accruals	(4,357,717)	-	-	-	-	-	-	(4,357,717)
Long term liabilities:	(585,000)	-	-	(600)	-	-	-	(585,000)
Loans from Church Commissioners	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributions	-	-	-	-	-	-	-	-
Total funds 2023	9,829,178	306,554	5,190,514	1,000	765,457	32,104,466	955,076	49,152,245

NOTES TO THE ACCOUNTS

20. Accumulated funds [Continued]

Prior financial year	General £	Specific Restricted £	DBF Property Fund £	DBE Property Restricted £	DSF Capital Expendable Endowment £	Parsonage Building Expendable Endowment £	Stipends & Ordinands Permanent Endowment £	Total £
Analysis of reserves:								
General funds	9,829,178	-	-	-	-	-	-	9,829,178
Restricted funds	-	306,554	5,190,514	1,000	-	-	-	5,498,068
Endowment funds	-	-	-	-	765,457	32,104,466	955,076	33,824,999
	9,829,178	306,554	5,190,514	1,000	765,457	32,104,466	955,076	49,152,245

Fund Transfer

The transfer from the DBF Property Fund in the prior year to the general fund relates to the sale of a property held in the DBF Property Fund and the associated value therefore released to the general fund

NOTES TO THE ACCOUNTS

21. Related party transactions

Details of transactions with the main related parties of the Diocese are given in the appropriate notes to the financial statements.

22. Post balance sheet events

There were no significant post balance sheet events to report.

THE LIVERPOOL DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249740

Accounts



Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2023

*Registered Charity Number 249740
Registered Company Number 18301*

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CHAIR'S REPORT

Chair's Report

I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2023.

My report on the 2022 year began with a reflection on the impact of Covid-19 during 2021 and went on to highlight the resulting impact on church life as we sought to establish what 'normal' was in a post-pandemic context, returning to in person attendance at worship and other church activities. It was quickly evident that some worshipping communities had fared better than others in terms of the proportion of members returning, recovery of giving and willingness to be both present and participating. We were grateful for the support from the National Church Institutions which was passed through to parishes and relieved the immediate financial pressure and so we approached 2023.

As I indicated in my 2022 report, recovery in parishes was hard work, The passage of time has shown that in some churches attendance has recovered and there is now growth, some have held on but are not growing and others have not seen a return to their pre-Covid-19 levels of attendance. For most parishes, even those whose attendance is growing, finance remains a challenge.

It was in this context that the Diocesan Synod set a budget for 2023 anticipating a small surplus of £11,408. The budget reflected the increased costs of ministry in our parishes and schools and an increase in parish share which was fully mitigated by Parish Share Credit. Against this budget our in-year operating performance showed a loss of £61,000. Three main factors, all related to income, contributed to that loss. The main one was a shortfall in parish share receipts of £561,000, thankfully this was fully mitigated by a further grant from the National Church for which we are very grateful. The other two factors were a shortfall in budgeted income from investments of £41,000 and a reduction in grant income of £30,000.

Aware of the need to establish a more financially stable and sustainable future for our diocese, 2024 has been a year of radical reflecting and planning for the 2025-31. We have engaged with the national church in that planning process. It has taken time but has been creative and positive and I would like to express my thanks for the external support we have had from the National Church Institutions over recent months. If we can secure a successful outcome we will be in a position to deliver the necessary actions and to look forward creatively and from a firm base over the coming six years.

Finally, I would like to thank the staff at St James' House, the parishes and the clergy of the diocese for their ongoing commitment and support and to thank those who serve on the Finance Committee for their committed stewardship of the work in the diocese over the last year.



Maggie Swinson

Chair

31 October 2024

TRUSTEES' REPORT

**TRUSTEES' ANNUAL REPORT AND DIRECTORS' REPORT INCORPORATING STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

Liverpool Diocesan Board of Finance is a multi-faceted structure. It is:

- ◆ A registered charity (no. 249740)
- ◆ A company limited by guarantee (no. 18301)
- ◆ A Board of Finance established under the Diocesan Boards of Finance Measure 1925
- ◆ A trust corporation.

Its registered office is St James' House, 20 St James Road, Liverpool LI 7BY.

The governing body of the diocese is the Diocesan Synod whose members are also members of the Diocesan Board of Finance. Although the work of the Finance Committee is the sole responsibility of those elected to serve on it, all its business is conducted under the authority of the Diocesan Bishop who presides over all the affairs of the diocese.

Trustees

The financial executive of the Diocesan Synod is the Finance Committee. The members of the Finance Committee are the directors of the company and trustees of the charity. Through a combination of elected, ex officio, and co-opted posts our constitution enables us to achieve an appropriate balance between clergy and lay people.

Elections to the Finance Committee take place every three years. There were elections in November 2021 for the current Finance Committee which runs from 1 January 2022 to 31 December 2024. The trustees who served in 2023 were:

Maggie Swinson, Chair (ex officio)

Philip Stott, Deputy Chair

The Right Reverend Beverley Mason, Bishop of Warrington (ex-officio)

The Venerable Pete Spiers, Archdeacon of Knowsley & Sefton (ex officio)

The Venerable Simon Fisher, Archdeacon of St Helens & Warrington (ex officio)

The Ven Dr Miranda Threlfall-Holmes, Archdeacon of Liverpool (ex officio)

The Ven Mike McGurk (ex officio, resigned on 31.01.2023)

Keith Cawdron (elected)

Gabriel Chiu (elected)

Richard Denno (elected)

Stephen Derringer (elected)

Rev Peter Dawkin (elected)

Angela Matthewson (elected)

Rev Emma Williams (elected)

TRUSTEES' REPORT

Senior staff

The Chief Officer for the charity is the Diocesan Secretary, Mike Eastwood. The senior management team, to whom day to day management of the charity is delegated by the trustees, are:

Mike Eastwood, Diocesan Secretary

Stuart Haynes, Assistant Diocesan Secretary & Director of Communications

Debbie Brisco, HR Manager

Matt Elliott, Director of Finance

Stuart Harrison, Director of Education

Ellen Loudon, Director of Social Justice

Suzanne Matthews, Director of Vocations

Steve Pierce, Director of Learning & Stewardship

Richard Gedge – Diocesan Programme Manager

Bankers and professional advisers

Auditors

Mitchell Charlesworth (Audit) Limited, Suite 5.1, 12 Tithebarn Street, Liverpool, L2 2DT

Bankers

Lloyds Bank plc, Church Street, Liverpool, L1 3HD

Investment managers

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

Diocesan Registrar

Howard Dellar of Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London SW1P 3JT

Solicitors

Hill Dickinson LLP, No. 1 St Paul's Square, Liverpool L3 9SJ

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and objects

The structure governing the work of the charity is complex reflecting the idiosyncrasies of the Church of England. On the one hand, the charity is fairly straightforwardly registered as a charity and a company with appropriate memorandum and articles of association (last modified in March 2010). On the other hand, there are a number of inter-connected relationships and influences directly impacting on the work of the charity (see below).

Trustees

The Finance Committee is the trustee board. It has a mixture of ex-officio and elected members. Elections take place every three years at the first meeting of the new Diocesan Synod (itself elected every three years). The most recent set of elections were in November 2021, with all newly elected members of the Finance Committee serving from 1 January 2022. The trustees have the power to co-opt members according to their assessment of possible imbalances or skills gaps

TRUSTEES' REPORT

among the elected and co-opted members. Given the relatively large number of elected and ex-officio trustees the general approach has been to keep co-options to a minimum (currently there are no co-opted trustees).

All trustees receive an induction pack, and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, especially around investment issues.

Organisational structure and decision-making

The Finance Committee is the financial executive of the Diocesan Synod and is required to comply with certain directions given to it by that Synod. It holds the budgets and accounts for all committees of the DBF and all activities undertaken by DBF staff and officers. It also needs to work very closely with Bishop's Council as the standing committee of Diocesan Synod. This requires an understanding of the aims and aspirations of those bodies and a desire to see them fulfilled alongside a deep regard for the need for good and appropriate governance of the charity. In recent years there hasn't been a particular conflict between these bodies, nor is one anticipated; however, the potential is always there.

The Finance Committee functions as the Parsonages Board of the diocese for purposes of parsonages legislation, although it delegates the oversight of DBF housing management to the Clergy Housing Committee. It has subcommittees dealing with audit, remuneration of DBF staff, and the management of the DBF property and investments.

The Diocesan Board of Education is integrated into the Diocesan Board of Finance both legally and practically. On 16 June 2022 the Diocesan Board of Education formally became a Statutory Committee of the Diocesan Board of Finance under Section 23(1) of the Diocesan Boards of Education Measure 2021. This integration helps organisational cohesiveness and inter-departmental working.

Trustees are fully aware of their responsibilities under charity law. Within this the day-to-day running of the charity is delegated to senior staff. However, trustees and senior staff are clear that all decisions on policy that may create significant financial or other risk to the company, or which affect material issues of principle must be taken by trustees and not staff.

Networks and key relationships

The charity has a multiplicity of relationships. The main ones are with:

- ◆ Diocesan Synod as the Board of Finance and governing body of the diocese
- ◆ Bishop's Council as the standing committee of Diocesan Synod
- ◆ The Diocesan Oversight Team and Appointments & Wellbeing Committee, where decisions are taken about strategy and the deployment of clergy
- ◆ Other diocesan committees, especially the Diocesan Mission & Pastoral Committee and Board of Education
- ◆ Deanery Synods and Deanery Mission & Pastoral Committees, where local mission plans are decided, and their pastoral implications worked through
- ◆ Parishes within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance
- ◆ Church schools in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- ◆ Liverpool Cathedral, on whose campus we are located and with whom there is now an established pattern of integrated working

TRUSTEES' REPORT

- ◆ Other dioceses, especially in the North West of England, with whom we have close collaborations and provide services, especially to schools
- ◆ Providers of pre-ordination and Reader training, particularly Emmanuel Theological College and also the residential theological colleges
- ◆ The national church institutions (Archbishops' Council, Church Commissioners, and the Pensions Board) from whom we receive significant funding, policy directives and legal consents to transactions.
- ◆ Other Christian denominations with and through whom we work on matters of workplace chaplaincy, safeguarding and ecumenical relations notably through Churches Together in the Merseyside Region and Mission in the Economy
- ◆ Interfaith bodies, such as Merseyside Council of Faiths and Liverpool Community Spirit, as part of our cross-community work to promote good interfaith relations
- ◆ Key infrastructural bodies on Greater Merseyside (notably VS6, volunteer centres and councils for voluntary service) on which we represent ecumenical partners and lead on provision in rural areas.
- ◆ Liverpool Diocesan Council for Social Aid whose key roles are running Adelaide House Women's Bail Hostel and working on penal affairs and social inclusion

In 2017 the Diocese established the Liverpool Diocesan Schools Trust as multi-academy trust as part of its on-going engagement with the academisation agenda. This sits alongside the Liverpool Diocesan Educational Trust which was established in 2012 to enhance links with church school academies. DBE Services Ltd continued trading, as did Emmanuel Theological College. DBE Services Ltd is an inter-diocesan company for the dioceses of Liverpool, Blackburn, Carlisle, Chester, Manchester, and York, providing property and other services to schools. Emmanuel Theological College (ETC) was formed in April 2021 out of the former All Saints Centre for Mission & Ministry. The Diocese of Liverpool is one of four member bodies. We also maintained our joint venture with the Church Urban Fund entitled Together Liverpool which seeks to support and resource parishes as they seek to serve their wider community. In 2018 we established the Good Funerals Company to help re-imagine the way in which we engage with bereavement ministry.

The single most important relationship we have continues to be with the clergy and lay people within the churches in our diocese whose ministry is the heartbeat of the diocese. We currently have c 170 serving parish and cathedral-based stipendiary clergy, around 60 self-supporting and ordained local clergy, 30 Local Missional Leaders, 200 readers and over 100 active retired clergy. We have c. 20 clergy serving full-time as chaplains in schools, hospitals, universities, and prisons plus others serving in a part-time capacity.

Public benefit

The trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board. We believe that by promoting the work of the Church of England in the Diocese of Liverpool we help to promote the whole mission of the Church (pastoral, evangelistic, social, and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that this provides a benefit to the public by:

- ◆ Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for our members and for anyone who wishes to benefit from what the Church offers; and
- ◆ Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

More information on these benefits follows throughout this report.

TRUSTEES' REPORT

3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. For many years we have been working to achieve growth in our diocese. We have used different ways to express this, but the aim and direction of travel has remained the same – consistent with the whole of the Church of England. Our vision and strategy is to ask God for a bigger church so we can make a bigger difference so that there are more people knowing Jesus and more justice in the world.

In 2021, as part of our Fit for Mission work (see below), we refined this into 4 priorities:

- i. Introducing people to Jesus
- ii. Deepening discipleship
- iii. Developing Christian leaders
- iv. Working for justice

The new Bishop of Liverpool, Bishop John, arrived in April 2023. He has clearly affirmed this missional direction. The challenge is to embed it in hearts and minds across the diocese.

The Finance Committee is aware that a diocese succeeds through the mission and ministry of its parishes and its bishops. Through striving for the highest standards of financial management, the Finance Committee aims to create the conditions in which their mission and ministry can flourish and be maximised.

It interprets its role broadly, contributing to the strategic leadership of the diocese, balancing careful stewardship with a flexible and proactive approach, a body that enables, not inhibits. It sees itself as a servant of Synod and Bishop's Council, primarily through exercising good financial governance.

The Finance Committee is working towards the following organisational outcomes:

1. A sustainable financial resource to support agreed mission and ministry in the Diocese of Liverpool
2. A talented and high performing team at St James' House serving the mission and ministries of the parishes and bishops and delivering on the aspirations of the diocesan strategy
3. A well-run charity which meets the highest standards in governance, management, and operational efficiency.

Our main activities can be summarised as:

- ◆ The development and implementation of mission and church growth strategies
- ◆ The provision of advisory services to bishops, archdeacons, parishes, schools, chaplaincies, fresh expressions, and church bodies (mainly through employed staff)
- ◆ The support, training, payment, and housing of clergy
- ◆ The support and training of lay people
- ◆ The management and development of staff members
- ◆ Contributing to the national work of the Church of England

For more detail on individual activities see section 4 (I), "Achievements and performance". For information on our strategic thinking into the future please see section 4 (III), "Future plans".

TRUSTEES' REPORT

Grant-making policy

No political contributions were paid during the year. Charitable contributions have been made as part of the Board's objectives. The main grants are as follows:

Mission in the Economy – £35,000 (2022 -£35,000) to support mission and chaplaincy in the world of work.

Churches Together in the Merseyside Region – £8,284 (2022 - £8,284) to support initiatives with ecumenical partners
Volunteers

The diocese continues, quite rightly, to be dependent on the huge number of people involved in church activities both locally and at diocesan level. Surveys suggest that faith communities in general and Anglican churches in particular are major contributors to their community through an enormous number of voluntary activities. This is one of the surest signs that our faith makes a difference to our lives and our outlook; we ignore and neglect this at our absolute peril.

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. After Covid restrictions were lifted and as churches re-started in person worship and community activity, we have noted that not all volunteers have come back – possibly as many as 20% of our active volunteers pre Covid have either withdrawn completely or significantly scaled back their commitments. They have, understandably, reflected on their life and priorities and are choosing to spend their time in different ways. This has significant implications for the church, not least because the service provided to a community through this church-managed volunteering also has a significant impact, for example, on people's approaching the church at times of crisis, for baptisms, funerals and the other aspects of church life and community engagement.

Within all of this the DBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the diocese's mission and strategy.

4. STRATEGIC REPORT

I. ACHIEVEMENTS AND PERFORMANCE

As flagged in previous Annual Reports we conducted a comprehensive strategic review in 2021. While retaining a continued focus on growing a bigger church to make a bigger difference we asked fundamental questions as to how we give full effect to our vision that there are ever more people knowing Jesus and more justice in the world. This review ended culminated in a successful bid for £7.5 million from the national church programme for Strategic Transformation Funding. Our programme is entitled Fit for Mission and seeks to re-imagine how we undertake mission and ministry in the across our parishes.

There is much more information on Fit for Mission on the diocesan website, but we would summarise Fit for Mission as an ambitious, growth-orientated, and locally delivered change programme to enable mission and ministry to flourish in the Diocese of Liverpool. It simultaneously invests in our 4 priority areas (introducing people to God through Jesus, deepening discipleship, developing Christian leaders, working for justice) while dealing head-on with the intransigent problems that significantly inhibit growth (constraining structures, inappropriate buildings, non-delivery of expectations). Each deanery within our diocese will be supported and resourced to work through a 2-year change process, in which they shape the detail and make good and contextually appropriate local decisions.

TRUSTEES' REPORT

The intensive work of transformation is underway. It will be a long and no doubt bumpy process but we remain convinced that Fit for Mission offers the best chance for the diocese to establish a platform to reverse decades of gradual decline and to move to a more resilient and growth-orientated position.

As we reported in previous Annual Reports, it has become clear that post-pandemic, the fundamentals of diocesan finances have shifted. We reported last year that we had seen a fall in regular church attendance of c. 20%; that plus the cost of living crisis had impacted on giving; furthermore, the massive increase in utility costs had also impacted parish finances. For these and other reasons we identified a post Covid structural deficit of c. £1 million had emerged in the diocesan budget. This manifested in a shortfall in local capacity to meet Parish Share payments.

In one sense this structural deficit is by no means unusual in the current Church of England. Most dioceses are facing something similar, if not worse (aggregate diocesan deficits in 2023 were c. £50 million). The difference in the Diocese of Liverpool is our uniquely weak asset base. We have the lowest historic assets in the Church of England. We always have had; it's an accident of history. But this lack of historic assets has cost the Diocese of Liverpool c. £1.5 million a year of lost income – year after year after year. That is starting to matter. And coupled with a challenging demographic and low land values we believe that the overall difference in income between the Diocese of Liverpool and the average diocese in the Church of England is nearly £5 million a year. And it's not because of our performance which is not in any way outlying; it is the financial and demographic hand that we have been dealt.

We believe that this has come to an unsustainable position, not least because of the impact on parishes. The levels of Parish Share as a proportion of parish income are too high.

Our fiscal rules do not allow us to make revenue deficits year on year. We have to return to a breakeven position. But we wanted to get a thorough understanding of the drivers of our deficit and our relative performance within the wider church. So we invited the national church to conduct an independent review of the Diocese of Liverpool – the first of its kind anywhere in the Church of England. This review was basically established to answer a simple but fundamental question – is the financial position of the Diocese of Liverpool caused by uniquely poor management or a uniquely unjust financial settlement. This initial review concluded that the Diocese of Liverpool is well managed and that our financial challenges do not result from poor decision-making. So we have embarked on a more detailed conversation with the national church about how we could secure a level of investment that would help turn the diocese from decline into sustained growth, enabling us to have stronger parishes and more resilient overall finances. If successful there would be a level of investment into our parishes to enable a more confident and urgent engagement in Fit for Mission and other strategic developments – all geared to making real the four missional priorities across the whole diocese.

As part of this process we also asked the national church (i) for further Sustainability Funding in 2022 and (ii) to support our in-year 2023 Parish Share position to enable us to continue to plan confidently while the Independent Review ran its course. The national church responded very positively and enormously helpfully to these requests granting us £0.5 million Sustainability Funding in 2022 (to enable us to credit out the bulk of Parish Share arrears in year) and up to £1 million to underwrite the 2023 position, of which £0.56m was required to support the 2023 position. We have been supported with one final award of stabilisation funding for 2024, providing £0.5m to support the financial position during the year whilst longer term plans are developed within the Diocese. We want to put on record our on-going thanks for that significant support as we navigate through these extremely challenging times.

And finally in this section we want once again to thank our parishes for their continued commitment in seeking to pay Parish Share. Pre Covid our overall Parish Share payment levels were net c. 99%, an extraordinarily high level of financial

TRUSTEES' REPORT

commitment. Those levels are no longer possible for all parishes for the reasons mentioned above; but the sacrificial commitment to pay what parishes can is still there. It remains the core of our diocesan budget.

Strategic Development Projects

We continue to engage constructively in the national church's visions and strategy programme. We have previously reported on our first 3 Strategic Development Fund programmes – Transforming Wigan, Joshua Centre and Transform North West. These are all in the process of being integrated into our Fit for Mission project work. Transforming Wigan and the Joshua Centre have each been independently reviewed with a clear celebration and lessons learned focus. These reviews are available on the diocesan website.

Our 4th Strategic Development Fund project – Missing Generations – began its work in earnest in September 2020. It aims to grow 2 major resource churches at St James in the City and St Barnabas Penny Lane with a view to planting a 3rd resource church (which will begin its work fully during 2024). Each of these churches will be central to our future planting and revitalising work and capacity, not least as they are focussed on the under 30-year-old generations. The Missing Generations project is also geared at working in secondary schools, FE colleges and universities in Liverpool and Wigan, again to reach out to people currently unconnected with church. The ambitious work of Missing Generations remained on course during 2023.

Social and racial justice

In 2021 there was a significant re-gearing of Together Liverpool, our key social justice partner, significantly aided by a successful application for National Lottery funding. Together Liverpool's research shows that if Liverpool were a diocese of 100 churches:

- 64 would be involved in food banks
- 41 would be involved with toddler groups or playgroups
- 54 would be providing lunch clubs or drop ins for older people
- 28 would be involved in community cafes
- 16 would be helping provide money and debt advice
- 20 would be providing breakfast or after school activities
- 17 would be involved with provision for homeless people
- 32 would be involved in other social action work and projects

In 2022 we appointed our first Racial Justice Officer, supported by monies kindly given by the Diocese of Oxford. Through the work of our Racial Justice Officer we developed a strategy to enable us to become an anti-racist diocese and to move from repentance to repair in matters of racial justice. During 2023 we secured additional funding from the national church to support this work.

Good Funerals Company

We have established the Good Funerals Company as a subsidiary trading company of the Diocesan Board of Finance. This is part of a long-term strategy to reverse the decline in church-led funerals in the Diocese of Liverpool as well as engaging constructively and compassionately with bereaved families. It was launched in the summer of 2019 and developed significantly through the Covid crisis. It has grown year on year and in 2023 took over 350 funerals.

Church attendance

Levels of church attendance remain a concern, despite the good work of our Strategic Development Fund projects noted above. The pre Covid average age of our congregations was significantly higher than the average age of the general

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population. And it's clear that the net impact of Covid on church attendance has been negative. It seems that weekly attendance has settled down at c 80% of the pre Covid levels (although monthly attendance may be slightly higher than that). It remains a significant but vital challenge to turn this decline around.

Schools

We continue to maintain our 'market share' of children attending schools with c. 40,000 children in Church of England schools. Over 90% of our schools are currently rated good or outstanding by Ofsted, in line with our target. LDST, our multi-academy trust (MAT) is now well established and the subject of a very positive Ofsted inspection, and we continue to work on plans relating to the Government's Schools White Paper. We continue to be ambitious in promoting high quality, distinctively Christian primary and secondary education.

Access and inclusion

We remain absolutely committed to sustained excellence in safeguarding both children and vulnerable adults in the diocese. We have invested significantly in the capacity of our safeguarding team and the level of training and information produced. We have a clear strategy in place. Our second Past Cases Review (PCRs) was finished in December 2021 – the timescale set by the national church for all dioceses – and was published in October 2022. We have systematically worked through its recommendations and are confident that there are currently no outstanding actions.

The DBF's commitment to access and inclusion has continued through the work on Disability Awareness and the Disabled Friendly Church Award. The move to on-line worship has been one of the few upsides to Covid in terms of making church accessible to people who would otherwise be unable to attend physically.

Asset management

2023 was a more positive year for investment markets and our CCLA portfolio saw an unrealised gain of £294,878.

Similarly, after a period of reduced activity during the height of the pandemic, improvement and compliance works on clergy housing continued during 2023 with an additional £1.75m in financial investment into housing beyond the existing budget up to the end of 2024. We also recognise the continued need for this greater level of investment and we continue to plan for substantial improvement works in 2025 and beyond.

We continue to monitor closely our cash and broader reserve levels and think and plan on the basis of the medium rather than the short-term investments. We have not deemed it necessary or advantageous to change our investment policies.

Property

We hold a lot of property (valued at £45 million). Much of this in practice takes the form of notional assets; because we have a responsibility to house clergy, we have little operational freedom around disposal or re-working of the individual assets. Rather, our primary responsibility is to ensure that clergy and their families feel safe and comfortable in their homes and that it provides a suitable base for mission and ministry.

The trustees are of the opinion that the market value of land and buildings exceeds their carrying value by an amount which cannot be ascertained without a disproportionate cost in determining the information.

2023 saw some minor changes in our property portfolio. One former vicarage was sold during the year for a total of £185,000 having previously been held at carrying values totalling £174,000, therefore yielding a net gain of £11,000.

TRUSTEES' REPORT

II. FINANCIAL REVIEW

2023 was another significantly challenging year for Diocesan finances. We continued to budget according to our fiscal rules although the means by which we met them were exceptional. Although we achieved a surplus for the year of £269,836, it was through a series of exceptional measures which will not be available to us in the medium term, so it is important that we continue to attend to the underlying financial position in line with our fiscal rules, whilst working towards a long term mission, finance and people plan that will support a trajectory towards overall sustainability.

We also continue to recognise that the clergy housing budget is inadequate to ensure a safe, warm, and comfortable home for all our clergy. We continued through a process of strategic review to analyse what investment will be required to get and maintain our clergy housing in good condition. We have increased funding for housing by a total of £2.75m over the five years to 2025.

Our fiscal rules are:

- 1. We aim to achieve break-even in each financial year and triennial cycle. Financial losses may be acceptable on a limited scale over a short period, within the context of breakeven over the triennium. Consecutive annual losses will only be acceptable in extraordinary circumstances (to avoid perpetuating reductions in reserve levels).*
- 2. Parish Share and Lowest Income Communities Funding are to fund Missional Leadership. Investment income (rental and dividend), earned income and grant funding are to fund St James' House Services. Any imbalance between St James' House services budget and Missional Leadership budget is to be limited to within £100,000 in any given year.*
- 3. Missional Leadership budget variance to be distributed or recovered within the triennium.*
- 4. Strict budget discipline to apply in all areas of activity. Flexibility between budgets is acceptable, flexibility beyond budgets is not.*

Investment and cash reserves are to be maintained at a minimum of four months operating expenditure

Performance against budget

Each year we present a budget to Synod, which summarises our financial thinking and – once approved – sets the framework for our financial decision-making.

For 2023 we set a budget with a small surplus of £11,408 incorporating increases in the costs of ministry in parishes and schools and Parish Share increases mitigated fully by Parish Share Credit.

Our management accounts loss was £61,000, reflecting some of the ongoing issues facing church finances and Parish Share, but also the measures introduced to mitigate those losses. Parish Share receipts fell short of budget by £561,000, with a further shortfall in income from investments (£41,000) and grants (£30,000).

Much of this shortfall were offset by additional grant support from the National Church (£561,000) applied towards the shortfall in Parish Share collection.

TRUSTEES' REPORT

Annual accounts

The Statement of Financial Activities on page 21 shows a significantly better position than the management accounts, namely a net increase in funds for the year of £269,836. This is because in addition to the loss of £61,000 referred to above there were additional expenses, provisions, gains, and revaluations as follows:

Expenditure, provisions and losses (reducing funds):

- ♦ £5,000 in depreciation
- ♦ £390,000 in Clergy Housing Capital investment

Gains and revaluations (increasing funds):

- ♦ £295,000 in equity investment gains
- ♦ £11,000 in additional gains on the sale of property
- ♦ £122,000 in one-off legacy and donation receipts
- ♦ £297,000 in short term restricted fund movements

We believe that our overall financial management is sound. Despite the challenges facing us as we emerged from the pandemic, we achieved a broadly breakeven result in our management accounts and with the overall effect of the above adjustments, a further £269,836 was added to the Diocese's accumulated funds over 2023.

Reserves

The reserves policy of the Finance Committee is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

The DBF aims to maintain the equivalent of at least four months' operating expenditure in cash and equities in the General Fund. This excludes all designated funds, loans and loan guarantees. This policy is to be reviewed annually in the January Finance Committee meeting.

Our fiscal rules established in 2018 state that investment and cash reserves are to be maintained at a minimum of 4 months operating expenditure. At the end of 2023 the total value of investments had recovered to the equivalent of 4 months budgeted expenditure but we remain vulnerable to volatility in the wider economy. Until we are able to enhance our asset base and diversify our holdings we remain vulnerable to reserves falling below the minimum target figure.

Investment markets stabilised during the year and we were able to maintain sufficient cashflow without any requirement to drawdown on investment reserves to realise additional cash.

The unrestricted reserve stands at £9.8m. £3.2m representing 3 months' operating expenditure, is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining reserves at a minimum of three months will cushion the diocese from short-term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

There were no designated funds during 2023.

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Investments

The Memorandum of Association gives the trustees power to invest in any investment authorised by law in investment of trust funds. The trustees confirm that all investments have been acquired in accordance with their powers, and that they have followed the ethical investment policy used by the central Church of England bodies.

Our historic Glebe land portfolio is substantially managed by Fisher German.

Grants received

Our main source of income is Parish Share. We also receive grants from Archbishops' Council through the Lowest Income Communities Fund, Strategic Development Fund, Strategic Ministry Fund and Sustainability Fund. These issues are discussed elsewhere in this report. We continue to be very grateful for the support of Marshall's Charity in the improvement of our housing stock and for the ongoing support of the Benefact Trust.

III. FUTURE PLANS

We remain committed to asking God for a bigger church to make a bigger difference so that there are more people knowing Jesus and more justice in the world. As reported above these have been refined into 4 mission priorities and we obtained significant funding for our Fit for Mission programme. If we cannot reverse the underlying long-term decline, amplified by Covid, we will find our future increasingly constrained. These are key times for the long-term future of the Diocese of Liverpool.

IV. PRINCIPAL RISKS AND UNCERTAINTIES

In addition to the financial and other risks outlined below, there are various key areas of activity where the diocese could incur financial penalties, operational failings, or reputational damage. In 2021 we began a process of re-working our risk and assurance processes; this work was completed in 2022. We now have a comprehensive risk and assurance framework where risk is clearly articulated and operates as a forcing function. The assurance framework is underpinned by metrics which articulate what good looks like and then track performance through. The trustees undertake an annual risk review exercise (the Audit Committee is the lead body in this).

Our risk register continues to highlight a number of risks which could impact seriously on the charity's operation and development. These range from the failure to reverse numerical decline to the failure to generate new disciples; from the failure to develop resilient finances to the failure to develop and maintain a robust safeguarding culture and practice; from the failure to invest in new technology to the implications of the climate crisis. The Finance Committee oversees the implementation of the recommendations arising out of this risk analysis. Liquidity risk is managed by ensuring sufficient liquidity to meet foreseeable needs, with an overdraft facility providing short-term flexibility and longer-term loans supporting asset acquisition.

5. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board is Custodian Trustee for trust assets with a market value of £6.1m at 31 December 2023. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2023. Most of these trusts are held on behalf of parishes whose charitable purpose is the advancement of religion and therefore is parallel to those of the Diocese. The funds are held in separate investments from those of the DBF and there is a separate bank account from which payments are made. We also hold a number of parish properties as Custodian Trustee, but we are unable to obtain a current valuation of these properties due to the complexity and substantial costs involved.

The Board also holds funds for the Liverpool Diocesan Pensions Fund and a number of historic trusts under the practical management of the bishops and archdeacons which give financial support to clergy and their families in need in the

TRUSTEES' REPORT

Diocese of Liverpool.

Further funds are held on behalf of Church of England Schools in the Diocese for capital building projects. At 31 December 2023, these funds had a market value of £3.4m (2022 - £3.4m).

6. NOTES AND QUERIES

There are a number of declarations and explanations that also need to be included in the annual report. These are as follows:

Significant changes in fixed assets

These are now explained in notes 10 and 11 to the financial statements.

Related party transactions

The diocese is a complex entity with a series of potentially overlapping structures. These can give rise to conflicts of interest. For example, many board members are also active in their local church, either as priests or lay members, and there may well be issues discussed at board level which impact on their own church. There are also specific instances, such as an application for a diocesan loan, where the parish can directly benefit. The board is always conscious of such potential conflicts and the need for board members to act appropriately. Indeed, each Finance Committee meeting has a formal declaration of interest to highlight potential conflicts, and individual members have left the room during certain discussions to ensure freedom of debate.

In 2008 a loan of £25k was issued to Emmanuel Theological College, (originally known as the Southern North West Training Partnership), a related party, and a further loan of £25k was issued in 2009. In December 2020, a further loan of £10,000 was issued to support the development of the new theological college (renamed to Emmanuel Theological College). A total of £15,000 remained outstanding as at 31 December 2023. This balance is included within the figure of £88,991 for parish and other concessionary loans at note 12.

Post Balance Sheet Events

During the year we continued to develop our understanding of the longer term impact of the pandemic whilst engaging with the challenges and uncertainty that remain within both the church and the wider economy. We have been able to maintain our financial position and a position of similar strength to the position prior to the pandemic, but we recognise that the underlying financial strength of many parishes remain weakened post-pandemic.

In 2023 we continued to work through our Fit for Mission programme of change, supported by Strategic Transformation Funding from the Archbishops' Council. This programme allows us to work with deaneries to re-imagine how we undertake mission and ministry in the Diocese. We continue to work with partners throughout the church structures on this key strategic change programme whilst aiming to develop plans that will support improvements in our overall sustainability into the long term.

Fundraising

There have been no significant fundraising activities at diocesan level in 2023.

Insurance

We continue to arrange our insurance with Ecclesiastical Insurance Group. The policies are subject to regular review.

TRUSTEES' REPORT

Trustees' interest in shares

The board is a company limited by guarantee (company number 18301) and trustees, as members, may derive no benefit, income or capital interest in the board's financial affairs, other than the reimbursement of out-of-pocket expenses. No expenses were paid to Trustees' during the year.

Taxation status

The Board is a registered charity (charity number 249740) and, as such, is not liable to Income Tax or Corporation Tax on its charitable activities.

Contingent liabilities

There were no contingent liabilities on the Board at the end of the year other than the loans for with the charity has agreed to act as guarantor. The amounts are disclosed in note 16 to the financial statements.

7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the Liverpool Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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

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

TRUSTEES' REPORT

8. DISCLOSURE OF INFORMATION TO AUDITORS

The trustees also confirm that, as far as they are aware, there is no relevant audit information of which the charity's auditors are unaware and they have taken all 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 company's auditors are aware of that information.

By order of the Trustees



Maggie Swinson

Trustee

31 October 2024

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LIVERPOOL DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of Liverpool Diocesan Board of Finance (the 'charity') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 its net incoming resources and application of resources, 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 charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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.

INDEPENDENT AUDITOR'S REPORT

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes 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 directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

INDEPENDENT AUDITOR'S REPORT

- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

INDEPENDENT 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mitchell Charlesworth (Audit) Limited

Louise Casey ACA (Senior Statutory Auditor)
for and on behalf of Mitchell Charlesworth (Audit) Limited
Chartered Accountants
Statutory Auditor
31 October 2024

Suite 5.1
12 Tithebarn Street
Liverpool
L2 2DT

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2023**

Current financial year		Unrestricted Funds 2023 £	Restricted Funds 2023 £	Endowment Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
	Note					
Income from						
Donations	2					
Parish Share		7,065,714	-	-	7,065,714	7,321,397
Archbishop's Council		2,583,830	2,265,419	-	4,849,249	4,683,745
Other Donations		1,334,680	81,512	-	1,416,192	1,148,864
Charitable Activities	3	219,810	26,040	-	245,850	460,988
Investments	4	688,188	-	-	688,188	682,304
Other	5	11,000	-	-	11,000	1,096,597
Total income		11,903,222	2,372,971	-	14,276,193	15,393,895
Expenditure on						
Charitable activities	6	11,964,785	2,075,920	-	14,040,705	14,513,503
Other	7	260,530	-	-	260,530	212,522
Total expenditure		12,225,315	2,075,920	-	14,301,235	14,726,025
Net (expenditure) income before investment gains		(322,093)	297,051	-	(25,042)	667,870
Net gains (losses) on investments	11	294,878	-	-	294,878	(543,774)
Net (expenditure) income	15	(27,215)	297,051	-	269,836	124,096
Transfers between funds	20	174,000	(174,000)	-	-	-
Net movement in funds		146,785	123,051	-	269,836	124,096
Total funds brought forward		9,682,393	5,375,017	33,824,999	48,882,409	48,758,313
Total funds carried forward		9,829,178	5,498,068	33,824,999	49,152,245	48,882,409

All activities derive from continuing activities.

The notes on pages 25 to 47 form part of the financial statements

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2023**

Prior financial year		Unrestricted Funds 2022 £	Restricted Funds 2022 £	Endowment Funds 2022 £	Total Funds 2022 £
	Note				
Income from					
Donations	2				
Parish Share		7,321,397	-	-	7,321,397
Archbishop's Council		3,078,996	1,604,749	-	4,683,745
Other Donations		1,033,219	115,645	-	1,148,864
Charitable Activities	3	442,019	18,969	-	460,988
Investments	4	682,304	-	-	682,304
Other	5	1,096,597	-	-	1,096,597
Total income		13,654,532	1,739,363	-	15,393,895
Expenditure on					
Charitable activities	6	12,401,059	2,112,444	-	14,513,503
Other	7	212,522	-	-	212,522
Total expenditure		12,613,581	2,112,444	-	14,726,025
Net income (expenditure) before investment gains		1,040,951	(373,081)	-	667,870
Net gains on investments	11	(543,774)	-	-	(543,774)
Net income (expenditure)	15	497,177	(373,081)	-	124,096
Transfers between funds	20	(40,474)	146,000	(105,526)	-
Net movement in funds		456,703	(227,081)	(105,526)	124,096
Total funds brought forward		9,225,690	5,602,098	33,930,525	48,758,313
Total funds carried forward		9,682,393	5,375,017	33,824,999	48,882,409

All activities derive from continuing activities.

The notes on pages 25 to 47 form part of the financial statements

BALANCE SHEET

BALANCE SHEET

AT 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Fixed Assets					
Tangible Assets	10		38,850,968		39,029,892
Investments	11		10,103,172		9,808,294
			<u>48,954,140</u>		<u>48,838,186</u>
Current Assets					
Debtors: due within 1 year	12	1,336,943		900,377	
Cash at bank and in hand		3,804,478		4,179,283	
		<u>5,141,421</u>		<u>5,079,660</u>	
Creditors:					
Amounts falling due within one year	13	(4,357,716)		(4,449,837)	
Net current assets			<u>783,705</u>		<u>629,823</u>
Total assets less current liabilities			<u>49,737,845</u>		<u>49,468,009</u>
Creditors: amounts falling due after more than one year					
Other creditors	14		(585,600)		(585,600)
Net Assets			<u>49,152,245</u>		<u>48,882,409</u>
Accumulated Funds					
Endowment funds	20		33,824,999		33,824,999
Restricted funds			5,498,068		5,375,017
Unrestricted funds			9,829,178		9,682,393
Total funds			<u>49,152,245</u>		<u>48,882,409</u>

The financial statements on pages 21 to 47 were approved by the Finance Committee on 31 October 2024 and signed on its behalf by:

Maggie Swinson

Maggie Swinson
Chair

STATEMENT OF CASH FLOWS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023		2022	
		£	£	£	£
Cash flows from operating activities:					
Net cash (used in) provided by operating activities	i		<u>(1,247,993)</u>		<u>(882,926)</u>
Cash flows from investing activities:					
Investment income		688,188		682,304	
Sale of tangible fixed assets		185,000		1,941,517	
Purchase of tangible fixed assets		-		(5,073)	
Interest on loans and bank overdrafts		-		(3,225)	
Net cash provided by investing activities			<u>873,188</u>		<u>2,615,523</u>
Cashflows from financing activities:					
Cash inflows from new borrowings		-		-	
Net cash provided by financing activities			<u>-</u>		<u>-</u>
Net Change in cash and cash equivalents			<u>(374,805)</u>		<u>1,732,597</u>
Cash and cash equivalents brought forward			<u>4,179,283</u>		<u>2,446,686</u>
Cash and cash equivalents carried forward			<u>3,804,478</u>		<u>4,179,283</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

i, Reconciliation of net income to net cash (used in) provided by operating activities

	2023	2022
	£	£
Net income for the reporting period (as per the statement of financial activities)	(25,042)	667,870
Depreciation	4,924	8,236
Investment income	(688,188)	(682,304)
Interest on loans and bank overdrafts	-	3,225
Gains on disposal of property	(11,000)	(1,078,517)
Increase in debtors	(436,566)	440,078
(Decrease) increase in creditors	(92,121)	(241,514)
Net cash (used in) provided by operating activities	<u>(1,247,993)</u>	<u>(882,926)</u>

ii, Analysis of cash and cash equivalents

	I January 2023	Cash flow	Other non 31 December cash	2023
	£	£	£	£
Net Cash:-				
Cash at bank and in hand	4,179,283	(374,805)	-	3,804,478

iii, Reconciliation of net cash flow to movement in net funds

	2023	2022
	£	£
(Decrease) increase in cash	(374,805)	1,732,598
Opening net funds	4,179,283	2,446,685
Closing net funds	<u>3,804,478</u>	<u>4,179,283</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

I. (a) Accounting policies

The Liverpool Diocesan Board of Finance is company limited by guarantee registered in England no 18301 and a registered charity no 249740 and its registered office is at St James House, 20 St James Road, L1 7BY. The LDBF constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The charity has claimed exemption from preparing consolidated financial statements as its subsidiary, The Good Funeral Company Limited, remained dormant throughout 2023 and its activities have been recorded within the income and expenditure of the Diocese.

The presentation currency is pounds sterling and figures are shown to the nearest £. A summary of the more important accounting policies which have been consistently applied is set out below.

(b) Income

The principal source of income comes from voluntary giving in the form of parish share. All income is included in the Statement of Financial Activities (SOFA) when LDBF has entitlement to the funds, the amount can be quantified, and receipt of the funds is probable.

(c) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 17). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

NOTES TO THE ACCOUNTS

vi) **Parish share credit** Parish Share Credit was calculated in two stages, the first of which was targeted at those parishes with very low levels of reserves and a shortfall in income, with the second stage considering those parishes that had suffered reductions in reserve levels and faced a reduced ability to pay Parish Share in the subsequent year. The sums credited were calculated using parish financial data and forecasts, in dialogue with deanery leaders.

(d) Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing the accounts.

(e) Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

(g) Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(h) Derecognition of financial assets and liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

NOTES TO THE ACCOUNTS

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

(i) **Critical accounting estimates and judgements**

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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.

Critical judgements

Properties held under revaluation model

The charity records properties held within investments under the revaluation model. Periodically the charity obtains a third party valuation from a suitably qualified specialist. This report values all property and land held by the charity at fair value but where this is not possible, uses the depreciated replacement cost method.

(j) **Investment assets and income arising**

The Board of Finance holds investments for itself and on behalf of parishes and other charities. Investments and their associated income are only recognised where the Board is investment custodian, investment manager and the beneficiary.

Investments are shown at market value, or at the trustees' best estimate of such.

NOTES TO THE ACCOUNTS

Investment properties are included in the balance sheet at fair value and are not depreciated. Although this accounting policy is in accordance with the applicable accounting standard, FRS102, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the trustees, compliance with the accounting standard FRS102 is necessary for the financial statements to give a true and fair view of its financial position, performance and cashflow. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

All quoted investments are held and valued on the basis of information provided from CCLA.

Dividends and interest are included in the financial statements when receivable.

Realised gains on investments are reinvested where appropriate. Both realised and unrealised gains are disclosed in the Statement of Financial Activities.

(k) Major Funds

Funds held by the charity are either:

Restricted funds – these funds consist of trust and other funds, which may only be used for specific purposes imposed by the settlor, donor, or legislation.

Permanent Endowment funds – these are funds where there is no power to convert capital into income. Where the trustees have the power to convert endowments into income, these funds are known as expendable endowments.

Unrestricted funds – these are funds which may be used for general purposes without any external restriction.

Designated Funds – these are unrestricted funds that have been set aside by the Board for purposes designated by Diocesan policy. Such designations may be set aside from time to time according to policy decisions.

Details of the major funds held by the Board are given in note 20 to the Financial Statements.

(l) Stipends

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Board are shown gross in these financial statements. However, bishops are paid entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

(m) Fixed assets

Classes of Fixtures and fittings are grouped and only those classes with a value of over £10,000 are capitalised and not expensed. Property is held in the balance sheet at cost or deemed cost for land and buildings held at valuation at the date of transition to FRS 102.

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be

NOTES TO THE ACCOUNTS

material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The LDBF has a policy of regular structural inspection, repair, and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Depreciation on fixed assets is provided on a straight-line basis over five years for furniture and over three years for IT equipment.

All fixed assets are held for continuing use in the charity's activities and are therefore classified as fixed assets for charitable use.

(n) Netting off of expenses and income

All incoming resources are reported gross, as far as is possible. Income received in circumstances where a claim for repayment of tax has been or will be made, is grossed up for the tax recoverable and the gross figure included as income.

(o) Designated funds

Designated funds are used for their intended purpose. Any transfers to or from designated funds are subject to authorisation controls.

(p) Reserves

Accumulated capital is the amount transferred from general reserve, profits less losses on sale of fixed assets and investments, legacies and gifts received for capital purposes. The general reserve is the total accumulated surplus less deficits for the Board of Finance.

Restricted funds are subject to specific conditions either imposed by the donor and binding on the Board or linked to the basis on which money was obtained. They represent unspent restricted income and/or assets to which restrictions as to their use apply.

(q) Irrecoverable VAT

Irrecoverable VAT is grossed up and included in all relevant expenditure.

(r) Taxation

The Diocese benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income and gains falling within those exemptions.

(s) Operating Leases

Rentals payable under operating leases are charged in the SOFA on a straight-line basis over the lease term.

NOTES TO THE ACCOUNTS

2. Donations and legacies

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2023	2022
	£	£	£	£	£
General Parish Share Income	7,065,714	-	-	7,065,714	7,321,397
	7,065,714	-	-	7,065,714	7,321,397

Income from National Church Institutions

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2023	2022
	£	£	£	£	£
Lowest Income Communities Funding	1,709,191	-	-	1,709,191	1,697,396
Sustainability Funding	560,836	-	-	560,836	498,000
Strategic Development Funding	-	956,253	-	956,253	699,462
Ordination Training Block Grant	-	250,316	-	250,316	330,067
Strategic Ministry Fund for Curates	249,706	-	-	249,706	355,671
Energy Costs Grant	-	-	-	-	475,000
Strategic Capacity Funding	-	-	-	-	281,809
Strategic Transformation Funding	-	1,058,850	-	1,058,850	293,411
Grant for Legal services	64,097	-	-	64,097	52,929
	2,583,830	2,265,419	-	4,849,249	4,683,745

Other Donations

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2023	2022
	£	£	£	£	£
Benefact Trust Grant	164,500	-	-	164,500	188,000
General DBF Donations	409,736	10,740	-	420,476	155,171
Racial Justice	50,000	-	-	50,000	50,000
Transform North West	-	-	-	-	80,250
Joshua Centre Fund	-	-	-	-	5,166
Marshalls Charity Grants for Parsonages	-	70,772	-	70,772	30,229
Stipends	2,398	-	-	2,398	9,663
Net Zero	113,000	-	-	113,000	72,162
School Building Donations	-	-	-	-	15,310
DBE Services Ltd	78,176	-	-	78,176	25,622
DBF Fees	516,870	-	-	516,870	517,291
	1,334,680	81,512	-	1,416,192	1,148,864

NOTES TO THE ACCOUNTS

2 Donations and legacies

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022
	£	£	£	£
General Parish Share Income	7,321,397	-	-	7,321,397
	<u>7,321,397</u>	<u>-</u>	<u>-</u>	<u>7,321,397</u>

Income from National Church Institutions

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds
	£	£	£	£
Lowest Income Communities Funding	1,697,396	-	-	1,697,396
Sustainability Funding	498,000	-	-	498,000
Strategic Development Funding	-	886,399	-	886,399
Ordination Training Block Grant	-	330,067	-	330,067
Strategic Ministry Fund for Curates	355,671	-	-	355,671
Energy Costs Grant	475,000	-	-	475,000
Strategic Capacity Funding	-	281,809	-	281,809
Strategic Transformation Funding	-	106,474	-	106,474
Grant for Legal services	52,929	-	-	52,929
	<u>3,078,996</u>	<u>1,604,749</u>	<u>-</u>	<u>4,683,745</u>

Other Donations

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds
	£	£	£	£
Discretionary Funds Grant	188,000	-	-	188,000
Coronavirus Job Retention Scheme	155,171	-	-	155,171
MOF Projects	50,000	-	-	50,000
Transform North West	-	80,250	-	80,250
Joshua Centre Fund	-	5,166	-	5,166
Marshalls Charity Grants for Parsonages	-	30,229	-	30,229
Stipends	9,663	-	-	9,663
Social Justice	72,162	-	-	72,162
School Building Donations	15,310	-	-	15,310
DBE Services Ltd	25,622	-	-	25,622
DBF Fees	517,291	-	-	517,291
	<u>1,033,219</u>	<u>115,645</u>	<u>-</u>	<u>1,148,864</u>

3. Charitable Activities

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Gift Aid Scheme	9,298	-	-	9,298	11,280
General DBF Income	86,090	-	-	86,090	200,806
Board of Education	124,461	-	-	124,461	168,066
Communications Office	(39)	-	-	(39)	23,963
Clergy Housing Income	-	-	-	-	37,904
Church Inspection Fees	-	26,040	-	26,040	18,969
	<u>219,810</u>	<u>26,040</u>	<u>-</u>	<u>245,850</u>	<u>460,988</u>

NOTES TO THE ACCOUNTS

3. Charitable Activities

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2022
	£	£	£	£
Gift Aid Scheme	11,280	-	-	11,280
General DBF Income	200,806	-	-	200,806
Board of Education	168,066	-	-	168,066
Communications Office	23,963	-	-	23,963
Clergy Housing Income	37,904	-	-	37,904
Church Inspection Fees	-	18,969	-	18,969
	442,019	18,969	-	460,988

4. Investment Income

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2023	2022
	£	£	£	£	£
DBF Investment Income	133,467	-	-	133,467	129,783
Church House / Investment Property Rental Income	117,488	-	-	117,488	44,720
Parsonages Rental Income	437,233	-	-	437,233	507,801
	688,188	-	-	688,188	682,304

4. Investment Income

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2022
	£	£	£	£
DBF Investment Income	129,783	-	-	129,783
Church House Rental Income	44,720	-	-	44,720
Parsonages Rental Income	507,801	-	-	507,801
	682,304	-	-	682,304

5. Other income

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2023	2022
	£	£	£	£	£
Property Transactions	11,000	-	-	11,000	1,096,597
	11,000	-	-	11,000	1,096,597

5. Other income

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2022
	£	£	£	£
Property Transactions	1,096,597	-	-	1,096,597
	1,096,597	-	-	1,096,597

NOTES TO THE ACCOUNTS

6 Charitable Activities

Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2023 £	Total Funds 2022 £
Archbishops' Council	215,948	-	-	215,948	197,774
	215,948	-	-	215,948	197,774

Resourcing Mission and Ministry

Current financial year

Parish Mission and Ministry:

Clergy stipends	4,578,388	-	-	4,578,388	4,652,723
Clergy Pension Costs	1,087,479	-	-	1,087,479	1,281,030
National insurance	405,302	-	-	405,302	420,256
Resettlement/removal grants etc	137,680	-	-	137,680	149,298
Lay Workers	23,564	-	-	23,564	22,598
Administration and other costs	392,088	-	-	392,088	197,773
Clergy Grants	9,247	280,191	-	289,438	469,168
Parish share grant credit	-	-	-	-	639,105
Area Dean Grants	37,300	-	-	37,300	41,525
Good Funeral Company	105,551	-	-	105,551	116,042
Strategic Development Funding	-	1,488,908	-	1,488,908	1,630,443
Clergy Housing	1,605,743	-	-	1,605,743	1,523,875
Deanery Mission and Growth Grants	447,931	-	-	447,931	252,347
Grants to Parishes from Property Sales	-	-	-	-	60,050
DBF Central Costs (25%)	203,352	-	-	203,352	175,433
St James' House Costs (15%)	19,995	-	-	19,995	17,211
	9,053,620	1,769,099	-	10,822,719	11,648,877

6 Charitable Activities (continued)

Current financial year

Support for Parish Mission and Ministry:

Clergy Training	280,039	-	-	280,039	280,040
Lifelong Learning	300,596	-	-	300,596	217,079
Social Justice	209,566	-	-	209,566	82,601
Church Growth & Ecumenism	65,666	-	-	65,666	61,171
Resources Department	126,422	-	-	126,422	136,228
Ordinands in Training	317,870	241,181	-	559,051	506,024
Communications Office	170,616	-	-	170,616	186,352
Pastoral Committee	-	52,459	-	52,459	66,238
Safeguarding and Inclusion	166,588	-	-	166,588	155,041
Diocesan Advisory Council	73,436	-	-	73,436	74,407
Ecumenical Funding	43,284	-	-	43,284	44,784
DBF Central Costs (60%)	488,044	-	-	488,044	421,039
St James' House Costs (80%)	106,638	-	-	106,638	91,792
Other	-	13,181	-	13,181	16,499
	2,348,766	306,821	-	2,655,587	2,339,295

Expenditure on Education

Current financial year

Support for church schools and parishes	346,452	-	-	346,452	327,433
Property Expenditure on Schools	-	-	-	-	124
	346,452	-	-	346,452	327,557

Total Charitable Activities 2023

	11,964,785	2,075,920	-	14,040,705	14,513,503
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NOTES TO THE ACCOUNTS

6 Charitable Activities (continued)

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £
Archbishops' Council	197,774	-	-	197,774
	197,774	-	-	197,774

Resourcing Mission and Ministry

Prior financial year

Parish Mission and Ministry:

Clergy stipends	4,652,723	-	-	4,652,723
Clergy Pension Costs	1,281,030	-	-	1,281,030
National insurance	420,256	-	-	420,256
Resettlement/removal grants etc	149,298	-	-	149,298
Lay Workers	22,598	-	-	22,598
Administration and other costs	197,773	-	-	197,773
Clergy Grants	380,134	89,034	-	469,168
Parish share grant credit	639,105	-	-	639,105
Area Dean Grants	41,525	-	-	41,525
Good Funeral Company	116,042	-	-	116,042
Strategic Development Funding	-	1,630,443	-	1,630,443
Clergy Housing	1,523,875	-	-	1,523,875
Deanery Mission and Growth Grants	252,347	-	-	252,347
Grants to Parishes from Property Sales	60,050	-	-	60,050
DBF Central Costs (25%)	175,433	-	-	175,433
St James' House Costs (15%)	17,211	-	-	17,211
	9,929,400	1,719,477	-	11,648,877

Prior financial year

Support for Parish Mission and Ministry:

Clergy Training	280,040	-	-	280,040
Lifelong Learning	217,079	-	-	217,079
Social Justice	82,601	-	-	82,601
Church Growth & Ecumenism	61,171	-	-	61,171
Resources Department	136,228	-	-	136,228
Ordinands in Training	195,918	310,106	-	506,024
Communications Office	186,352	-	-	186,352
Pastoral Committee	-	66,238	-	66,238
Safeguarding and Inclusion	155,041	-	-	155,041
Diocesan Advisory Council	74,407	-	-	74,407
Ecumenical Funding	44,784	-	-	44,784
DBF Central Costs (60%)	421,039	-	-	421,039
St James' House Costs (80%)	91,792	-	-	91,792
Other	-	16,499	-	16,499
	1,946,452	392,843	-	2,339,295

6 Charitable Activities (continued)

Expenditure on Education

Prior financial year

Support for church schools and parishes	327,433	-	-	327,433
Property Expenditure on Schools	-	124	-	124
	327,433	124	-	327,557

Total Charitable Activities 2022

	12,401,059	2,112,444	-	14,513,503
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NOTES TO THE ACCOUNTS

7 Other Resources Expended

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Governance:					
DBF Central Costs (15%)	122,011	-	-	122,011	105,260
Diocesan Registry	111,605	-	-	111,605	76,283
Audit and accounting fees	20,249	-	-	20,249	25,242
St James' House Costs (5%)	6,665	-	-	6,665	5,737
	260,530	-	-	260,530	212,522

7 Other Resources Expended

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022
	£	£	£	£
Governance:				
DBF Central Costs (15%)	105,260	-	-	105,260
Diocesan Registry	76,283	-	-	76,283
Audit and accounting fees	25,242	-	-	25,242
St James' House Costs (5%)	5,737	-	-	5,737
	212,522	-	-	212,522

8 Analysis of support costs

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Central administration	813,407	-	-	813,407	701,732
Diocesan Registry	111,605	-	-	111,605	76,283
St James' House	133,298	-	-	133,298	114,740
	1,058,310	-	-	1,058,310	892,755

8 Analysis of support costs (continued)

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022
	£	£	£	£
Central administration	701,732	-	-	701,732
Diocesan Registry	76,283	-	-	76,283
St James' House	114,740	-	-	114,740
	892,755	-	-	892,755

9 Staff Costs

	2023	2022
	£	£
Employee costs during the year were as follows:		
Wages and salaries	2,031,378	1,716,730
National Insurance Contributions	187,994	144,645
Pension costs	336,411	303,780
	2,555,783	2,165,155

	2023	2022
	Number	Number
The average number of persons employed during the year:		
Full time	42	33
Part time	32	26
	74	59

NOTES TO THE ACCOUNTS

Remuneration of key management personnel

Key management personnel are deemed to be those having the authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Liverpool Diocesan Board of Finance. At the end of 2023 these were:

Diocesan Secretary & Company Secretary	Mike Eastwood
Assistant Diocesan Secretary & Director of Communications	Stuart Haynes
HR Manager	Debbie Brisco
Director of Vocations	Suzanne Matthews
Director of Finance	Matt Elliott
Director of Education	Stuart Harrison
Director of Social Justice	Ellen Loudon
Director of Learning & Stewardship	Steve Pierce
Diocesan Programme Manager	Richard Gedge

Total remuneration and pensions for these employees amounted to £557,624 (2022: £522,189)

The number of employees whose emoluments exceeded £60,000 was:

	2023	2022
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-

Trustees' emoluments

No Trustee received any remuneration or reimbursement for expenses for services as Trustee. Trustees who are also stipendiary clergy receive remuneration for including stipends, pension and housing based on national rates set by the central stipends authority.

The following trustees received remuneration in respect of their roles as stipendiary clergy:

The Venerable Miranda Threlfall-Holmes
 The Venerable Pete Spiers
 The Venerable Simon Fisher
 Rev Peter Dawkin (elected)
 Rev Canon Emma Williams (elected)

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 housing for stipendiary clergy in the diocese including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

The LDBF paid an average of 165 (2022 - 173) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2023 £	2022 £
Stipends	4,632,930	4,700,313
Pension costs	1,114,764	1,626,466
National Insurance Contributions	411,045	432,303
	6,158,739	6,759,082

NOTES TO THE ACCOUNTS

10. Tangible Fixed Assets

	DBF Property £	DBF Glebe £	DBF VLL Property £	Team Vicars Glebe £	Parsonages £	Fixtures & Fittings £	Total Funds £
Deemed cost or historic cost							
At 1 January 2023	703,840	2,659,971	85,001	3,470,000	32,104,466	350,486	39,373,764
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	(174,000)	-	-	(174,000)
At 31 December 2023	703,840	2,659,971	85,001	3,296,000	32,104,466	350,486	39,199,764
Depreciation							
At 1 January 2023	-	-	-	-	-	343,871	343,871
Charge for year	-	-	-	-	-	4,924	4,924
At 31 December 2023	-	-	-	-	-	348,795	348,795
Net book value							
At 31 December 2023	703,840	2,659,971	85,001	3,296,000	32,104,466	1,691	38,850,969
At 31 December 2022	703,840	2,659,971	85,001	3,470,000	32,104,466	6,615	39,029,893

All properties held as Tangible Fixed Assets are freehold.

11. Fixed Asset Investments

	Investment Properties £	UK Quoted Investments £	Total Funds 2023 £	Total Funds 2022 £
Market value at 1 January 2023	5,882,458	3,925,836	9,808,294	10,352,068
Additions	-	-	-	-
Gains on Investment Assets	-	294,878	294,878	(543,774)
Market value at 31 December 2023	5,882,458	4,220,714	10,103,172	9,808,294

Investment properties were valued by Peter Kenny Property Management as at 31st December 2015. The Investment Property at Linnet Lane was revalued for insurance purpose in 2017. The trustees have considered the rebuild valuation against local market conditions and consider the rebuild valuation to be a close approximation of fair value. The trustees have valued the investment properties at a current fair value of £5,882,458 as at 31 December 2023.

NOTES TO THE ACCOUNTS

11. (cont.) Fixed asset investments

Historical Cost of Investments	2023	2022
	£	£
UK Quoted	2,848,504	2,848,504
Investment Property	3,809,068	3,809,068
	<u>6,657,572</u>	<u>6,657,572</u>

Quoted Investments comprise	2023	2022
	£	£
CBF Property Fund	732,484	780,375
CBF Investment Fund	2,327,173	2,127,054
CBF Global Equity Fund	1,099,756	957,107
CBF Deposit Fund	61,289	61,289
DBE Services Ltd	12	12
	<u>4,220,714</u>	<u>3,925,837</u>

In 2005 the diocese purchased 12 ordinary shares of £1 each (now a 1/6th shareholding) in DBE Services Ltd. DBE Services Ltd provides services for schools. In 2023 the Diocese's share of the surplus was £78,176 (see note 2).

The shares may not be disposed of or charged except in accordance with the provisions of the Shareholders' Agreement. Distributable profits attributable to the work done for relevant schools are to be distributed in the proportions to which they arise from the work done for the relevant schools for each shareholder and the remaining distributable profits shall be divided equally between the shareholders.

During 2018 The Good Funerals Company Limited was established as a company limited by guarantee under the control of LDBF. The company itself remained dormant during 2022 and 2023, but all of its activities have been reported through the Diocesan accounts.

12. Debtors

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2023	Total Funds 2022
	£	£	£	£	£
Amounts due from parishes	391,555	-	-	391,555	577,730
Sundry debtors	856,397	-	-	856,397	233,656
Parish and other concessionary loans	87,391	1,600	-	88,991	88,991
	<u>1,335,343</u>	<u>1,600</u>	<u>-</u>	<u>1,336,943</u>	<u>900,377</u>

12. Debtors (continued)

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022
	£	£	£	£
Amounts due from parishes	577,730	-	-	577,730
Sundry debtors	233,656	-	-	233,656
Parish and other concessionary loans	87,391	1,600	-	88,991
	<u>898,777</u>	<u>1,600</u>	<u>-</u>	<u>900,377</u>

NOTES TO THE ACCOUNTS

13. Creditors: amounts falling due within one year

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2023	2022
	£	£	£	£	£
Sundry creditors	3,474,786	-	-	3,474,786	3,453,360
Accruals	285,331	-	-	285,331	145,616
Deanery Mission and Growth Funds	606,374	-	-	606,374	841,090
Taxation and social security	(8,775)	-	-	(8,775)	9,771
	4,357,716	-	-	4,357,716	4,449,837

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2022	2022
	£	£	£	£	£
Sundry creditors	3,453,360	-	-	3,453,360	
Accruals	145,616	-	-	145,616	
Deanery Mission and Growth Funds	841,090	-	-	841,090	
Taxation and social security	9,771	-	-	9,771	
Pension deficit funding contributions	-	-	-	-	
	4,449,837	-	-	4,449,837	

14. Creditors: amounts falling due after more than one year

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2023	2022
	£	£	£	£	£
Loans from Church Commissioners	85,000	-	-	85,000	85,000
Loans from CCLA	500,000	-	-	500,000	500,000
Loans from CBF	-	600	-	600	600
	585,000	600	-	585,600	585,600

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2022	2022
	£	£	£	£	£
Loans from Church Commissioners	85,000	-	-	85,000	
Loans from CCLA	500,000	-	-	500,000	
Loans from CBF	-	600	-	600	
	585,000	600	-	585,600	

Loans from Church Commissioners are secured on value-linked loan properties, included in fixed assets and are repayable on the sale of the property. There is no fixed repayment date for these. The total interest paid during 2023 was £Nil (2022: £Nil).

NOTES TO THE ACCOUNTS

15. Net expenditure for the year

	2023	2022
	£	£
This is stated after charging: -		
Auditors' remuneration:		
Audit – Mitchell Charlesworth (formerly BWM)	16,800	16,800
Non audit fees (payroll services)	3,449	6,772
Depreciation	4,924	8,236
Operating Leases – Land & Buildings	75,000	75,000
Operating Leases – Plant and Equipment	1,812	1,812
Interest on bank loans and overdrafts	115	115

16. Guarantees

The Board has given guarantees to Lloyds Bank for £49,639 (2022: £49,639) in respect of loans granted to parishes.

17. Pensions

(a) Clergy Pensions

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2023: £1,087,479, 2022: £1,626,466), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contribution paid were £0 (2022: £185,000).

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

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

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

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

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

NOTES TO THE ACCOUNTS

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

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

	2023	2022
Balance sheet liability at 1 January	0	320,000
Deficit contribution paid	0	-185,000
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability* (recognised in SoFA)	0	-135,000
Balance sheet liability at 31 December	0	0

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. 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 since pensionable stipends for the remainder of the recovery plan were already known.

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

The legal structure of the scheme is such that if another Responsible Body fails, Liverpool DBF could become responsible for paying a share of that failed Responsible Body's pension.

(b) Staff Pensions

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

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

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

For funding purposes, 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

NOTES TO THE ACCOUNTS

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. This does 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 DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2023: £147,011, 2022: £157,724) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £147,011 for 2023 (2022: £157,724).

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 having taken advice from the Actuary.

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

The next actuarial valuation is due at 31 December 2022. The calculations for this are under way.

18. Analysis of net assets by funds as at 31 December

Current financial year	Tangible		Net		Total
	Fixed Assets	Loans/ Investments	Current Liabilities	Long-term Liabilities	
	£	£	£	£	£
Unrestricted funds	790,532	9,148,096	475,550	(585,000)	9,829,178
Restricted funds	5,190,513	-	308,155	(600)	5,498,068
Endowment funds	32,869,923	955,076	-	-	33,824,999
Total	38,850,968	10,103,172	783,705	(585,600)	49,152,245

NOTES TO THE ACCOUNTS

Prior financial year	Tangible		Net		Total
	Fixed	Loans/	Current	Long-term	
	Assets	Investments	Liabilities	Liabilities	
	£	£	£	£	
Unrestricted funds	795,456	8,853,218	618,719	(585,000)	9,682,393
Restricted funds	5,364,514	-	11,103	(600)	5,375,017
Endowment funds	32,869,923	955,076	-	-	33,824,999
Total	39,029,893	9,808,294	629,822	(585,600)	48,882,409

Further details of individual funds are given in note 20 below.

19. Lease Obligations

At 31st December 2023, Liverpool DBF was committed to making the following payments under non-cancellable operating leases:

	2023		2022	
	Land and	Plant and	Land and	Plant and
	Buildings	Equipment	Buildings	Equipment
	£	£	£	£
Within 1 year	75,000	-	75,000	-
Within 2 to 5 years	206,250	-	281,250	-

20. Accumulated funds

The General fund is unrestricted. In 2010 £170,000 was designated to the Warrington Mission Development Fund from the sale proceeds of a former vicarage. As at 31 December 2022, the balance on this designated fund amounted to nil (2021 - £16,972) following the distribution of the remaining £16,972 from the fund during 2022.

A further designated fund of £1.6m was created during 2020 from the £1m sustainability funding received from the Church Commissioners and from £0.6m of cost savings made. The fund was to provide support to parishes in their payment of parish share for 2020 and 2021. At the end of 2022 the carried forward balance of £676,589 had been applied in full.

Diocesan Stipends Fund (DSF) Capital Account: The Diocesan Stipends Fund Capital account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the

NOTES TO THE ACCOUNTS

income can be utilised for stipend purposes. The DSF capital account is disclosed as an expendable endowment in these financial statements.

Stipends & Ordinands Permanent Endowment: The Stipends & Ordinands Permanent Endowment Fund represents the accumulation of a number of donations given over a number of years towards the support of Stipendiary Ministry and Ordinands in training and their families.

DBE Property Restricted Fund: The DBE Property Restricted fund relates to the proceeds of sale of redundant school sites and is used for the benefit of church schools in the Diocese.

DBF Property Fund: The DBF Property Restricted fund represents the accumulated value of Glebe Houses and owned by the DBF.

Parsonage Building Expendable Endowment Fund: The Parsonage Building Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefice concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage building fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Building Fund has been included as an expendable endowment fund in these financial statements.

NOTES TO THE ACCOUNTS

20. Accumulated Funds (continued)

Current financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2022	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409
Incoming Resources	11,903,222	2,372,971		-	-	-	-	14,276,193
Outgoing Resources	(12,225,315)	(2,075,920)		-	-	-	-	(14,301,235)
Gains/losses	294,878	-	-	-	-	-	-	294,878
Transfers	174,000		(174,000)					-
Total Funds 2023	9,829,178	306,554	5,190,514	1,000	765,457	32,104,466	955,076	49,152,245
Represented by:								
Tangible Fixed Assets:	790,532	-	5,190,514	-	765,457	32,104,466	-	38,850,969
DBF Houses & Glebe	703,840	-	1,894,514	-	765,457	-	-	3,363,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	-	-	3,296,000	-	-	32,104,466	-	35,400,466
Furniture & Fittings	1,691	-	-	-	-	-	-	1,691
Investments:	9,148,096	-	-	-	-	-	955,076	10,103,172
CCLA	3,265,626	-	-	-	-	-	955,076	4,220,702
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	475,550	306,554	-	1,600	-	-	-	783,704
Debtors	1,335,343	-	-	1,600	-	-	-	1,336,943
Bank and Cash (net of overdraft)	3,497,924	306,554	-	-	-	-	-	3,804,478
Sundry Creditors & Accruals	(4,357,717)	-	-	-	-	-	-	(4,357,717)
Long term liabilities:	(585,000)	-	-	(600)	-	-	-	(585,600)
Loans from Church Commissioners	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contribution:	-	-	-	-	-	-	-	-
	9,829,178	306,554	5,190,514	1,000	765,457	32,104,466	955,076	49,152,245
Analysis of Reserves:								
General Funds	9,829,178	-	-	-	-	-	-	9,829,178
Restricted Funds	-	306,554	5,190,514	1,000	-	-	-	5,498,068
Endowment Funds	-	-	-	-	765,457	32,104,466	955,076	33,824,999
	9,829,178	306,554	5,190,514	1,000	765,457	32,104,466	955,076	49,152,245

Fund Transfer

The transfer from the DBF Property Fund to the general fund relates to the sale of a property held in the DBF Property Fund and the associated value therefore released to the general fund.

NOTES TO THE ACCOUNTS

20. Accumulated Funds (continued)

Prior financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2021	9,225,690	382,584	5,218,514	1,000	591,457	32,383,992	955,076	48,758,313
Incoming Resources	13,654,532	1,739,363	-	-	-	-	-	15,393,895
Outgoing Resources	(12,613,581)	(2,112,444)	-	-	-	-	-	(14,726,025)
Gains/losses	(543,774)	-	-	-	-	-	-	(543,774)
Transfers (see note below)	(40,474)	-	146,000	-	174,000	(279,526)	-	-
Total Funds 2022	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409
Represented by:								
Tangible Fixed Assets:	795,456	-	5,364,514	-	765,457	32,104,466	-	39,029,893
DBF Houses & Glebe	703,840	-	1,894,514	-	765,457	-	-	3,363,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	-	-	3,470,000	-	-	32,104,466	-	35,574,466
Furniture & Fittings	6,615	-	-	-	-	-	-	6,615
Investments:	8,853,218	-	-	-	-	-	955,076	9,808,294
CCLA	2,970,748	-	-	-	-	-	955,076	3,925,824
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	618,719	9,503	-	1,600	-	-	-	629,822
Debtors	898,777	-	-	1,600	-	-	-	900,377
Bank and Cash (net of overdraft)	4,169,780	9,503	-	-	-	-	-	4,179,283
Sundry Creditors & Accruals	(4,449,838)	-	-	-	-	-	-	(4,449,838)
Long term liabilities:	(585,000)	-	-	(600)	-	-	-	(585,600)
Loans from Church Commissione	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributi	-	-	-	-	-	-	-	-
	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409
Analysis of Reserves:								
General Funds (including	9,682,393	-	-	-	-	-	-	9,682,393
Restricted Funds	-	9,503	5,364,514	1,000	-	-	-	5,375,017
Endowment Funds	-	-	-	-	765,457	32,104,466	955,076	33,824,999
	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409

Fund Transfers

The transfer from general fund to the DBF property fund was necessary to acknowledge the reduction in the liability for deficit funding contributions which arose from the completion of a revised actuarial valuation of the Church of England Funded Pension Scheme (note 17) and the part settlement of earlier existing pension obligations.

21. Related Party transactions

Details of transactions with the main related parties of the Diocese are given in the appropriate

22. Post Balance Sheet Events

There were no significant post balance sheet events to report.

THE LIVERPOOL DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249740

Accounts



Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2022

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Chair's Report

I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2022.

My report on the 2021 year began with a reflection on the impact of Covid-19 during the year. The positivity of the vaccination programme, which had got fully underway at the beginning of that financial year, contrasted with the challenges which were still facing our churches as they worked within the changing pattern of restrictions. In 2022 the challenge became the re-establishment of face to face attendance, giving and normal church life and activities. Although some of our parishes have fared better than others in terms of their members returning to worship and regular giving, the churches and church members in the diocese have continued to give what support they can to the Diocese and we are thankful for their commitment. We also continue to be grateful for the support we have received from the National Church Institutions which, as last year, was passed through to parishes through our parish share credit scheme.

The financial result for the 2022 year was a net surplus of £124,096 against a budgeted deficit of £32,447. This surplus reflects a number of non-recurring measures which will not be repeated in future years, including the support received from the national church which was distributed as parish share credit.

The Statement of Financial Affairs (SoFA) shows an increase in funds of £124,096. This reflects the operational results and also movements in designated and Strategic Development Funding (SDF) restricted funds. Fuller details are provided on pages 21 and 22.

Looking ahead to 2023, the focus remains on supporting parishes, schools, and chaplaincies so that we remain focussed on making a bigger church to make a bigger difference, more people knowing Jesus and more justice in the world. The budget set was broadly break-even however, it has become clear that both church attendance and parish giving is not going to return to pre-Covid-19 levels. As a result of this budget challenge one-off support has been secured. A longer term solution is being sought through the national church and the outcome of this approach will be reflected in the budget assumptions for 2024 and future years.

Finally, I would like to thank the staff at St James' House, the parishes and the clergy of the diocese for their ongoing commitment and support. I would also like to thank those who serve on the Finance Committee for their committed stewardship of the work in the diocese over the last year.

Maggie Swinson

Chair

31 October 2023

TRUSTEES' ANNUAL REPORT AND DIRECTORS' REPORT INCORPORATING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

Liverpool Diocesan Board of Finance is a multi-faceted structure. It is:

- ♦ A registered charity (no. 249740)
- ♦ A company limited by guarantee (no. 18301)
- ♦ A Board of Finance established under the Diocesan Boards of Finance Measure 1925
- ♦ A trust corporation.

Its registered office is St James' House, 20 St James Road, Liverpool L1 7BY.

The governing body of the diocese is the Diocesan Synod whose members are also members of the Diocesan Board of Finance. Although the work of the Finance Committee is the sole responsibility of those elected to serve on it, all its business is conducted under the authority of the Diocesan Bishop who presides over all the affairs of the diocese.

Trustees

The financial executive of the Diocesan Synod is the Finance Committee. The members of the Finance Committee are the directors of the company and trustees of the charity. Through a combination of elected, ex officio, and co-opted posts our constitution enables us to achieve an appropriate balance between clergy and lay people.

Elections to the Finance Committee take place every three years. There were elections in November 2021 for the current Finance Committee which runs from 1 January 2022 to 31 December 2024. The trustees who served in 2022 were:

Maggie Swinson, Chair (ex officio)

Philip Stott, Deputy Chair

The Right Reverend Beverley Mason, Bishop of Warrington (ex-officio)

The Venerable Mike McGurk, Archdeacon of Liverpool (ex officio) – until 31 January 2023

The Venerable Pete Spiers, Archdeacon of Knowsley & Sefton (ex officio)

The Venerable Simon Fisher, Archdeacon of St Helens & Warrington (ex officio)

The Ven Dr Miranda Threlfall-Holmes (elected from 1 January 2022; ex officio from 9 September 2023)

Keith Cawdron (elected)

Gabriel Chiu (elected)

Richard Denno (elected)

Stephen Derringer (elected)

Rev Peter Dawkin (elected)

Angela Matthewson (elected)

Rev Emma Williams (elected)

Senior staff

The Chief Officer for the charity is the Diocesan Secretary, Mike Eastwood. The senior management team, to whom day to day management of the charity is delegated by the trustees, are:

Mike Eastwood, Diocesan Secretary

Stuart Haynes, Assistant Diocesan Secretary & Director of Communications

Debbie Brisco, HR Manager

Matt Elliott, Director of Finance

Stuart Harrison, Director of Education

Ellen Loudon, Director of Social Justice

Suzanne Matthews, Director of Vocations (from March 2022)

Steve Pierce, Director of Learning & Stewardship

Richard Gedge – Diocesan Programme Manager

Bankers and professional advisers

Auditors

BWM, Suite 5.1, 12 Tithebarn Street, Liverpool, L2 2DT

Bankers

Lloyds Bank plc, Merchants Court, 2-12 Lord Street, Liverpool L2 1TS

Investment managers

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

Diocesan Registrar

Howard Dellar of Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London SW1P 3JT

Solicitors

Hill Dickinson LLP, No. 1 St Paul's Square, Liverpool L3 9SJ

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and objects

The structure governing the work of the charity is complex reflecting the idiosyncrasies of the Church of England. On the one hand, the charity is fairly straightforwardly registered as a charity and a company with appropriate memorandum and articles of association (last modified in March 2010). On the other hand, there are a number of inter-connected relationships and influences directly impacting on the work of the charity (see below).

Trustees

The Finance Committee is the trustee board. It has a mixture of ex-officio and elected members. Elections take place every three years at the first meeting of the new Diocesan Synod (itself elected every three years). The most recent set of elections were in November 2021, with all newly elected members of the Finance Committee serving from 1 January 2022. The trustees have the power to co-opt members according to their assessment of possible imbalances or skills gaps

among the elected and co-opted members. Given the relatively large number of elected and ex-officio trustees the general approach has been to keep co-options to a minimum (currently there are no co-opted trustees).

All trustees receive an induction pack, and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, especially around investment issues.

Organisational structure and decision-making

The Finance Committee is the financial executive of the Diocesan Synod and is required to comply with certain directions given to it by that Synod. It holds the budgets and accounts for all committees of the DBF and all activities undertaken by DBF staff and officers. It also needs to work very closely with Bishop's Council as the standing committee of Diocesan Synod. This requires an understanding of the aims and aspirations of those bodies and a desire to see them fulfilled alongside a deep regard for the need for good and appropriate governance of the charity. In recent years there hasn't been a particular conflict between these bodies, nor is one anticipated; however, the potential is always there.

The Finance Committee functions as the Parsonages Board of the diocese for purposes of parsonages legislation, although it delegates the oversight of DBF housing management to the Clergy Housing Committee. It has subcommittees dealing with audit, remuneration of DBF staff, and the management of the DBF property and investments.

The Diocesan Board of Education is integrated into the Diocesan Board of Finance both legally and practically. On 16 June 2022 the Diocesan Board of Education formally became a Statutory Committee of the Diocesan Board of Finance under Section 23(1) of the Diocesan Boards of Education Measure 2021. This integration helps organisational cohesiveness and inter-departmental working.

Trustees are fully aware of their responsibilities under charity law. Within this the day-to-day running of the charity is delegated to senior staff. However, trustees and senior staff are clear that all decisions on policy that may create significant financial or other risk to the company, or which affect material issues of principle must be taken by trustees and not staff.

Networks and key relationships

The charity has a multiplicity of relationships. The main ones are with:

- ◆ Diocesan Synod as the Board of Finance and governing body of the diocese
- ◆ Bishop's Council as the standing committee of Diocesan Synod
- ◆ The Diocesan Oversight Team and Appointments & Wellbeing Committee, where decisions are taken about strategy and the deployment of clergy
- ◆ Other diocesan committees, especially the Diocesan Mission & Pastoral Committee and Board of Education
- ◆ Deanery Synods and Deanery Mission & Pastoral Committees, where local mission plans are decided, and their pastoral implications worked through
- ◆ Parishes within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance
- ◆ Church schools in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- ◆ Liverpool Cathedral, on whose campus we are located and with whom there is now an established pattern of integrated working

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

- ◆ Other dioceses, especially in the North West of England, with whom we have close collaborations and provide services, especially to schools
- ◆ Providers of pre-ordination and Reader training, particularly Emmanuel Theological College and also the residential theological colleges
- ◆ The national church institutions (Archbishops' Council, Church Commissioners, and the Pensions Board) from whom we receive significant funding, policy directives and legal consents to transactions.
- ◆ Other Christian denominations with and through whom we work on matters of workplace chaplaincy, safeguarding and ecumenical relations notably through Churches Together in the Merseyside Region and Mission in the Economy
- ◆ Interfaith bodies, such as Merseyside Council of Faiths and Liverpool Community Spirit, as part of our cross-community work to promote good interfaith relations
- ◆ Key infrastructural bodies on Greater Merseyside (notably VS6, volunteer centres and councils for voluntary service) on which we represent ecumenical partners and lead on provision in rural areas.
- ◆ Liverpool Diocesan Council for Social Aid whose key roles are running Adelaide House Women's Bail Hostel and working on penal affairs and social inclusion

In 2017 the Diocese established the Liverpool Diocesan Schools Trust as multi-academy trust as part of its on-going engagement with the academisation agenda. This sits alongside the Liverpool Diocesan Educational Trust which was established in 2012 to enhance links with church school academies. DBE Services Ltd continued trading, as did Emmanuel Theological College. DBE Services Ltd is an inter-diocesan company for the dioceses of Liverpool, Blackburn, Carlisle, Chester, Manchester, and York, providing property and other services to schools. Emmanuel Theological College (ETC) was formed in April 2021 out of the former All Saints Centre for Mission & Ministry. The Diocese of Liverpool is one of four member bodies. We also maintained our joint venture with the Church Urban Fund entitled Together Liverpool which seeks to support and resource parishes as they seek to serve their wider community. In 2018 we established the Good Funerals Company to help re-imagine the way in which we engage with bereavement ministry.

The single most important relationship we have continues to be with the clergy and lay people within the churches in our diocese whose ministry is the heartbeat of the diocese. We currently have c 170 serving parish and cathedral-based stipendiary clergy, around 60 self-supporting and ordained local clergy, 30 Local Missional Leaders, 200 readers and over 100 active retired clergy. We have c. 20 clergy serving full-time as chaplains in schools, hospitals, universities, and prisons plus others serving in a part-time capacity.

Public benefit

The trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board. We believe that by promoting the work of the Church of England in the Diocese of Liverpool we help to promote the whole mission of the Church (pastoral, evangelistic, social, and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that this provides a benefit to the public by:

- ◆ Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for our members and for anyone who wishes to benefit from what the Church offers; and
- ◆ Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

More information on these benefits follows throughout this report.

3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. For many years we have been working to achieve growth in our diocese. We have used different ways to express this, but the aim and direction of travel has remained the same – consistent with the whole of the Church of England. Our vision and strategy is to ask God for a bigger church so we can make a bigger difference so that there are more people knowing Jesus more justice in the world.

In 2021, as part of our Fit for Mission work (see below), we refined this into 4 priorities:

- i. Introducing people to Jesus
- ii. Deepening discipleship
- iii. Developing Christian leaders
- iv. Working for justice

The new Bishop of Liverpool, Bishop John, arrived in April 2023. He has clearly affirmed this missional direction. The challenge is to embed it in hearts and minds across the diocese.

The Finance Committee is aware that a diocese succeeds through the mission and ministry of its parishes and its bishops. Through striving for the highest standards of financial management, the Finance Committee aims to create the conditions in which their mission and ministry can flourish and be maximised.

It interprets its role broadly, contributing to the strategic leadership of the diocese, balancing careful stewardship with a flexible and proactive approach, a body that enables, not inhibits. It sees itself as a servant of Synod and Bishop's Council, primarily through exercising good financial governance.

The Finance Committee is working towards the following organisational outcomes:

1. A sustainable financial resource to support agreed mission and ministry in the Diocese of Liverpool
2. A talented and high performing team at St James' House serving the mission and ministries of the parishes and bishops and delivering on the aspirations of the diocesan strategy
3. A well-run charity which meets the highest standards in governance, management, and operational efficiency.

Our main activities can be summarised as:

- ◆ The development and implementation of mission and church growth strategies
- ◆ The provision of advisory services to bishops, archdeacons, parishes, schools, chaplaincies, fresh expressions, and church bodies (mainly through employed staff)
- ◆ The support, training, payment, and housing of clergy
- ◆ The support and training of lay people
- ◆ The management and development of staff members
- ◆ Contributing to the national work of the Church of England

For more detail on individual activities see section 4 (I), "Achievements and performance". For information on our strategic thinking into the future please see section 4 (III), "Future plans".

Grant-making policy

No political contributions were paid during the year. Charitable contributions have been made as part of the Board's objectives. The main grants are as follows:

Mission in the Economy – £35,000 (2021 -£35,000) to support mission and chaplaincy in the world of work.

Churches Together in the Merseyside Region – £8,284 (2021 - £8,284) to support initiatives with ecumenical partners

Volunteers

The diocese continues, quite rightly, to be dependent on the huge number of people involved in church activities both locally and at diocesan level. Surveys suggest that faith communities in general and Anglican churches in particular are major contributors to their community through an enormous number of voluntary activities. This is one of the surest signs that our faith makes a difference to our lives and our outlook; we ignore and neglect this at our absolute peril.

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. After Covid restrictions were lifted and as churches re-started in person worship and community activity, we have noted that not all volunteers have come back – possibly as many as 20% of our active volunteers pre Covid have either withdrawn completely or significantly scaled back their commitments. They have, understandably, reflected on their life and priorities and are choosing to spend their time in different ways. This has significant implications for the church, not least because the service provided to a community through this church-managed volunteering also has a significant impact, for example, on people's approaching the church at times of crisis, for baptisms, funerals and the other aspects of church life and community engagement.

Within all of this the DBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the diocese's mission and strategy.

New Bishop

In last year's annual report we reflected on the departure of the previous Bishop of Liverpool, Bishop Paul Bayes. Bishop Beverley Mason, the Bishop of Warrington, stepped in as Acting Bishop of Liverpool in March 2021 while the discernment process for the new substantive Bishop of Liverpool ran its course. Bishop Bev did an outstanding job as Acting Bishop of Liverpool. We are hugely grateful for her leadership through this period.

In April this year we were delighted formally to receive into the diocese the Rt Rev Dr John Perumbalath as the 9th Bishop of Liverpool. Bishop John was previously the Bishop of Bradwell in the Diocese of Chelmsford. We greatly look forward to his ministry here in the coming months and years.

4. STRATEGIC REPORT

I. ACHIEVEMENTS AND PERFORMANCE

As flagged in last year's Annual Report we conducted a comprehensive strategic review in 2021. While retaining a continued focus on growing a bigger church to make a bigger difference we asked fundamental questions as to how we give full effect to our vision that there are ever more people knowing Jesus and more justice in the world. This review ended culminated in a successful bid for £7.5 million from the national church programme for Strategic Transformation Funding. Our programme is entitled Fit for Mission and seeks to re-imagine how we undertake mission and ministry in the

across our parishes.

There is much more information on Fit for Mission on the diocesan website, but we would summarise Fit for Mission as an ambitious, growth-orientated, and locally delivered change programme to enable mission and ministry to flourish in the Diocese of Liverpool. It simultaneously invests in our 4 priority areas (introducing people to God through Jesus, deepening discipleship, developing Christian leaders, working for justice) while dealing head-on with the intransigent problems that significantly inhibit growth (constraining structures, inappropriate buildings, non-delivery of expectations). Each deanery within our diocese will be supported and resourced to work through a 2-year change process, in which they shape the detail and make good and contextually appropriate local decisions.

The intensive work of transformation has begun. It will be a long and no doubt bumpy process but we remain convinced that Fit for Mission offers the best chance for the diocese to reverse decades of gradual decline and to move to a more resilient and growth-orientated position.

That said, it also became clear in 2022 that the fundamentals of diocesan finances had shifted post Covid. We had seen a fall in regular church attendance of c. 20%; that plus the cost of living crisis had impacted on giving; furthermore, the massive increase in utility costs had also impacted parish finances. For these and other reasons we identified a post Covid structural deficit of c. £1 million had emerged in the diocesan budget. This manifested in a shortfall in local capacity to meet Parish Share payments.

In one sense this structural deficit is by no means unusual in the current Church of England. Most dioceses are facing something similar, if not worse. The difference in the Diocese of Liverpool is our uniquely weak asset base. We have the lowest historic assets in the Church of England. We always have had; it's an accident of history. But this lack of historic assets has cost the Diocese of Liverpool c. £1.5 million a year of lost income – year after year after year. That is starting to matter. And coupled with a challenging demographic and low land values we believe that the overall difference in income between the Diocese of Liverpool and the average diocese in the Church of England is nearly £5 million a year. It's a massive sum. And it's not because of our performance which is not in any way outlying; it is the financial and demographic hand that we have been dealt.

We believe that this has come to an unsustainable position. We also feel that it is unjust to expect the lowest income diocese in the country to massively outperform everyone else just to begin to have equivalent financial and missional choices. Our parishes have born an unfair and unjust burden of Parish Share levels for too many years; we feel that has to change.

So we invited the national church to conduct an independent review of the Diocese of Liverpool – the first of its kind anywhere in the Church of England. This review was basically established to answer a simple but fundamental question – is the financial position of the Diocese of Liverpool caused by uniquely poor management or a uniquely unjust financial settlement. At the time of writing the Independent Reviewer was writing up his report to present to the Strategic Mission & Ministry Board of the Church of England. We expect to understand its conclusions by the end of 2023. We are urgently seeking a new financial settlement with the national church through this process, one that gives the Diocese of Liverpool a more equitable financial and missional challenge.

If successful we would seek to relieve financial pressures on our parishes to enable a more confident and urgent engagement in Fit for Mission and other strategic developments – all geared to making real the four missional priorities across the whole diocese. But if successful it would also fundamentally – and we believe highly beneficially – change our relationship with the national church into one of co-investment where parish, diocese and national church take joint

responsibility for financing mission and ministry on the ground. This relationship would be ground-breaking in its transparency and sharing of risk. We will reflect in the 2023 Report & Accounts on the outcome of this review. It will be pivotal to our future choices.

As part of this process we also asked the national church (i) for further Sustainability Funding in 2022 and (ii) to support our in-year 2023 Parish Share position to enable us to continue to plan confidently while the Independent Review ran its course. The national church responded very positively and enormously helpfully to these requests granting us £0.5 million Sustainability Funding in 2022 (to enable us to credit out the bulk of Parish Share arrears in year) and a further £1 million to underwrite the 2023 position. We want to put on record our on-going thanks for the helpful and constructive way in which they have continued to support and engage with us as we navigate through these extremely challenging times.

And finally in this section we want once again to thank our parishes for their continued commitment in seeking to pay Parish Share. Pre Covid our overall Parish Share payment levels were net c. 99%, an extraordinarily high level of financial commitment. Those levels are no longer possible for all parishes for the reasons mentioned above; but the sacrificial commitment to pay what parishes can is still there. It remains the core of our diocesan budget.

Strategic Development Projects

We continue to engage constructively in the national church's visions and strategy programme. We have previously reported on our first 3 Strategic Development Fund programmes – Transforming Wigan, Joshua Centre and Transform North West. These are all in the process of being integrated into our Fit for Mission project work. Transforming Wigan and the Joshua Centre have each been independently reviewed with a clear celebration and lessons learned focus. These reviews are available on the diocesan website.

Our 4th Strategic Development Fund project – Missing Generations – began its work in earnest in September 2020. It aims to grow 2 major resource churches at St James in the City and St Barnabas Penny Lane with a view to planting a 3rd resource church (which will begin its work in autumn of in 2023). Each of these churches will be central to our future planting and revitalising work and capacity, not least as they are focussed on the under 30-year-old generations. The Missing Generations project is also geared at working in secondary schools, FE colleges and universities in Liverpool and Wigan, again to reach out to people currently unconnected with church. The ambitious work of Missing Generations was well on track at the time of writing.

Social and racial justice

In 2021 there was a significant re-gearing of Together Liverpool, our key social justice partner, significantly aided by a successful application for National Lottery funding. Together Liverpool's research shows that if Liverpool were a diocese of 100 churches:

- 64 would be involved in food banks
- 41 would be involved with toddler groups or playgroups
- 54 would be providing lunch clubs or drop ins for older people
- 28 would be involved in community cafes
- 16 would be helping provide money and debt advice
- 20 would be providing breakfast or after school activities
- 17 would be involved with provision for homeless people
- 32 would be involved in other social action work and projects

In 2022 we appointed our first Racial Justice Officer, supported by monies kindly given by the Diocese of Oxford. Through the work of our Racial Justice Officer we developed a strategy to enable us to become an anti-racist diocese and to move from repentance to repair in matters of racial justice. We are currently seeking additional funding for this strategy from the national church. It will become a centrepiece of our work on equality, diversity and inclusion.

Good Funerals Company

We have established the Good Funerals Company as a subsidiary trading company of the Diocesan Board of Finance. This is part of a long-term strategy to reverse the decline in church-led funerals in the Diocese of Liverpool as well as engaging constructively and compassionately with bereaved families. It was launched in the summer of 2019 and developed significantly through the Covid crisis. It has grown year on year and in 2022 took over 400 funerals.

Church attendance

Levels of church attendance remain a concern, despite the good work of our Strategic Development Fund projects noted above. The pre Covid average age of our congregations was significantly higher than the average age of the general population. And it's clear that the net impact of Covid on church attendance has been negative. It seems that weekly attendance has settled down at c 80% of the pre Covid levels (although monthly attendance may be slightly higher than that). It remains a significant but vital challenge to turn this decline around.

Schools

We continue to maintain our 'market share' of children attending schools with c. 40,000 children in Church of England schools. Over 90% of our schools are currently rated good or outstanding by Ofsted, in line with our target. LDST, our multi-academy trust (MAT) is now well established and the subject of a very positive Ofsted inspection, and we continue to work on plans relating to the Government's Schools White Paper. We continue to be ambitious in promoting high quality, distinctively Christian primary and secondary education.

Access and inclusion

We remain absolutely committed to sustained excellence in safeguarding both children and vulnerable adults in the diocese. We have invested significantly in the capacity of our safeguarding team and the level of training and information produced. We have a clear strategy in place. Our second Past Cases Review (PCRs) was finished in December 2021 – the timescale set by the national church for all dioceses – and was published in October 2022. We have systematically worked through its recommendations and are confident that there are currently no outstanding actions.

The DBF's commitment to access and inclusion has continued through the work on Disability Awareness and the Disabled Friendly Church Award. The move to on-line worship has been one of the few upsides to Covid in terms of making church accessible to people who would otherwise be unable to attend physically.

Asset management

2022 was a more difficult year for investment with increased market volatility. Our CCLA investments saw an unrealised loss of £543,774

Similarly, after a period of reduced activity during the height of the pandemic, improvement and compliance works on clergy housing continued during 2022. This work will continue in the period from 2023 to 2024 with an additional £1.75m in financial investments beyond the existing housing budget.

We continue to monitor closely our cash and broader reserve levels and think and plan on the basis of the medium rather than the short-term investments. We have not deemed it necessary or advantageous to change our investment policies.

Property

We hold a lot of property (valued at £45 million). Much of this in practice takes the form of notional assets; because we have a responsibility to house clergy, we have little operational freedom around disposal or re-working of the individual assets. Rather, our primary responsibility is to ensure that clergy and their families feel safe and comfortable in their homes and that it provides a suitable base for mission and ministry.

The trustees are of the opinion that the market value of land and buildings exceeds their carrying value by an amount which cannot be ascertained without a disproportionate cost in determining the information.

2022 saw some further changes in our property portfolio. Four former vicarages were sold during the year for a total of £1,550,685 having previously been held at carrying values totalling £808,000, therefore yielding a net gain of £742,685. Additionally, the Diocesan retreat house was sold during the year for £390,832 having previously been held at a carrying value of £55,000, yielding a net gain of £335,832. The proceeds of this sale have been designated towards the purchase of a replacement retreat facility when an appropriate property is identified.

Our property development work on three former vicarages has met with good success. We have secured extremely good tenancies in both vicarages and the occupancy levels of the flats in the other vicarage are good.

In early 2008 Church House was sold on advantageous terms under a 125-year lease. The second rent review was undertaken during 2020 and an 8% uplift in the annual rental was negotiated. The increase has been deferred to take effect from 2022.

II. FINANCIAL REVIEW

2022 was another significantly challenging year. We continued to budget according to our fiscal rules although the means by which we met them were exceptional (see I. Achievements and Performance above for a fuller description of Covid impact and response). Although we achieved a surplus for the year of £124,096, it was through a series of exceptional measures which will not be available to us in the medium term, so it is important that we continue to attend to the underlying financial position in line with our fiscal rules.

Strategic Ministry Funding (SMF) continued to support the stipend and housing costs of these additional curates, thereby relieving pressure on what has been the most overheated part of the DBF budget, namely Missional Leadership costs.

We also continue to recognise that the clergy housing budget is inadequate to ensure a safe, warm, and comfortable home for all our clergy. We began a process of strategic review to analyse what investment will be required to get and maintain our clergy housing in good condition. We have increased funding for housing by a total of £2.75m over the five years to 2025.

Our fiscal rules are:

1. *We aim to achieve break-even in each financial year and triennial cycle. Financial losses may be acceptable on a limited scale over a short period, within the context of breakeven over the triennium. Consecutive annual losses will only be acceptable in extraordinary circumstances (to avoid perpetuating reductions in reserve levels).*

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2. *Parish Share and Lowest Income Communities Funding are to fund Missional Leadership. Investment income (rental and dividend), earned income and grant funding are to fund St James' House Services. Any imbalance between St James' House services budget and Missional Leadership budget is to be limited to within £100,000 in any given year.*
3. *Missional Leadership budget variance to be distributed or recovered within the triennium.*
4. *Strict budget discipline to apply in all areas of activity. Flexibility between budgets is acceptable, flexibility beyond budgets is not.*

Investment and cash reserves are to be maintained at a minimum of four months operating expenditure

Performance against budget

Each year we present a budget to Synod, which summarises our financial thinking and – once approved – sets the framework for our financial decision-making.

For 2022 we set a budget with a deficit of £32,447 incorporating increases in the costs of ministry in parishes and schools and Parish Share increases mitigated fully by Parish Share Credit.

Our management accounts loss was £5,000, reflecting some of the ongoing issues facing church finances and Parish Share, but also the measures introduced to mitigate those losses. Parish Share receipts fell short of budget by £1,355,000, with a further shortfall in income from investments (£51,000).

These shortfalls were offset by additional grant receipts from the Church Commissioners (£498,000), £694,000 applied from the Parish Share Credit Designated Fund (carried forward from 2021) and a range of savings achieved in the St James' House budget.

Annual accounts

The Statement of Financial Activities on page 21 shows a significantly better position than the management accounts, namely a net increase in funds for the year of £124,096. This is because in addition to the loss of £5,000 referred to above there were additional expenses, provisions, gains, and revaluations as follows:

Expenditure, provisions and losses (reducing funds):

- ♦ £19,000 in depreciation and minor adjustments
- ♦ £694,000 applied from the Parish Share Credit designated fund
- ♦ £278,000 in Clergy Housing Capital investment
- ♦ £543,000 in equity investment losses

Gains and revaluations (increasing funds):

- ♦ £320,000 in reductions to funding liabilities on pension schemes
- ♦ £1,096,597 in additional gains on property sales

We believe that our overall financial management is sound. Despite the challenges facing us as we emerged from the pandemic, we achieved a broadly breakeven result in our management accounts and with the overall effect of the above adjustments, a further £124,096 was added to the Diocese's accumulated funds over 2022.

Reserves

The reserves policy of the Finance Committee is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

The DBF aims to maintain the equivalent of at least four months' operating expenditure in cash and equities in the General Fund. This excludes all designated funds, loans and loan guarantees. This policy is to be reviewed annually in the January Finance Committee meeting.

Our fiscal rules established in 2018 state that investment and cash reserves are to be maintained at a minimum of 4 months operating expenditure. At the end of 2022 the value of investments had fallen to the equivalent of 4.0 months budgeted expenditure but is unlikely to remain at or above 4 months until we are able to diversify our investment portfolio away from property and into liquid assets such as equities. Work to enable this will continue in 2023.

Investment markets proved volatile in 2022 due to ongoing economic uncertainty and in particular the impact of the COVID-19 pandemic. We were able to maintain sufficient cash flow during the year to manage through the volatility in investment values and allow time for values to recover by the end of the year, without crystallising losses mid-year.

The unrestricted reserve stands at £9.7m. £3.0m representing 3 months' operating expenditure, is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining reserves at a minimum of three months will cushion the diocese from short-term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

Designated reserves at the end of the year had reduced to nil.

Investments

The Memorandum of Association gives the trustees power to invest in any investment authorised by law in investment of trust funds. The trustees confirm that all investments have been acquired in accordance with their powers, and that they have followed the ethical investment policy used by the central Church of England bodies.

Our historic Glebe land portfolio is substantially managed by Fisher German.

Grants received

Our main source of income is Parish Share. We also receive grants from Archbishops' Council through the Lowest Income Communities Fund, Strategic Development Fund, Strategic Ministry Fund and Sustainability Fund. These issues are discussed elsewhere in this report. We continue to be very grateful for the support of Marshall's Charity in the improvement of our housing stock and for the ongoing support of the Benefact Trust.

III. FUTURE PLANS

We remain committed to asking God for a bigger church to make a bigger difference so that there are more people knowing Jesus and more justice in the world. As reported above these have been refined into 4 mission priorities and we obtained significant funding for our Fit for Mission programme. If we cannot reverse the underlying long-term decline, amplified by Covid, we will find our future increasingly constrained. These are key times for the long-term future of the Diocese of Liverpool.

IV. PRINCIPAL RISKS AND UNCERTAINTIES

In addition to the financial and other risks outlined below, there are various key areas of activity where the diocese could incur financial penalties, operational failings, or reputational damage. In 2021 we began a process of re-working our risk and assurance processes; this work was completed in 2022. We now have a comprehensive risk and assurance

framework where risk is clearly articulated and operates as a forcing function. The assurance framework is underpinned by metrics which articulate what good looks like and then track performance through. The trustees undertake an annual risk review exercise (the Audit Committee is the lead body in this).

Our risk register continues to highlight a number of risks which could impact seriously on the charity's operation and development. These range from the failure to reverse numerical decline to the failure to generate new disciples; from the failure to develop resilient finances to the failure to develop and maintain a robust safeguarding culture and practice; from the failure to invest in new technology to the implications of the climate crisis. The Finance Committee oversees the implementation of the recommendations arising out of this risk analysis. Liquidity risk is managed by ensuring sufficient liquidity to meet foreseeable needs, with an overdraft facility providing short-term flexibility and longer-term loans supporting asset acquisition.

5. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board is Custodian Trustee for trust assets with a market value of £6.27m at 31 December 2022. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2022. Most of these trusts are held on behalf of parishes whose charitable purpose is the advancement of religion and therefore is parallel to those of the Diocese. The funds are held in separate investments from those of the DBF and there is a separate bank account from which payments are made. We also hold a number of parish properties as Custodian Trustee, but we are unable to obtain a current valuation of these properties due to the complexity and substantial costs involved.

The Board also holds funds for the Liverpool Diocesan Pensions Fund and a number of historic trusts under the practical management of the bishops and archdeacons which give financial support to clergy and their families in need in the Diocese of Liverpool.

Further funds are held on behalf of Church of England Schools in the Diocese for capital building projects. At 31 December 2022, these funds had a market value of £3.4m (2021 - £3.8m).

6. NOTES AND QUERIES

There are a number of declarations and explanations that also need to be included in the annual report. These are as follows:

Significant changes in fixed assets

These are now explained in notes 10 and 11 to the financial statements.

Related party transactions

The diocese is a complex entity with a series of potentially overlapping structures. These can give rise to conflicts of interest. For example, many board members are also active in their local church, either as priests or lay members, and there may well be issues discussed at board level which impact on their own church. There are also specific instances, such as an application for a diocesan loan, where the parish can directly benefit. The board is always conscious of such potential conflicts and the need for board members to act appropriately. Indeed, each Finance Committee meeting has a formal declaration of interest to highlight potential conflicts, and individual members have left the room during certain discussions to ensure freedom of debate.

In 2008 a loan of £25k was issued to Emmanuel Theological College, (originally known as the Southern North West Training Partnership), a related party, and a further loan of £25k was issued in 2009. In December 2020, a further loan of

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£10,000 was issued to support the development of the new theological college (renamed to Emmanuel Theological College). A total of £15,000 remained outstanding as at 31 December 2022. This balance is included within the figure of £88,991 for parish and other concessionary loans at note 12.

Post Balance Sheet Events

Since the start of 2022, the day-to-day impact of the Covid-19 pandemic began to lessen, with all formal restrictions relating to the pandemic ending in February 2022. The longer-term impact of the pandemic is still to be determined and we continue to engage with the challenges and uncertainty that remain after the more acute phases of the pandemic, including work to mitigate the financial impact of the pandemic on parishes, with further Parish Share Credit applied during 2022.

In 2022 we launched our Fit for Mission programme of change, supported by Strategic Transformation Funding from the Archbishops' Council. This programme allows us to work with deaneries to re-imagine how we undertake mission and ministry in the Diocese.

Fundraising

There have been no significant fundraising activities at diocesan level in 2022.

Insurance

We continue to arrange our insurance with Ecclesiastical Insurance Group. The policies are subject to regular review.

Trustees' interest in shares

The board is a company limited by guarantee (company number 18301) and trustees, as members, may derive no benefit, income or capital interest in the board's financial affairs, other than the reimbursement of out-of-pocket expenses. No expenses were paid to Trustees' during the year.

Taxation status

The Board is a registered charity (charity number 249740) and, as such, is not liable to Income Tax or Corporation Tax on its charitable activities.

Contingent liabilities

There were no contingent liabilities on the Board at the end of the year other than the loans for which the charity has agreed to act as guarantor. The amounts are disclosed in note 16 to the financial statements.

7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the Liverpool Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities SORP;
- ◆ make judgments and estimates that are reasonable and prudent;

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

- ♦ state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statement; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

8. DISCLOSURE OF INFORMATION TO AUDITORS

The trustees also confirm that, as far as they are aware, there is no relevant audit information of which the charity's auditors are unaware and they have taken all 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 company's auditors are aware of that information.

By order of the Trustees

Maggie Swinson
Trustee
31 October 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LIVERPOOL DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of Liverpool Diocesan Board of Finance (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, 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 charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes 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 directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Louise Casey ACA (Senior Statutory Auditor)

for and on behalf of BWM

Chartered Accountants

Statutory Auditor

31 October 2023

Suite 5.1

12 Tithebarn Street

Liverpool

L2 2DT

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2022**

Current financial year		Unrestricted Funds 2022 £	Restricted Funds 2022 £	Endowment Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
	Note					
Income from						
Donations	2					
Parish Share		7,321,397	-	-	7,321,397	7,910,352
Archbishop's Council		3,078,996	1,604,749	-	4,683,745	4,689,828
Other Donations		1,033,219	115,645	-	1,148,864	929,667
Charitable Activities	3	442,019	18,969	-	460,988	355,316
Investments	4	682,304	-	-	682,304	646,795
Other	5	1,096,597	-	-	1,096,597	471,570
Total income		13,654,532	1,739,363	-	15,393,895	15,003,528
Expenditure on						
Charitable activities	6	12,401,059	2,112,444	-	14,513,503	14,366,772
Other	7	212,522	-	-	212,522	207,300
Total expenditure		12,613,581	2,112,444	-	14,726,025	14,574,072
Net income before investment gains		1,040,951	(373,081)	-	667,870	429,456
Net gains on investments	11	(543,774)	-	-	(543,774)	567,170
Net income	15	497,177	(373,081)	-	124,096	996,626
Transfers between funds	20	(40,474)	146,000	(105,526)	-	-
Net movement in funds		456,703	(227,081)	(105,526)	124,096	996,626
Total funds brought forward		9,225,690	5,602,098	33,930,525	48,758,313	47,761,687
Total funds carried forward		9,682,393	5,375,017	33,824,999	48,882,409	48,758,313

All activities derive from continuing activities.

The notes on pages 25 to 51 form part of the financial statements

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2022**

Prior financial year		Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £
	Note				
Income from					
Donations	2				
Parish Share		7,910,352	-	-	7,910,352
Archbishop's Council		2,952,085	1,737,743	-	4,689,828
Other Donations		781,738	147,929	-	929,667
Charitable Activities	3	329,561	25,755	-	355,316
Investments	4	633,837	12,958	-	646,795
Other	5	471,570	-	-	471,570
Total income		13,079,143	1,924,385	-	15,003,528
Expenditure on					
Charitable activities	6	12,702,087	1,664,685	-	14,366,772
Other	7	207,300	-	-	207,300
Total expenditure		12,909,387	1,664,685	-	14,574,072
Net income (expenditure) before investment gains		169,756	259,700	-	429,456
Net gains on investments	11	567,170	-	-	567,170
Net income (expenditure)	15	736,926	259,700	-	996,626
Transfers between funds	20	(226,835)	316,046	(89,211)	-
Net movement in funds		510,091	575,746	(89,211)	996,626
Total funds brought forward		8,715,599	5,026,352	34,019,736	47,761,687
Total funds carried forward		9,225,690	5,602,098	33,930,525	48,758,313

All activities derive from continuing activities.

The notes on pages 25 to 51 form part of the financial statements

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2022

BALANCE SHEET

AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed Assets					
Tangible Assets	10		39,029,892		39,896,056
Investments	11		9,808,294		10,352,068
			<u>48,838,186</u>		<u>50,248,124</u>
Current Assets					
Debtors: due within 1 year	12	900,377		1,325,455	
Debtors: due after 1 year		-		15,000	
Cash at bank and in hand		4,179,283		2,446,685	
		<u>5,079,660</u>		<u>3,787,140</u>	
Creditors:					
Amounts falling due within one year	13	<u>(4,449,837)</u>		<u>(4,691,351)</u>	
Net current assets / (liabilities)			<u>629,823</u>		<u>(904,211)</u>
Total assets less current liabilities			49,468,009		49,343,913
Creditors: amounts falling due after more than one year					
Pension scheme liabilities	14		-		-
Other creditors	15		(585,600)		(585,600)
Net Assets			<u>48,882,409</u>		<u>48,758,313</u>
Accumulated Funds					
Endowment funds	20		33,824,999		33,930,525
Restricted funds			5,375,017		5,602,098
Unrestricted funds			9,682,393		9,225,690
Total funds			<u>48,882,409</u>		<u>48,758,313</u>

The financial statements on pages 21 to 51 were approved by the Finance Committee on 31 October 2023 and signed

Maggie Swinson
Chair

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022		2021	
		£	£	£	£
Cash flows from operating activities:					
Net cash (used in) provided by operating activities	i		<u>(882,926)</u>		<u>(1,089,909)</u>
Cash flows from investing activities:					
Investment income		682,304		646,795	
Sale of tangible fixed assets		1,941,517		511,565	
Purchase of tangible fixed assets		(5,073)		(339,484)	
Purchase of fixed asset investments		-		-	
Interest on loans and bank overdrafts		<u>(3,225)</u>		<u>(3,225)</u>	
Net cash provided by investing activities			<u>2,615,523</u>		<u>815,651</u>
Cashflows from financing activities:					
Cash inflows from new borrowings		<u>-</u>		<u>-</u>	
Net cash provided by financing activities			<u>-</u>		<u>-</u>
Net Change in cash and cash equivalents			1,732,597		(274,258)
Cash and cash equivalents brought forward			<u>2,446,685</u>		<u>2,720,943</u>
Cash and cash equivalents carried forward			<u>4,179,282</u>		<u>2,446,685</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

i, Reconciliation of net income to net cash (used in) provided by operating activities

	2022	2021
	£	£
Net income for the reporting period (as per the statement of financial activities)	667,870	429,456
Depreciation	8,236	13,216
Investment income	(682,304)	(646,795)
Interest on loans and bank overdrafts	3,225	3,225
Gains on disposal of property	(1,078,517)	(92,570)
Decrease / (increase) in debtors	440,078	(324,352)
(Decrease) / increase in creditors	<u>(241,514)</u>	<u>(472,089)</u>
Net cash (used in) provided by operating activities	<u>(882,926)</u>	<u>(1,089,909)</u>

ii, Analysis of cash and cash equivalents

	I January 2022	Cash flow	Other non 31 December cash	2022
	£	£	£	£
Net Cash:-				
Cash at bank and in hand	2,446,685	1,732,598	-	<u>4,179,283</u>

ii, Reconciliation of net cash flow to movement in net funds

	2022	2021
	£	£
(Decrease) increase in cash	1,732,598	(274,258)
Opening net funds	<u>2,446,685</u>	<u>2,720,943</u>
Closing net funds	<u>4,179,283</u>	<u>2,446,685</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

I. (a) Accounting policies

The Liverpool Diocesan Board of Finance is company limited by guarantee registered in England no 18301 and a registered charity no 249740 and its registered office is at St James House, 20 St James Road, LI 7BY. The LDBF constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2019), the Companies Act 2006 and applicable accounting standards (FRS102).

The charity has claimed exemption from preparing consolidated financial statements as its subsidiary, The Good Funeral Company Limited, remained dormant throughout 2022 and its activities have been recorded within the income and expenditure of the Diocese.

The presentation currency is pounds sterling and figures are shown to the nearest £. A summary of the more important accounting policies which have been consistently applied is set out below.

(b) Income

The principal source of income comes from voluntary giving in the form of parish share. All income is included in the Statement of Financial Activities (SOFA) when LDBF has entitlement to the funds, the amount can be quantified, and receipt of the funds is probable.

(c) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 17). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

vi) **Parish share credit** Parish Share Credit was calculated in two stages, the first of which was targeted at those parishes with very low levels of reserves and a shortfall in income, with the second stage considering those parishes that had suffered reductions in reserve levels and faced a reduced ability to pay Parish Share in the subsequent year. The sums credited were calculated using parish financial data and forecasts, in dialogue with deanery leaders.

(d) Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing the accounts.

(e) Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

(g) Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(h) Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

(i) Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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.

(j) Investment assets and income arising

The Board of Finance holds investments for itself and on behalf of parishes and other charities. Investments and their associated income are only recognised where the Board is investment custodian, investment manager and the beneficiary.

Investments are shown at market value, or at the trustees' best estimate of such.

Investment properties are included in the balance sheet at their open market value and are not depreciated. Although this accounting policy is in accordance with the applicable accounting standard, FRS102, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the trustees, compliance with the accounting standard FRS102 is necessary for the financial statements to give a true and fair view of its financial position, performance and cashflow. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

All unquoted investments are held and valued on the basis of information provided from CCLA.

Dividends and interest are included in the financial statements when receivable.

Realised gains on investments are reinvested where appropriate. Both realised and unrealised gains are disclosed in the Statement of Financial Activities.

(k) Major Funds

Funds held by the charity are either:

Restricted funds – these funds consist of trust and other funds, which may only be used for specific purposes imposed by the settlor, donor, or legislation.

Permanent Endowment funds – these are funds where there is no power to convert capital into income. Where the trustees have the power to convert endowments into income, these funds are known as expendable endowments.

Unrestricted funds – these are funds which may be used for general purposes without any external restriction.

Designated Funds – these are unrestricted funds that have been set aside by the Board for purposes

designated by Diocesan policy. Such designations may be set aside from time to time according to policy decisions.

Details of the major funds held by the Board are given in note 20 to the Financial Statements.

(l) Stipends

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Board are shown gross in these financial statements. However, bishops are paid entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

(m) Fixed assets

Classes of Fixtures and fittings are grouped and only those classes with a value of over £10,000 are capitalised and not expensed. Property is held in the balance sheet at cost or deemed cost for land and buildings held at valuation at the date of transition to FRS 102.

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

Depreciation on fixed assets is provided on a straight-line basis over five years for furniture and over three years for IT equipment.

All fixed assets are held for continuing use in the charity's activities and are therefore classified as fixed assets for charitable use.

(n) Netting off of expenses and income

All incoming resources are reported gross, as far as is possible. Income received in circumstances where a claim for repayment of tax has been or will be made, is grossed up for the tax recoverable and the gross figure included as income.

(o) Designated funds

Designated funds are used for their intended purpose. Any transfers to or from designated funds are subject to authorisation controls.

(p) Reserves

Accumulated capital is the amount transferred from general reserve, profits less losses on sale of fixed assets and investments, legacies and gifts received for capital purposes. The general reserve is

the total accumulated surplus less deficits for the Board of Finance.

Restricted funds are subject to specific conditions either imposed by the donor and binding on the Board or linked to the basis on which money was obtained. They represent unspent restricted income and/or assets to which restrictions as to their use apply.

(q) Irrecoverable VAT

Irrecoverable VAT is grossed up and included in all relevant expenditure.

(r) Taxation

The Diocese benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income and gains falling within those exemptions.

(s) Operating Leases

Rentals payable under operating leases are charged in the SOFA on a straight- line basis over the lease term.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Donations and legacies

Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
General Parish Share Income	7,321,397	-	-	7,321,397	7,910,352
	<u>7,321,397</u>	<u>-</u>	<u>-</u>	<u>7,321,397</u>	<u>7,910,352</u>

Income from National Church Institutions

Current financial year

Lowest Income Communities Funding	1,697,396	-	-	1,697,396	1,907,068
Sustainability Funding	498,000	-	-	498,000	1,000,000
Strategic Development Funding	-	699,462	-	699,462	1,246,308
Ordination Training Block Grant	-	330,067	-	330,067	378,494
Strategic Ministry Fund for Curates	355,671	-	-	355,671	112,941
Energy Costs Grant	475,000	-	-	475,000	-
Strategic Capacity Funding	-	281,809	-	281,809	-
Strategic Transformation Funding	-	293,411	-	293,411	-
Grant for Legal services	52,929	-	-	52,929	45,017
	<u>3,078,996</u>	<u>1,604,749</u>	<u>-</u>	<u>4,683,745</u>	<u>4,689,828</u>

Other Donations

Current financial year

Benefact Trust Grant	188,000	-	-	188,000	176,167
General DBF Donations	155,171	-	-	155,171	32,863
Racial Justice	50,000	-	-	50,000	-
Transform North West	-	80,250	-	80,250	61,500
Joshua Centre Fund	-	5,166	-	5,166	960
Missing Generations	-	-	-	-	-
Marshalls Charity Grants for Parsonages	-	30,229	-	30,229	11,730
Inter-Diocesan Learning Community	-	-	-	-	1,800
Stipends	9,663	-	-	9,663	6,708
Net Zero	72,162	-	-	72,162	5,000
School Building Donations	15,310	-	-	15,310	-
DBE Services Ltd	25,622	-	-	25,622	84,265
Church & Society	-	-	-	-	71,939
Assigned Fees	517,291	-	-	517,291	476,735
	<u>1,033,219</u>	<u>115,645</u>	<u>-</u>	<u>1,148,864</u>	<u>929,667</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Donations and legacies

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
General Parish Share Income	7,910,352	-	-	7,910,352
	<u>7,910,352</u>	<u>-</u>	<u>-</u>	<u>7,910,352</u>

Income from National Church Institutions

Prior financial year

Lowest Income Communities Funding	1,907,068	-	-	1,907,068
Sustainability Funding	1,000,000	-	-	1,000,000
Strategic Development Funding	-	1,246,308	-	1,246,308
Ordination Training Block Grant	-	378,494	-	378,494
Strategic Ministry Fund for Curates	-	112,941	-	112,941
Grant for Legal services	45,017	-	-	45,017
	<u>2,952,085</u>	<u>1,737,743</u>	<u>-</u>	<u>4,689,828</u>

Other Donations

Prior financial year

Discretionary Funds Grant	176,167	-	-	176,167
Coronavirus Job Retention Scheme	32,863	-	-	32,863
Transform North West	-	61,500	-	61,500
Joshua Centre Fund	-	960	-	960
Marshalls Charity Grants for Parsonages	-	11,730	-	11,730
Inter-Diocesan Learning Community	-	1,800	-	1,800
Stipends	6,708	-	-	6,708
Social Justice	5,000	-	-	5,000
DBE Services Ltd	84,265	-	-	84,265
Church & Society	-	71,939	-	71,939
Assigned Fees	476,735	-	-	476,735
	<u>781,738</u>	<u>147,929</u>	<u>-</u>	<u>929,667</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Charitable Activities

Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
Gift Aid Scheme	11,280	-	-	11,280	11,714
General DBF Income	200,806	-	-	200,806	141,247
Fellfield Income	-	-	-	-	(30)
Board of Education	168,066	-	-	168,066	134,359
Communications Office	23,963	-	-	23,963	23,963
Lifelong Learning	-	-	-	-	9,950
Clergy Housing Income	37,904	-	-	37,904	8,358
Church Inspection Fees	-	18,969	-	18,969	25,755
	442,019	18,969	-	460,988	355,316

Charitable Activities

Prior financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £
Gift Aid Scheme	11,714	-	-	11,714
General DBF Income	141,247	-	-	141,247
Fellfield Income	(30)	-	-	(30)
Board of Education	134,359	-	-	134,359
Communications Office	23,963	-	-	23,963
Lifelong Learning	9,950	-	-	9,950
Clergy Housing Income	8,358	-	-	8,358
Church Inspection Fees	-	25,755	-	25,755
	329,561	25,755	-	355,316

4. Investment Income

Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
DBF Investment Income	129,783	-	-	129,783	129,483
Church House / Investment Property Rental Income	44,720	-	-	44,720	86,000
Parsonages Rental Income	507,801	-	-	507,801	418,354
Glebe Rental Income	-	-	-	-	12,958
	682,304	-	-	682,304	646,795

Investment Income

Prior financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £
DBF Investment Income	129,483	-	-	129,483
Church House Rental Income	86,000	-	-	86,000
Parsonages Rental Income	418,354	-	-	418,354
Glebe Rental Income	-	12,958	-	12,958
	633,837	12,958	-	646,795

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Other income

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Property Transactions	1,096,597	-	-	1,096,597	92,570
Share of proceeds of school site		-	-	-	379,000
	1,096,597	-	-	1,096,597	471,570

Other income

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
Property Transactions	92,570	-	-	92,570
Share of proceeds of school site	379,000	-	-	379,000
	471,570	-	-	471,570

6 Charitable Activities

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Archbishops' Council	197,774	-	-	197,774	113,748
	197,774	-	-	197,774	113,748

Resourcing Mission and Ministry

Current financial year

Parish Mission and Ministry:

Clergy stipends	4,652,723	-	-	4,652,723	4,774,696
Clergy Pension Costs	1,281,030	-	-	1,281,030	1,447,480
National insurance	420,256	-	-	420,256	428,237
Resettlement/removal grants etc	149,298	-	-	149,298	197,907
Lay Workers	22,598	-	-	22,598	21,988
Administration and other costs	197,773	-	-	197,773	324,566
Clergy Grants	380,134	89,034	-	469,168	-
Parish share grant credit	639,105	-	-	639,105	1,362,376
Area Dean Grants	41,525	-	-	41,525	44,200
Good Funeral Company	116,042	-	-	116,042	-
Strategic Development Funding	-	1,630,443	-	1,630,443	1,459,247
Clergy Housing	1,523,875	-	-	1,523,875	1,095,261
Deanery Mission and Growth Grants	252,347	-	-	252,347	359,571
Grants to Parishes from Property Sales	60,050	-	-	60,050	17,004
DBF Central Costs (25%)	175,433	-	-	175,433	135,911
St James' House Costs (15%)	17,211	-	-	17,211	21,562
	9,929,400	1,719,477	-	11,648,877	11,690,006

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

6 Charitable Activities (continued)

Current financial year

Support for Parish Mission and Ministry:

Clergy Training	280,040	-	-	280,040	280,041
Lifelong Learning	217,079	-	-	217,079	225,470
Social Justice	82,601	-	-	82,601	130,076
Disability Discretionary	-	-	-	-	5,510
Church Growth & Ecumenism	61,171	-	-	61,171	47,756
Resources Department	136,228	-	-	136,228	106,645
Ordinands in Training	195,918	310,106	-	506,024	447,993
General Synod Members' Expenses	-	-	-	-	291
Church Inspections	-	-	-	-	26,680
Communications Office	186,352	-	-	186,352	166,830
Legal Fees	-	-	-	-	(6,656)
Pastoral Committee	-	66,238	-	66,238	37,510
Diocesan Synod	-	-	-	-	877
Safeguarding and Inclusion	155,041	-	-	155,041	168,169
Diocesan Advisory Council	74,407	-	-	74,407	39,580
Ecumenical Funding	44,784	-	-	44,784	44,784
DPA Parish Housing & DPA Grants	-	-	-	-	36,000
Additional Pension Costs	-	-	-	-	39,771
DBF Central Costs (60%)	421,039	-	-	421,039	326,186
St James' House Costs (80%)	91,792	-	-	91,792	114,997
Other	-	16,499	-	16,499	38,915
	1,946,452	392,843	-	2,339,295	2,277,425

Expenditure on Education

Current financial year

Support for church schools and parishes	327,433	-	-	327,433	262,608
Property Expenditure on Schools	-	124	-	124	22,985
	327,433	124	-	327,557	285,593

Total Charitable Activities 2022

	12,401,059	2,112,444	-	14,513,503	14,366,772
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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

6 Charitable Activities (continued)

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
Archbishops' Council	113,748	-	-	113,748
	113,748	-	-	113,748

Resourcing Mission and Ministry

Prior financial year

Parish Mission and Ministry:

Clergy stipends	4,774,696	-	-	4,774,696
Clergy Pension Costs	1,447,480	-	-	1,447,480
National insurance	428,237	-	-	428,237
Resettlement/removal grants etc	197,907	-	-	197,907
Lay Workers	21,988	-	-	21,988
Administration and other costs	324,566	-	-	324,566
Parish share grant credit	1,362,376	-	-	1,362,376
Area Dean Grants	44,200	-	-	44,200
Strategic Development Funding	160,535	1,298,712	-	1,459,247
Clergy Housing	1,083,531	11,730	-	1,095,261
Deanery Mission and Growth Grants	359,571	-	-	359,571
Grants to Parishes from Property Sales	17,004	-	-	17,004
DBF Central Costs (25%)	135,911	-	-	135,911
St James' House Costs (15%)	21,562	-	-	21,562
	10,379,564	1,310,442	-	11,690,006

Prior financial year

Support for Parish Mission and Ministry:

Clergy Training	280,041	-	-	280,041
Lifelong Learning	225,470	-	-	225,470
Social Justice	58,137	71,939	-	130,076
Disability Discretionary	5,510	-	-	5,510
Church Growth & Ecumenism	47,756	-	-	47,756
Resources Department	106,645	-	-	106,645
Ordinands in Training	278,022	169,971	-	447,993
General Synod Members' Expenses	291	-	-	291
Church Inspections	-	26,680	-	26,680
Communications Office	166,830	-	-	166,830
Legal Fees	(6,656)	-	-	(6,656)
Pastoral Committee	-	37,510	-	37,510
Diocesan Synod	877	-	-	877
Safeguarding and Inclusion	168,169	-	-	168,169
Diocesan Advisory Council	39,580	-	-	39,580
Ecumenical Funding	44,784	-	-	44,784
DPA Parish Housing & DPA Grants	36,000	-	-	36,000
Additional Pension Costs	39,771	-	-	39,771
DBF Central Costs (60%)	326,186	-	-	326,186
St James' House Costs (80%)	114,997	-	-	114,997
Other	13,757	25,158	-	38,915
	1,946,167	331,258	-	2,277,425

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

6 Charitable Activities (continued)

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
Expenditure on Education				
Prior financial year				
Support for church schools and parishes	262,608	-	-	262,608
Property Expenditure on Schools	-	22,985	-	22,985
	<u>262,608</u>	<u>22,985</u>	<u>-</u>	<u>285,593</u>
Total Charitable Activities 2021	<u>12,702,087</u>	<u>1,664,685</u>	<u>-</u>	<u>14,366,772</u>

7 Other Resources Expended

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Current financial year					
Governance:					
DBF Central Costs (15%)	105,260	-	-	105,260	81,545
Diocesan Registry	76,283	-	-	76,283	100,055
Audit and accounting fees	25,242	-	-	25,242	18,513
St James' House Costs (5%)	5,737	-	-	5,737	7,187
	<u>212,522</u>	<u>-</u>	<u>-</u>	<u>212,522</u>	<u>207,300</u>

Other Resources Expended

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
Prior financial year				
Governance:				
DBF Central Costs (15%)	81,545	-	-	81,545
Diocesan Registry	100,055	-	-	100,055
Audit and accounting fees	18,513	-	-	18,513
St James' House Costs (5%)	7,187	-	-	7,187
	<u>207,300</u>	<u>-</u>	<u>-</u>	<u>207,300</u>

8 Analysis of support costs

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Current financial year					
Central administration	701,732	-	-	701,732	543,642
Diocesan Registry	76,283	-	-	76,283	100,055
St James' House	114,740	-	-	114,740	143,746
	<u>892,755</u>	<u>-</u>	<u>-</u>	<u>892,755</u>	<u>787,443</u>

Analysis of support costs (continued)

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
Prior financial year				
Central administration	543,642	-	-	543,642
Diocesan Registry	100,055	-	-	100,055
St James' House	143,746	-	-	143,746
	<u>787,443</u>	<u>-</u>	<u>-</u>	<u>787,443</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

9 Staff Costs	2022	2021
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,716,730	1,523,677
National Insurance Contributions	144,645	138,672
Pension costs	303,780	293,168
	2,165,155	1,955,517

	2022	2021
	Number	Number
The average number of persons employed during the year:		
Full time	35	33
Part time	27	26
	62	59

Remuneration of key management personnel

Key management personnel are deemed to be those having the authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Liverpool Diocesan Board of Finance. At the end of 2022 these were:

Diocesan Secretary & Company Secretary	Mike Eastwood
Assistant Diocesan Secretary & Director of Communications	Stuart Haynes
HR Manager	Debbie Brisco
Director of Vocations	Suzanne Matthews
Director of Finance	Matt Elliott
Director of Education	Stuart Harrison
Director of Social Justice	Ellen Loudon
Director of Learning & Stewardship	Steve Pierce
Diocesan Programme Manager	Richard Gedge
Total remuneration and pensions for these employees amounted to £522,189 (2021: £496,497)	
The number of employees whose emoluments exceeded £60,000 was:	

	2022	2021
£60,001 - £70,000	2	2

Trustees' emoluments

No Trustee received any remuneration or reimbursement for expenses for services as Trustee. Trustees who are also stipendiary clergy receive remuneration for including stipends, pension and housing based on national rates set by the central stipends authority.

The following trustees received remuneration in respect of their roles as stipendiary clergy:

The Venerable Mike McGurk
 The Venerable Pete Spiers
 The Venerable Simon Fisher
 The Venerable Miranda Threlfall-Holmes
 Rev Peter Dawkin (elected)
 Rev Canon Emma Williams (elected)

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 housing for stipendiary clergy in the diocese including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

The LDBF paid an average of 173 (2021 - 182) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022	2021
	£	£
Stipends	4,700,313	4,774,696
Pension costs	1,626,466	1,447,480
National Insurance Contributions	432,303	428,237
	<u>6,759,082</u>	<u>6,650,413</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Tangible Fixed Assets

	DBF Property £	DBF Glebe £	DBF VLL Property £	Team Vicars Glebe £	Parsonages £	Fixtures & Fittings £	Total Funds £
Deemed cost or historic cost							
At 1 January 2022	758,840	2,659,971	85,001	3,470,000	32,912,466	345,413	40,231,691
Additions	-	-	-	-	-	5,073	5,073
Disposals	(55,000)	-	-	-	(808,000)	-	(863,000)
At 31 December 2022	703,840	2,659,971	85,001	3,470,000	32,104,466	350,486	39,373,764
Depreciation							
At 1 January 2022	-	-	-	-	-	335,635	335,635
Charge for year	-	-	-	-	-	8,236	8,236
At 31 December 2022	-	-	-	-	-	343,871	343,871
Net book value							
At 31 December 2022	703,840	2,659,971	85,001	3,470,000	32,104,466	6,615	39,029,893
At 31 December 2021	758,840	2,659,971	85,001	3,470,000	32,912,466	9,778	39,896,056

All properties held as Tangible Fixed Assets are freehold.

11. Fixed Asset Investments

	Investment Properties £	UK Unquoted Investments £	Total Funds 2022 £	Total Funds 2021 £
Unquoted				
Market value at 1 January 2021	5,882,458	4,469,610	10,352,068	9,784,898
Additions	-	-	-	-
(Losses) / Gains on Investment Assets	-	(543,774)	(543,774)	567,170
Market value at 31 December 2021	5,882,458	3,925,836	9,808,294	10,352,068

Investment properties were valued by Peter Kenny Property Management as at 31st December 2015. The Investment Property at Linnet Lane was revalued for insurance purpose in 2017. The trustees have considered the rebuild valuation against local market conditions and consider the rebuild valuation to be a close approximation of market value. The trustees have valued the investment properties at a current market value of £5,882,458 as at 31 December 2022.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. (cont.) Fixed asset investments

Historical Cost of Investments	2022	2021
	£	£
UK Unquoted	2,848,504	2,848,504
Investment Property	3,809,068	3,809,068
	<u>6,657,572</u>	<u>6,657,572</u>

Unquoted Investments comprise	2022	2021
	£	£
CBF Property Fund	780,375	884,110
CBF Investment Fund	2,127,054	2,410,851
CBF Global Equity Fund	957,107	1,113,348
CBF Deposit Fund	61,289	61,289
DBE Services Ltd	12	12
	<u>3,925,837</u>	<u>4,469,610</u>

In 2005 the diocese purchased 12 ordinary shares of £1 each (now a 1/6th shareholding) in DBE Services Ltd. DBE Services Ltd provides services for schools. In 2022 the Diocese's share of the surplus was £25,622 (see note 2).

The shares may not be disposed of or charged except in accordance with the provisions of the Shareholders' Agreement. Distributable profits attributable to the work done for relevant schools are to be distributed in the proportions to which they arise from the work done for the relevant schools for each shareholder and the remaining distributable profits shall be divided equally between the shareholders.

During 2018 The Good Funerals Company Limited was established as a company limited by guarantee under the control of LDBF. The company itself remained dormant during 2021 and 2022, but all of its activities have been reported through the Diocesan accounts. The amounts have not been separately disclosed since their aggregate value considered to be relatively insignificant.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Debtors

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
Amounts due from parishes	577,730	-	-	577,730	355,776
Sundry debtors	233,656	-	-	233,656	501,850
Parish and other concessionary loans	87,391	1,600	-	88,991	88,991
Prepayments and accrued income	-	-	-	-	393,837
	898,777	1,600	-	900,377	1,340,454

Debtors include the following balances due after more than one year:

	Total funds 2022 £
Parish and other concessionary loans	-
	-

12. Debtors (continued)

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £
Amounts due from parishes	355,776	-	-	355,776
Sundry debtors	501,850	-	-	501,850
Parish and other concessionary loans	87,391	1,600	-	88,991
Prepayments and accrued income	11,253	382,584	-	393,837
	956,270	384,184	-	1,340,454

Debtors include the following balances due after more than one year:

	Total Funds 2021 £
Parish and other concessionary loans	15,000
	15,000

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. Creditors: amounts falling due within one year

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
Sundry creditors	3,453,360	-	-	3,453,360	3,483,069
Accruals	145,616	-	-	145,616	61,141
Deanery Mission and Growth Funds	841,090	-	-	841,090	827,766
Taxation and social security	9,771	-	-	9,771	(625)
Pension deficit funding contributions	-	-	-	-	320,000
	4,449,837	-	-	4,449,837	4,691,351

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £
Sundry creditors	3,483,069	-	-	3,483,069
Accruals	61,141	-	-	61,141
Deanery Mission and Growth Funds	827,766	-	-	827,766
Taxation and social security	(625)	-	-	(625)
Pension deficit funding contributions	-	320,000	-	320,000
	4,371,351	320,000	-	4,691,351

14. Creditors: amounts falling due after more than one year

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
Loans from Church Commissioners	85,000	-	-	85,000	85,000
Loans from CCLA	500,000	-	-	500,000	500,000
Loans from CBF	-	600	-	600	600
	585,000	600	-	585,600	585,600

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £
Loans from Church Commissioners	85,000	-	-	85,000
Loans from CCLA	500,000	-	-	500,000
Loans from CBF	-	600	-	600
	585,000	600	-	585,600

Loans from Church Commissioners are secured on value-linked loan properties, included in fixed assets and are repayable on the sale of the property. There is no fixed repayment date for these. The total interest paid during 2022 was £Nil.

15. Net expenditure for the year

	2022	2021
	£	£
This is stated after charging:-		
Auditors' remuneration:		
Audit – BWM	16,800	15,300
Non audit fees (compilation of accounts)	-	3,120
Depreciation	8,236	13,216
Operating Leases – Land & Buildings	75,000	75,000
Operating Leases – Plant and Equipment	1,812	1,812
Interest on bank loans and overdrafts	115	115
Interest on loans from CCLA	-	3,110

16. Guarantees

The Board has given guarantees to Lloyds Bank for £49,639 (2021: £49,639) in respect of loans granted to parishes.

17. Pensions

(a) Clergy Pensions

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £1,626,466, 2021: £1,601,030), plus the figures in relation to the Scheme's deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,281,030 for 2022 (2021: £1,276,030).

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

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

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022	2021
Balance sheet liability at 1 January	320,000	645,000
Deficit contribution paid	-185,000	-323,000
Interest cost (recognised in SoFA)	0	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-135,000	-3,000
Balance sheet liability at 31 December	0	320,000

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

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

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

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

(b) Staff Pensions

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.

The LDBF participates in the Defined Benefits Scheme section of CWPF for lay staff employed prior

to 2009 and the Pension Builder Classic Scheme for lay staff employed after 1st January 2009. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

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

For funding purposes, 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. This does 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 DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £157,724, 2021: £170,895) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £157,724 for 2022 (2021: £86,895).

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 having taken advice from the Actuary.

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

The next actuarial valuation is due at 31 December 2022.

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 34.8% of pensionable salary and expenses of £11,900 per year.

The movement in the provision is set out below:

	2022	2021
Balance sheet liability at 1 January	0	84,000
Deficit contribution paid	0	-28,000
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability*(recognised in SoFA)	0	-56,000
Balance sheet liability at 31 December	0	0

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

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

	December 2022	December 2021	December 2020
Discount rate	0.00%	0.00%	0.00%

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

18. Analysis of net assets by funds as at 31 December 2022

Current financial year	Tangible		Net		Total
	Fixed Assets	Loans/ Investments	Current Assets	Long-term Liabilities	
	£	£	£	£	£
Unrestricted funds	1,382,093	8,853,218	618,719	(585,000)	9,682,393
Restricted funds	5,538,514	-	11,103	(600)	5,375,017
Endowment funds	32,975,449	955,076	-	-	33,824,999
Total	39,029,892	9,808,294	629,822	(585,600)	48,882,409

Analysis of net assets by funds (continued)

Prior financial year	Tangible		Net		Total
	Fixed Assets	Loans/ Investments	Current Liabilities	Long-term Liabilities	
	£	£	£	£	£
Unrestricted funds	795,456	9,396,992	(968,395)	(585,000)	9,225,690
Restricted funds	5,364,514	-	64,184	(600)	5,602,098
Endowment funds	32,869,923	955,076	-	-	33,930,525
Total	39,896,056	10,352,068	(904,211)	(585,600)	48,758,313

Further details of individual funds are given in note 20 below.

19. Lease Obligations

At 31st December 2022, Liverpool DBF was committed to making the following payments under non-cancellable operating leases:

	2022		2021	
	Land and Buildings £	Plant and Equipment £	Land and Buildings £	Plant and Equipment £
Within 1 year	75,000	-	75,000	-
Within 2 to 5 years	281,250	-	300,000	-
After 5 years	-	-	50,000	-

20. Accumulated funds

The General fund is unrestricted. In 2010 £170,000 was designated to the Warrington Mission Development Fund from the sale proceeds of a former vicarage. As at 31 December 2022, the balance on this designated fund amounted to nil (2021 - £16,972) following the distribution of the remaining £16,972 from the fund during 2022.

A further designated fund of £1.6m was created during 2020 from the £1m sustainability funding received from the Church Commissioners and from £0.6m of cost savings made. The fund was to provide support to parishes in their payment of parish share for 2020 and 2021.

At the end of 2022 the carried forward balance of £676,589 has been applied in full.

Diocesan Stipends Fund (DSF) Capital Account: The Diocesan Stipends Fund Capital account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can be utilised for stipend purposes. The DSF capital account is disclosed as an expendable endowment in these financial statements.

Stipends & Ordinands Permanent Endowment: The Stipends & Ordinands Permanent Endowment Fund represents the accumulation of a number of donations given over a number of years towards the support of Stipendiary Ministry and Ordinands in training and their families.

DBE Property Restricted Fund: The DBE Property Restricted fund relates to the proceeds of sale of redundant school sites and is used for the benefit of church schools in the Diocese.

DBF Property Fund: The DBF Property Restricted fund represents the accumulated value of Glebe Houses and owned by the DBF.

Parsonage Building Expendable Endowment Fund: The Parsonage Building Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefice concerned, the Board

is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage building fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Building Fund has been included as an expendable endowment fund in these financial statements.

The Specific Restricted fund includes income and related expenditure for the following:

C of E Stipends Fund
Church Inspections
Partners in Mission
English Heritage

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

20. Accumulated Funds (continued)

Current financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2021	9,225,690	382,584	5,218,514	1,000	591,457	32,383,992	955,076	48,758,313
Incoming Resources	13,654,532	1,739,363	-	-	-	-	-	15,393,895
Outgoing Resources	(12,613,581)	(2,112,444)	-	-	-	-	-	(14,726,025)
Gains/losses	(543,774)	-	-	-	-	-	-	(543,774)
Transfers	(40,474)	-	146,000	-	174,000	(279,526)	-	-
Total Funds 2022	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409
Represented by:								
Tangible Fixed Assets:	795,456	-	5,364,514	-	765,457	32,104,466	-	39,029,893
DBF Houses & Glebe	703,840	-	1,894,514	-	765,457	-	-	3,363,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	-	-	3,470,000	-	-	32,104,466	-	35,574,466
Furniture & Fittings	6,615	-	-	-	-	-	-	6,615
Investments:	8,853,218	-	-	-	-	-	955,076	9,808,294
CCLA	2,970,748	-	-	-	-	-	955,076	3,925,824
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current Assets	618,719	9,503	-	1,600	-	-	-	629,822
Debtors	898,777	-	-	1,600	-	-	-	900,377
Bank and Cash (net of overdraft)	4,169,780	9,503	-	-	-	-	-	4,179,283
Sundry Creditors & Accruals	(4,449,838)	-	-	-	-	-	-	(4,449,838)
Long term liabilities:	(585,000)	-	-	(600)	-	-	-	(585,600)
Loans from Church Commissioners	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributions	-	-	-	-	-	-	-	-
	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409
Analysis of Reserves:								
General Funds	9,682,393	-	-	-	-	-	-	9,682,393
Restricted Funds	-	9,503	5,364,514	1,000	-	-	-	5,375,017
Endowment Funds	-	-	-	-	765,457	32,104,466	955,076	33,824,999
	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409

Fund transfers

The transfer from general fund to the DBF property fund was necessary to acknowledge the reduction in the liability for deficit funding contributions which arose from the completion of a revised actuarial valuation of the Church of England Funded Pension Scheme (note 17) and the part settlement of earlier existing pension obligations.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

20. Accumulated Funds (continued)

Prior financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2020	8,715,599	215,838	4,809,514	1,000	591,457	32,473,203	955,076	47,761,687
Incoming Resources	13,079,143	1,899,697	24,688	-	-	-	-	15,003,528
Outgoing Resources	(12,909,387)	(1,628,688)	-	(35,997)	-	-	-	(14,574,072)
Gains/losses	567,170	-	-	-	-	-	-	567,170
Transfers (see note below)	(226,835)	(104,263)	384,312	35,997	-	(89,211)	-	-
Total Funds 2021	9,225,690	382,584	5,218,514	1,000	591,457	32,383,992	955,076	48,758,313
Represented by:								
Tangible Fixed Assets:	1,382,093	-	5,538,514	-	591,457	32,383,992	-	39,896,056
DBF Houses & Glebe	758,840	-	2,068,514	-	591,457	-	-	3,418,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	528,474	-	3,470,000	-	-	32,383,992	-	36,382,466
Furniture & Fittings	9,778	-	-	-	-	-	-	9,778
Investments:	9,396,992	-	-	-	-	-	955,076	10,352,068
CCLA	3,514,522	-	-	-	-	-	955,076	4,469,598
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	(968,395)	382,584	(320,000)	1,600	-	-	-	(904,211)
Debtors	956,271	382,584	-	1,600	-	-	-	1,340,455
Bank and Cash (net of overdraft)	2,446,685	-	-	-	-	-	-	2,446,685
Sundry Creditors & Accruals	(4,371,351)	-	(320,000)	-	-	-	-	(4,691,351)
Long term liabilities:	(585,000)	-	-	(600)	-	-	-	(585,600)
Loans from Church Commission	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributi	-	-	-	-	-	-	-	-
	9,225,690	382,584	5,218,514	1,000	591,457	32,383,992	955,076	48,758,313
Analysis of Reserves:								
General Funds (including	9,225,690	-	-	-	-	-	-	9,225,690
Restricted Funds	-	382,584	5,218,514	1,000	-	-	-	5,602,098
Endowment Funds	-	-	-	-	591,457	32,383,992	955,076	33,930,525
	9,225,690	382,584	5,218,514	1,000	591,457	32,383,992	955,076	48,758,313

Fund transfers

The transfer from general fund to the DBF property fund was necessary to acknowledge the reduction in the liability for deficit funding contributions which arose from the completion of a revised actuarial valuation of the Church Of England Funded Pension Scheme (note 17) and the part settlement of earlier existing pension obligations.

Designated funds

As explained above on page 47, a portion of the General Funds had been designated by the trustees as at 31 December 2021 for the following purposes:

Warrington Mission Development Fund	£ 16,972
Parish Share Credit	£676,589
Total	£693,561

21. Related Party transactions

Details of transactions with the main related parties of the Diocese are given in the appropriate notes to the financial statements.

22. Post Balance Sheet Events

There were no significant post balance sheet events to report.

THE LIVERPOOL DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249740

Accounts



Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2021

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CHAIRMAN'S REPORT

Chairman's Report

I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2021.

The year began as the Covid-19 vaccine programme was getting underway in earnest and the impact of the pandemic was felt throughout the year and, indeed has continued beyond the year end. That impact showed in the obstacles faced by Church members and clergy as they continued to worship and conduct church life under restrictions and later sought to re-establish normal church life, attendance and giving. The goodwill of parishes and the commitment of many church members is reflected in the ongoing support received by the Diocese. We are again grateful for the support received from the National Church institutions which has been passed on to parishes through our parish share credit scheme.

Although the situation remains challenging financially, the strength of the relationship between the Diocese, our parishes and the national institutions is demonstrated in these financial statements. While we hope that the worst impact of Covid on health and public services is now behind us, we are very conscious that our churches are still feeling the impact of Covid-19 and that some church members have not yet felt able to return to church for any one of a number of reasons. We therefore remain vigilant as we continue to chart our way through changing circumstances.

The financial result for the 2021 year was a surplus of £7,000 against a budgeted surplus of £33,511. This masks the significant impact of Covid-19 on parishes but is reflective of the national church support received by the diocese, cost savings and the goodwill of parishes, many of whom continued to pay their parish share regularly and in full. Not all were able to make payment in full and there was a shortfall of Parish Share receipts against budget of £1,283 million which was offset by the £1 million sustainability funding from the Church Commissioners and £757k parish share credit carried forward from 2020. Further Parish share Credit funding was designated towards 2022.

The Statement of Financial Affairs (SoFA) shows an increase in funds of £996,626. This reflects the operational results and also movements in designated and Strategic Development Funding (SDF) restricted funds. Fuller details are provided on pages 24 and 25. We have been able to maintain our level of reserves in the year and, as already indicated, have committed further support for parishes through Parish Share Credit.

Looking ahead to 2022, the focus remains on supporting parishes, schools, and chaplaincies so that we remain focussed on making a bigger church to make a bigger difference, more people knowing Jesus and more justice in the world. To this end, the budget has been set with a deficit of £32k, which is within the financial rules. It will be subject to ongoing scrutiny as national and global uncertainties continue.

Finally, I would like to thank the staff at St James' House, the parishes and the clergy of the diocese for their ongoing commitment and support. The new Finance Committee took office in 2022 and will exercise stewardship over the work of the Liverpool Diocesan Board of Finance for the coming three years. We are grateful to those who served on the previous Committee and particularly to David Greensmith who served as Chair for 12 years.

Maggie Swinson

Chair

31 October 2022

TRUSTEES' REPORT

TRUSTEES' ANNUAL REPORT AND DIRECTORS' REPORT INCORPORATING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

Liverpool Diocesan Board of Finance is a multi-faceted structure. It is:

- ◆ A registered charity (no. 249740)
- ◆ A company limited by guarantee (no. 18301)
- ◆ A Board of Finance established under the Diocesan Boards of Finance Measure 1925
- ◆ A trust corporation.

Its registered office is St James' House, 20 St James Road, Liverpool L1 7BY.

The governing body of the diocese is the Diocesan Synod whose members are also members of the Diocesan Board of Finance. Although the work of the Finance Committee is the sole responsibility of those elected to serve on it, all its business is conducted under the authority of the Diocesan Bishop who presides over all the affairs of the diocese.

Trustees

The financial executive of the Diocesan Synod is the Finance Committee. The members of the Finance Committee are the directors of the company and trustees of the charity. Through a combination of elected, ex officio, and co-opted posts our constitution enables us to achieve an appropriate balance between clergy and lay people.

Elections to the Finance Committee take place every three years. There were elections in November 2021 for the current Finance Committee which runs from 1 January 2022 to 31 December 2024. The trustees who served in 2021 were:

David Greensmith, Chair (ex-officio) – until 31 December 2021

Maggie Swinson, Chair (ex officio) – from 1 January 2022

David Burgess, Deputy Chair (elected) – until 31 December 2021

Philip Stott, Deputy Chair (elected as Deputy Chair from 1 January 2022)

The Right Reverend Beverley Mason, Bishop of Warrington (ex-officio)

The Venerable Mike McGurk, Archdeacon of Liverpool (ex officio)

The Venerable Pete Spiers, Archdeacon of Knowsley & Sefton (ex officio)

The Venerable Simon Fisher, Archdeacon of St Helens & Warrington (ex officio)

Keith Cawdron (elected)

Gabriel Chiu - from 1 January 2022

Richard Denno - from 1 January 2022

Stephen Derringer - from 1 January 2022

Rev Peter Dawkin (elected)

Rev Hannah Lewis (elected) - until 31 December 2021

Angela Matthewson (elected)

Michael Pitts (elected) – until 31 December 2021

Rev Dr Miranda Threlfall-Holmes - from 1 January 2022

Andrew Wilcockson (elected) - until 31 December 2021

TRUSTEES' REPORT

Rev Emma Williams - from 1 January 2022

The Venerable Jennifer McKenzie, Archdeacon of Wigan & West Lancashire (ex officio) – until 31 July 2021

Senior staff

The Chief Officer for the charity is the Diocesan Secretary, Mike Eastwood. The senior management team, to whom day to day management of the charity is delegated by the trustees, are:

Mike Eastwood, Diocesan Secretary

Stuart Haynes, Assistant Diocesan Secretary & Director of Communications

Debbie Brisco, HR Manager (from October 2021)

Simon Chesters, Director of Vocations (until September 2021)

Matt Elliott, Director of Finance

Stuart Harrison, Director of Education

Ellen Loudon, Director of Social Justice

Suzanne Matthews, Director of Vocations (from March 2022)

Steve Pierce, Director of Learning & Stewardship

Sharon Townson, Director of HR (until September 2021)

Richard Gedge – Diocesan Programme Manager

Bankers and professional advisers

Auditors

BWM, Suite 5.1, 12 Tithebarn Street, Liverpool, L2 2DT

Bankers

Lloyds Bank plc, Merchants Court, 2-12 Lord Street, Liverpool L2 ITS

Investment managers

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

Diocesan Registrar

Howard Dellar of Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London SW1P 3JT

Solicitors

Hill Dickinson LLP, No. 1 St Paul's Square, Liverpool L3 9SJ

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and objects

The structure governing the work of the charity is complex reflecting the idiosyncrasies of the Church of England. On the one hand, the charity is fairly straightforwardly registered as a charity and a company with appropriate memorandum and articles of association (last modified in March 2010). On the other hand, there are a number of inter-connected relationships and influences directly impacting on the work of the charity (see below).

TRUSTEES' REPORT

Trustees

The Finance Committee is the trustee board. It has a mixture of ex-officio, elected and co-opted members. Elections take place every three years at the first meeting of the new diocesan synod (itself elected every three years). The most recent set of elections were in November 2021, with all newly elected members of the Finance Committee serving from 1 January 2022. The trustees have the power to co-opt members according to their assessment of possible imbalances or skills gaps among the elected and co-opted members. Given the relatively large number of elected and ex-officio trustees the general approach has been to keep co-options to a minimum.

All trustees receive an induction pack, and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, especially around investment issues.

Organisational structure and decision-making

The Finance Committee is the financial executive of the Diocesan Synod and is required to comply with certain directions given to it by that Synod. It holds the budgets and accounts for all committees of the DBF and all activities undertaken by DBF staff and officers. It also needs to work very closely with Bishop's Council as Diocesan Synod made Bishop's Council responsible for the delivery of the diocesan strategy. This requires an understanding of the aims and aspirations of those bodies and a desire to see them fulfilled alongside a deep regard for the need for good and appropriate governance of the charity. In recent years there hasn't been a particular conflict between these bodies, nor is one anticipated; however, the potential is always there.

The Finance Committee functions as the Parsonages Board of the diocese for purposes of parsonages legislation, although it delegates the oversight of DBF housing management to the Clergy Housing Committee. It has subcommittees dealing with audit, remuneration of DBF staff, and the management of the DBF property and investments.

The Diocesan Board of Education is integrated into the Diocesan Board of Finance both legally and practically. This helps organisational cohesiveness and inter-departmental working.

Trustees are fully aware of their responsibilities under charity law. Within this the day-to-day running of the charity is delegated to senior staff. However, trustees and senior staff are clear that all decisions on policy that may create significant financial or other risk to the company, or which affect material issues of principle must be taken by trustees and not staff.

Networks and key relationships

The charity has a multiplicity of relationships. The main ones are with:

- ◆ Diocesan Synod as the Board of Finance and governing body of the diocese
- ◆ Bishop's Council as the executive arm of Diocesan Synod
- ◆ The Diocesan Oversight Team and Appointments & Wellbeing Committee, where decisions are taken about strategy and the deployment of clergy
- ◆ Other diocesan committees, especially the Diocesan Mission & Pastoral Committee and Board of Education
- ◆ Deanery Synods and Deanery Mission & Pastoral Committees, where local mission plans are decided, and their pastoral implications worked through
- ◆ Parishes within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance

TRUSTEES' REPORT

- ◆ Church schools in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- ◆ Liverpool Cathedral, on whose campus we are located and with whom there is now an established pattern of integrated working
- ◆ Other dioceses, especially in the North West of England, with whom we have close collaborations and provide services, especially to schools
- ◆ Providers of pre-ordination and Reader training, namely Emmanuel Theological College and residential theological colleges
- ◆ The national church institutions (Archbishops' Council, Church Commissioners, and the Pensions Board) from whom we receive significant funding, policy directives and legal consents to transactions.
- ◆ Other Christian denominations with and through whom we work on matters of workplace chaplaincy, safeguarding and ecumenical relations notably through Churches Together in the Merseyside Region and Mission in the Economy
- ◆ Interfaith bodies, such as Merseyside Council of Faiths and Liverpool Community Spirit, as part of our cross-community work to promote good interfaith relations
- ◆ Key infrastructural bodies on Greater Merseyside (notably VS6, volunteer centres and councils for voluntary service) on which we represent ecumenical partners and lead on provision in rural areas.
- ◆ Liverpool Diocesan Council for Social Aid whose key roles are running Adelaide House Women's Bail Hostel and working on penal affairs and social inclusion

In 2017 the Diocese established the Liverpool Diocesan Schools Trust as multi-academy trust as part of its on-going engagement with the academisation agenda. This sits alongside the Liverpool Diocesan Educational Trust which was established in 2012 to enhance links with church school academies. DBE Services Ltd continued trading, as did Emmanuel Theological College. DBE Services Ltd is an inter-diocesan company for the dioceses of Liverpool, Blackburn, Carlisle, Chester, Manchester, and York, providing property and other services to schools. Emmanuel Theological College (ETC) was formed out of the former All Saints Centre for Mission & Ministry. The board of All Saints was formally reconstituted as ETC in April 2021. The Diocese of Liverpool is one of 4 member bodies. We also maintained our joint venture with the Church Urban Fund entitled Together Liverpool which seeks to support and resource parishes as they seek to serve their wider community. In 2018 we established the Good Funerals Company to help re-imagine the way in which we engage with bereavement ministry.

The single most important relationship we have continues to be with the clergy and lay people within the churches in our diocese whose ministry is the heartbeat of the diocese. We currently have c 180 serving parish and cathedral-based stipendiary clergy, around 60 self-supporting and ordained local clergy, 30 Local Missional Leaders, 200 readers and over 100 active retired clergy. We have c. 20 clergy serving full-time as chaplains in schools, hospitals, universities, and prisons plus others serving in a part-time capacity. We also have an active committed church membership of c. 30,000.

Public benefit

The trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board. We believe that by promoting the work of the Church of England in the Diocese of Liverpool we help to promote the whole mission of the Church (pastoral, evangelistic, social, and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that this provides a benefit to the public by:

- ◆ Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for our members and for anyone who wishes to benefit from what the Church offers; and
- ◆ Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of

TRUSTEES' REPORT

individuals and society as a whole.

More information on these benefits follows throughout this report.

3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. For many years we have been working to achieve growth in our diocese. We have used different ways to express this, but the aim and direction of travel has remained the same – consistent with the whole of the Church of England. Our vision and strategy is to ask God for a bigger church so we can make a bigger difference so that there are more people knowing Jesus more justice in the world.

In 2021, as part of our Fit for Mission work (see below), we refined this into 4 priorities:

- i. Introducing people to Jesus
- ii. Deepening discipleship
- iii. Developing Christian leaders
- iv. Working for justice

The Finance Committee is aware that a diocese succeeds through the mission and ministry of its parishes and its bishops. Through striving for the highest standards of financial management, the Finance Committee aims to create the conditions in which their mission and ministry can flourish and be maximised.

It interprets its role broadly, contributing to the strategic leadership of the diocese, balancing careful stewardship with a flexible and proactive approach, a body that enables, not inhibits. It sees itself as a servant of Synod and Bishop's Council, believing the responsibility of Bishop's Council to be strategic governance and the responsibility of the Finance Committee to be financial governance.

The Finance Committee is working towards the following organisational outcomes:

1. A sustainable financial resource to support agreed mission and ministry in the Diocese of Liverpool
2. A talented and high performing team at St James' House serving the mission and ministries of the parishes and bishops and delivering on the aspirations of the diocesan strategy
3. A well-run charity which meets the highest standards in governance, management, and operational efficiency.

Our main activities can be summarised as:

- ◆ The development and implementation of mission and church growth strategies
- ◆ The provision of advisory services to bishops, archdeacons, parishes, schools, chaplaincies, fresh expressions, and church bodies (mainly through employed staff)
- ◆ The support, training, payment, and housing of clergy
- ◆ The support and training of lay people
- ◆ The management and development of staff members
- ◆ Contributing to the national work of the Church of England

For more detail on individual activities see section 4 (I), "Achievements and performance". For information on our strategic thinking into the future please see section 4 (III), "Future plans".

TRUSTEES' REPORT

Grant-making policy

No political contributions were paid during the year. Charitable contributions have been made as part of the Board's objectives. The main grants are as follows:

Mission in the Economy – £35,000 (2020 -£35,000) to support mission and chaplaincy in the world of work.

Churches Together in the Merseyside Region – £8,284 (2020 - £8,284) to support initiatives with ecumenical partners

Volunteers

The diocese continues, quite rightly, to be dependent on the huge number of people involved in church activities both locally and at diocesan level. Surveys suggest that faith communities in general and Anglican churches in particular are major contributors to their community through an enormous number of voluntary activities. This is one of the surest signs that our faith makes a difference to our lives and our outlook; we ignore and neglect this at our absolute peril.

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. After Covid restrictions were lifted and as churches re-started in person worship and community activity, we have noted that not all volunteers have come back. Many have, understandably, reflected on their life and priorities and are choosing to spend their time in different ways. This has significant implications for the church, not least because the service provided to a community through this church managed volunteering also has a significant impact, for example, on people's approaching the church at times of crisis, for baptisms, funerals and the other aspects of church life and community engagement.

Within all of this the DBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the diocese's mission and strategy.

Significant departures

In any year there are significant comings and goings in an organisation of the size and complexity of the Diocese of Liverpool. In the period covered by this report there are 2 departures of significant note:

- Bishop Paul Bayes, the 8th Bishop of Liverpool, retired in March 2022. Bishop Paul was an outstanding bishop who left an indelible mark on the diocese and a significant legacy. He was the architect and advocate for our strategy of a bigger church making a bigger difference. We are hugely thankful for his ministry here and we wish him and Kate many happy years of retirement.
- David Greensmith stepped down at the end of 2021 after 12 years as Chair of the DBF. In that time, he commanded the deepest respect of Synod, the Finance Committee and the DBF staff. He combined financial and strategic rigour with a deftness of organisational touch. We are enormously indebted to David for his time, commitment, and considerable expertise.

Bishop Bev, Bishop of Warrington, stepped into the role of Acting Bishop of Liverpool after Bishop Paul's retirement. Maggie Swinson was elected as Chair of the DBF to succeed David.

4. STRATEGIC REPORT

I. ACHIEVEMENTS AND PERFORMANCE

As flagged in last year's Annual Report we conducted a comprehensive strategic review in 2021. While retaining a continued focus on growing a bigger church to make a bigger difference we asked fundamental questions as to how we give full effect to our vision that there are ever more people knowing Jesus and more justice in the world. This review ended culminated in a successful bid for £7.5 million from the national church programme for Strategic Transformation Funding. Our programme is entitled Fit for Mission and seeks to re-imagine how we undertake mission and ministry in the across our parishes.

There is much more information on Fit for Mission on the diocesan website, but we would summarise Fit for Mission as an ambitious, growth-orientated, and locally delivered change programme to enable mission and ministry to flourish in the Diocese of Liverpool. It simultaneously invests in our 4 priority areas (introducing people to God through Jesus, deepening discipleship, developing Christian leaders, working for justice) while dealing head-on with the intransigent problems that significantly inhibit growth (constraining structures, inappropriate buildings, non-delivery of expectations). Each deanery within our diocese will be supported and resourced to work through a 2-year change process (in three consecutive cohorts of two, six and five deaneries respectively), in which they shape the detail and make good and contextually appropriate local decisions.

To develop this missional culture, we will:

- Form deanery leadership teams, understood to be a missional imperative to enable prioritisation of capacity e.g., towards younger and more diverse, planting etc.
- Coach teams for genuine collaborative relationships to be formed, improving mutual support and wellbeing
- Develop an overriding focus on growth and discipleship, with portfolio working across larger parishes
- Invest significantly in lay leader development through Cultivate, our proven training, mentoring and leadership support programme. These leaders will be commissioned as Local Missional Leaders.
- Plant many small lay led worshipping communities, following our Joshua Centre and Wigan experience, focussing significantly on creating a younger and more diverse church.
- Intentionally and visibly invest in justice initiatives, key to engaging the missing generation.

To overcome the intransigent problems, we will:

- Intentionally change structures, consolidating to just one or two LSPs in each deanery, creating a platform for local decisions to be made on:
 - Buildings use – closure where a building is no longer needed, repurposing with community partners where appropriate
 - Stipend and other leadership and resource deployment
- Supply chain resource to facilitate the difficult decisions and then take the burden of delivering on those decisions.
- Create support services in each deanery so that missional leaders have more time for mission and ministry
- Design LSP teams to have a clear leader (Rector) accountable to the Archdeacon and to develop relationships and a culture of accountability for all clergy and lay leaders

TRUSTEES' REPORT

The end result of this programme will be growth and resilience because:

- Local leadership teams will have the resources, tools, support, training, and authority to develop and implement mission plans for their area of responsibility
- This way of working will be embedded in the culture of the Diocese of Liverpool, with systems that reinforce it, and a real programme of accountability for all
- Local and diocesan teams will have received the coaching and facilitation they need to make the changes necessary to move to this new way of working.

We would summarise the key outcomes of Fit for Mission as follows:

- Discipleship culture ...
 - Overriding focus on growth – in numbers and depth
 - Radically expanded network of kindness
 - Many more lay leaders
 - Many new and diverse worshipping communities
 - Growing giving and diversified income base
- ... enabled by re-imagined structures
 - Radically fewer parishes, properly resourced
 - Fewer buildings and more creative use of what we have
- ... underpinned by new ways of working
 - Aligned and accountable culture
 - Genuine collaborative and collegial teamwork

By 2027 we would expect to see:

- A general confidence of seeing sustained annual increase in people in worshipping communities
- Clear signs of a maturing discipleship culture
 - 100 new worshipping communities led by Local Missional Leadership teams
 - 200 newly commissioned Local Missional Leaders who plant new and refresh existing worshipping communities with a focus on younger and more diverse leaders and disciples
 - 25 Deacons (some deployed, more in training) growing the ministry of missional outreach and pastoral care
 - 125 new justice initiatives (some of which will be or become worshipping communities)
- Re-imagined structures beginning to work well
 - 80% of current parishes in Larger Single Parishes
 - 100% of deaneries with a dynamic Deanery Leadership Team with robust cycles of mission planning and implementation
 - Emerging pattern of breakeven budgets over a three-year cycle through disciplined adherence to fiscal rules

TRUSTEES' REPORT

Covid

In last year's report we wrote: *The impact of Covid has clearly been immense and, at the time of writing, its full effects are still not known. It is primarily a story of loss and profound sadness, way beyond the scope of a report like this. The myriad stories of pastoral and practical support offered by our clergy and lay people across the diocese represent both the church at its very best. We have conducted funerals, offered one to one support, fed and clothed people at points of extreme need and offer the hope of the Christian faith in the saddest and darkest of times and places. The personal toll on many, both comforting and comforted, has been extraordinary. We would absolutely echo all this in this report.*

Covid remained a very significant reality through the period of this annual report with regular patterns of lockdown, lifting of restrictions, a further unlocking, and then further cycles of lockdown. We had at least 5 significant waves of Covid; and then probably just stopped counting. As a church community we supported throughout the government's advice, including when church buildings should be significantly closed for public worship. So many churches pivoted to on-line and other creative means of continuing to offer prayer and worship accessible to all people.

Our education team worked tirelessly to support our schools as they navigated their way through on-line teaching, bubbles, hybrid models and exam-free assessments – and much more besides. Nobody would pretend that this was the best way of offering education and life experience to our young people; but we remain absolutely certain that our schools offered the best possible education in the circumstances. We want to pay enormous tribute to teachers, governors, parents, and our young people as they navigated their way through all of this with grace and fortitude. And who would have thought that people would be relieved to be sitting exams?!

From a financial perspective Covid remained a huge challenge. We took several decisions early and stuck to them. These included:

- An understanding that nobody was going to be fully insulated from the financial impact of Covid
- Consequently, there had to be a close partnership between parish, diocese, and national church if we were to navigate our way through without undue damage to the long-term prospects for the church in our diocese
- Taking full advantage of the government's furlough scheme for DBF staff – the majority of staff were furloughed from March 2020, and many remained at least part furloughed for the whole of 2020 and into 2021.
- Investing as much time and capacity as we could to promote the Parish Giving Scheme as the most effective way of creating a sustainable and resilient giving base. This remains core to our Talking Money strategy designed to stabilise and then reinvigorate parish giving.
- Being the first diocese to furlough clergy – a group of 1st year curates were offered and took furlough for 4 weeks
- Senior staff at St James House undertaking voluntary salary sacrifice
- Asking parishes to make as full contribution to Parish Share as early as they could

Our parishes in 2020 and 2021 were outstanding in their commitment to Parish Share, with many paying in advance and pretty much everybody doing all that they could to pay as much Parish Share as possible in the face of major income losses and reductions. We were the diocese which showed the biggest increase in giving via the Parish Giving Scheme, even though we were already starting from a relatively high base. This created a level of resilience and predictability in the single most important income line for parishes.

The national church was similarly committed and creative in their response. They advanced the whole of our 2020 Low Income Communities funding in April 2020, and in January 2021, giving an important level of liquidity and sending an important signal of support. They then offered Sustainability funding to help dioceses support parishes through the crisis.

TRUSTEES' REPORT

We applied for and were awarded £1 million of Sustainability funding in the summer of 2020 and then again in 2021. We were able to match this with a total of £1.1 million of DBF support in Parish Share Credit.

Another key feature of 2020 and 2021 was the honesty and transparency of the engagement between archdeacons and parishes over their financial position and resulting need for support. We undertook 5 surveys over the course of the two years to ensure that each parish was supported appropriately via Parish Share Credit. This came in one of two forms:

- Credit against unpaid Parish Share for 2020 and 2021 – to ensure that there was no additional carry over of Parish Share deficit into 2021 and 2022 respectively
- Support for balance sheets where parishes had dipped unduly into their reserves to pay 2020 and 2021 Parish Share

Over the 2-year period we awarded around £3.1 million of Parish Share Credit, split between immediate in-year credit and further support for the following year. Not every parish received Parish Share Credit; those that didn't need it didn't ask for it (this is typical of the generosity and commitment to mutual support in the Diocese of Liverpool). And a very small minority were deemed not to have made sufficient effort or sacrifice to warrant Parish Share Credit.

We estimate that the cumulative financial impact of Covid on our parishes in 2020 and 2021 was c. £5 million, £3.1 million of which was mitigated through Parish Share Credit. We want once again to put on record our thanks for the excellence of the response both of our parishes and the national church as we worked all this through together.

As indicated above the Covid crisis, unsurprisingly, changed much of our planning and engagement with parishes and schools. It also affected the work of St James House, in our immediate priorities, a move to remote and then hybrid working and as we took advantage of the government's furlough scheme. It is too early to say what the medium and long-term impact will be, but it is clear that it will be felt for years to come, most especially in those families that have suffered bereavement and loss but also in the mental health impacts of the relentless pressure and insecurity that so many of us have been facing. And all that before the current cost of living crisis. As churches and school communities we will continue to stand with and for all those for whom this has been the toughest of times.

Fit for Mission is our substantive medium-term response to the considerable impact of the Covid pandemic. However, the work continues in 2022 to identify short and medium-term financial solutions as it is clear that the Covid impact will be deep-rooted and long-lasting. We won't simply be able to revert to church life and financial settlements as they were in 2019.

Strategic Development Projects

We continue to engage constructively in the national church's visions and strategy programme. We have previously reported on our first 3 Strategic Development Fund programmes – Transforming Wigan, Joshua Centre and Transform North West. These are all in the process of being integrated into our Fit for Mission project work.

Our 4th Strategic Development Fund project – Missing Generations – began its work in earnest in September 2020. It aims to grow 2 major resource churches at St James in the City and St Barnabas Penny Lane with a view to planting a 3rd resource church in 2025. Each of these churches will be central to our future planting and revitalising work and capacity, not least as they are focussed on the under 30-year-old generations. The Missing Generations project is also geared at working in secondary schools, FE colleges and universities in Liverpool and Wigan, again to reach out to people currently unconnected with church. Overall, the Missing Generations project represents a c. £5 million investment over 5 years. At

TRUSTEES' REPORT

the time of writing the overall work of Missing Generations was encouragingly broadly on trajectory, despite having taken place through Covid.

Social justice

In 2021 there was a significant re-gearing of Together Liverpool, our key social justice partner, significantly aided by a successful application for National Lottery funding. Together Liverpool's research shows that if Liverpool were a diocese of 100 churches:

- 64 would be involved in food banks
- 41 would be involved with toddler groups or playgroups
- 54 would be providing lunch clubs or drop ins for older people
- 28 would be involved in community cafes
- 16 would be helping provide money and debt advice
- 20 would be providing breakfast or after school activities
- 17 would be involved with provision for homeless people
- 32 would be involved in other social action work and projects

Together Liverpool also holds our vital work on Slavery Truth.

Good Funerals Company

We have established the Good Funerals Company as a subsidiary trading company of the Diocesan Board of Finance. This is part of a long-term strategy to reverse the decline in church-led funerals in the Diocese of Liverpool as well as engaging constructively and compassionately with bereaved families. It was launched in the summer of 2019 and developed significantly through the Covid crisis. We continue to plan and work towards its continued growth and impact.

Church attendance

Levels of church attendance remain a concern, despite the good work of our Strategic Development Fund projects noted above. The pre Covid average age of our congregations was significantly higher than the average age of the general population. And it's clear that the net impact of Covid on church attendance has been negative. The number of people engaged in the worshipping life of the church remains a key focus of discussion at Archdeacon's Parish Review meetings; it is central to Fit for Mission.

Schools

We continue to maintain our 'market share' of children attending schools with c. 40,000 children in Church of England schools. Over 90% of our schools are currently rated good or outstanding by Ofsted, in line with our target. LDST, our multi-academy trust (MAT) is now well established, and we continue to work on plans relating to the Government's Schools White Paper. We continue to be ambitious in promoting high quality, distinctively Christian primary and secondary education.

Access and inclusion

We remain absolutely committed to sustained excellence in safeguarding both children and vulnerable adults in the diocese. We have invested significantly in the capacity of our safeguarding team and the level of training and information produced. We have a clear strategy in place. Our second Past Cases Review (PCRs) was finished in December 2021 – the timescale set by the national church for all dioceses – and was published in October 2022.

TRUSTEES' REPORT

The DBF's commitment to access and inclusion has continued through the work on Disability Awareness and the Disabled Friendly Church Award. The move to on-line worship has been one of the few upsides to Covid in terms of making church accessible to people who would otherwise be unable to attend physically.

Information gathering

We have an excellent database of information that we use to publish annual diocesan and parish dashboards. Our stakeholder engagement will be a hugely significant source of information which we will consolidate and disseminate.

Asset management

2021 was a more positive year for investment markets and increased activity in the property market. Our CCLA investments saw an unrealised gain of £567,170

Similarly, after a period of reduced activity during the height of the pandemic in 2020, improvement works on clergy housing increased during 2021 and planning works for further investment in housing were accelerated. This work will continue in the period from 2022 to 2024 with an additional £1.75m in financial investments beyond the existing housing budget.

We continue to monitor closely our cash and broader reserve levels and think and plan on the basis of the medium rather than the short-term investments. We have not deemed it necessary or advantageous to change our investment policies.

Property

We hold a lot of property (valued at £46 million). Much of this in practice takes the form of notional assets; because we have a responsibility to house clergy, we have little operational freedom around disposal or re-working of the individual assets. Rather, our primary responsibility is to ensure that clergy and their families feel safe and comfortable in their homes and that it provides a suitable base for mission and ministry.

The trustees are of the opinion that the market value of land and buildings exceeds their carrying value by an amount which cannot be ascertained without a disproportionate cost in determining the information.

2021 saw some minor changes in our property portfolio. Two former vicarages were sold during the year for a total of £511,565 having previously been held at carrying values totalling £418,995, therefore yielding a net gain of £92,570.

Our property development work on three former vicarages has met with good success. We have secured extremely good tenancies in both vicarages and the occupancy levels of the flats in the other vicarage are good.

In early 2008 Church House was sold on advantageous terms under a 125-year lease. The second rent review was undertaken during 2020 and an 8% uplift in the annual rental was negotiated. The increase has been deferred to take effect from 2022.

II. FINANCIAL REVIEW

2020 and 2021 were hugely challenging financial years. We continued to budget according to our fiscal rules although the means by which we met them were exceptional (see I. Achievements and Performance above for a fuller description of Covid impact and response). Although we achieved a surplus for the year of £996,626, it was through a series of exceptional measures which will not be available to us in the medium term, so it is important that we continue to attend to the underlying financial position in line with our fiscal rules.

TRUSTEES' REPORT

We applied for and received a second tranche of Strategic Ministry Funding (SMF), having received support in 2020 for the cohort being ordained in 2021. This was in recognition of the growth in the numbers of people being ordained as curate (in line with the national church's commitment to a 50% increase in stipendiary clergy numbers). SMF will support the stipend and housing costs of these additional curates, thereby relieving pressure on what has been the most overheated part of the DBF budget, namely Missional Leadership costs.

We also continue to recognise that the clergy housing budget is inadequate to ensure a safe, warm, and comfortable home for all our clergy. We began a process of strategic review to analyse what investment will be required to get and maintain our clergy housing in good condition. We plan to inject a further £2 million of investment into clergy housing over a 5-year period.

Our fiscal rules are:

- 1. We aim to achieve break-even in each financial year and triennial cycle. Financial losses may be acceptable on a limited scale over a short period, within the context of breakeven over the triennium. Consecutive annual losses will only be acceptable in extraordinary circumstances (to avoid perpetuating reductions in reserve levels).*
- 2. Parish Share and Lowest Income Communities Funding are to fund Missional Leadership. Investment income (rental and dividend), earned income and grant funding are to fund St James' House Services. Any imbalance between St James' House services budget and Missional Leadership budget is to be limited to within £100,000 in any given year.*
- 3. Missional Leadership budget variance to be distributed or recovered within the triennium.*
- 4. Strict budget discipline to apply in all areas of activity. Flexibility between budgets is acceptable, flexibility beyond budgets is not.*

Investment and cash reserves are to be maintained at a minimum of four months operating expenditure

Performance against budget

Each year we present a budget to Synod, which summarises our financial thinking and – once approved – sets the framework for our financial decision-making.

For 2021 we set a budget with an overall surplus of £33,500 incorporating increases in the costs of ministry in parishes and schools, but with the corresponding increase in parish share offset in full by a rebate.

Our management accounts profit was £7,000, reflecting the substantial impact of the COVID-19 pandemic on church finances and Parish Share, but also the measures introduced to mitigate those losses. Parish Share receipts fell short of budget by £1,283,000, with additional shortfalls in income from investments (£68,000) and St James' House income (£20,000).

These shortfalls were offset by additional grant receipts from the Church Commissioners (£1,000,000), £757,000 applied from the Parish Share Credit Designated Fund (carried forward from 2020) and a range of savings achieved in the St James' House budget.

TRUSTEES' REPORT

Annual accounts

The Statement of Financial Activities on page 24 shows a significantly better position than the management accounts, namely a net increase in funds for the year of £996,626. This is because in addition to the profit of £7,000 referred to above there were additional expenses, provisions, gains, and revaluations as follows:

Expenditure and provisions (reducing funds):

- ◆ £13,000 in depreciation and minor adjustments
- ◆ £263,000 in the Parish Share Credit designated fund
- ◆ £98,000 in Clergy Housing Capital investment

Gains and revaluations (increasing funds):

- ◆ £325,000 in reductions to funding liabilities on pension schemes
- ◆ £567,000 in equity investment gains
- ◆ £472,000 in additional gains on property sales

We believe that our overall financial management is sound. Despite the challenges of the pandemic, we achieved a small profit in the management accounts. Together with the overall effect of the above adjustments, nearly £1m was added to the Diocese's accumulated funds over 2021.

Reserves

The reserves policy of the Finance Committee is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

The DBF aims to maintain the equivalent of at least four months' operating expenditure in cash and equities in the General Fund. This excludes all designated funds, loans and loan guarantees. This policy is to be reviewed annually in the January Finance Committee meeting.

Our fiscal rules established in 2018 state that investment and cash reserves are to be maintained at a minimum of 4 months operating expenditure. At the end of 2021 the value of investments had risen to the equivalent of 4.7 months budgeted expenditure but is unlikely to remain at or above 4 months until we are able to diversify our investment portfolio away from property and into liquid assets such as equities. Work to enable this will continue in 2022.

Investment markets proved volatile in 2021 due to ongoing economic uncertainty and in particular the impact of the COVID-19 pandemic. We were able to maintain sufficient cash flow during the year to manage through the volatility in investment values and allow time for values to recover by the end of the year, without crystallising losses mid-year.

The unrestricted reserve stands at £8.9m (after deduction of Designated Funds of £694k). £3.5m representing 3 months' operating expenditure, is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining reserves at a minimum of three months will cushion the diocese from short-term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

Designated reserves amounted to £694k. £677k of this was the Parish Share Credit to be awarded in 2022. The balance of £17k is to be used for the Warrington Mission Development Fund.

TRUSTEES' REPORT

Investments

The Memorandum of Association gives the trustees power to invest in any investment authorised by law in investment of trust funds. The trustees confirm that all investments have been acquired in accordance with their powers, and that they have followed the ethical investment policy used by the central Church of England bodies.

Our historic Glebe land portfolio is substantially managed by Fisher German.

Grants received

Our main source of income is Parish Share. We also receive grants from Archbishops' Council through the Lowest Income Communities Fund, Strategic Development Fund, Strategic Ministry Fund and Sustainability Fund. These issues are discussed elsewhere in this report. We continue to be very grateful for the support of Marshall's Charity in the improvement of our housing stock and for the ongoing support of the Allchurches Trust.

III. FUTURE PLANS

We remain committed to asking God for a bigger church to make a bigger difference so that there are more people knowing Jesus and more justice in the world. As reported above these were refined into 4 mission priorities and we obtained significant funding for our Fit for Mission programme. If we cannot reverse the underlying long-term decline, amplified by Covid, we will find our future increasingly constrained. These are key times for the long-term future of the Diocese of Liverpool.

We also look forward to the arrival of the 9th Bishop of Liverpool, Right Reverend Doctor John Perumbalath who will start work here in early 2023. There is much for the new Bishop to do, and much to build on.

IV. PRINCIPAL RISKS AND UNCERTAINTIES

In addition to the financial and other risks outlined below, there are various key areas of activity where the diocese could incur financial penalties, operational failings, or reputational damage. The trustees undertake an annual risk analysis exercise (the Audit Committee is the lead body in this). In 2021 we began a process of re-working our risk and assurance processes; we will report more fully on these in 2022. Our risk register continues to highlight a number of risks which could impact seriously on the charity's operation and development. These range from the failure to reverse numerical decline to the failure to generate new disciples; from the failure to develop resilient finances to the failure to develop and maintain a robust safeguarding culture and practice; from the failure to invest in new technology to the implications of the climate crisis. The Finance Committee oversees the implementation of the recommendations arising out of this risk analysis. Liquidity risk is managed by ensuring sufficient liquidity to meet foreseeable needs, with an overdraft facility providing short-term flexibility and longer-term loans supporting asset acquisition.

5. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board is Custodian Trustee for trust assets with a market value of £7.3m at 31 December 2021. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2021. Most of these trusts are held on behalf of parishes whose charitable purpose is the advancement of religion and therefore is parallel to those of the Diocese. The funds are held in separate investments from those of the DBF and there is a separate bank account from which payments are made. We also hold a number of parish properties as Custodian Trustee, but we are unable to obtain a current valuation of these properties due to the complexity and substantial costs involved.

The Board also holds funds for the Liverpool Diocesan Pensions Fund and a number of historic trusts under the practical management of the bishops and archdeacons which give financial support to clergy and their families in need in the Diocese of Liverpool.

TRUSTEES' REPORT

Further funds are held on behalf of Church of England Schools in the Diocese for capital building projects. At 31 December 2021, these funds had a market value of £3.8m (2020 - £1.8m).

6. NOTES AND QUERIES

There are a number of declarations and explanations that also need to be included in the annual report. These are as follows:

Significant changes in fixed assets

These are now explained in notes 10 and 11 to the financial statements.

Related party transactions

The diocese is a complex entity with a series of potentially overlapping structures. These can give rise to conflicts of interest. For example, many board members are also active in their local church, either as priests or lay members, and there may well be issues discussed at board level which impact on their own church. There are also specific instances, such as an application for a diocesan loan, where the parish can directly benefit. The board is always conscious of such potential conflicts and the need for board members to act appropriately. Indeed, each Finance Committee meeting has a formal declaration of interest to highlight potential conflicts, and individual members have left the room during certain discussions to ensure freedom of debate.

In 2008 a loan of £25k was issued to Emmanuel Theological College, (originally known as the Southern North West Training Partnership), a related party, and a further loan of £25k was issued in 2009. In December 2020, a further loan of £10,000 was issued to support the development of the new theological college (renamed to Emmanuel Theological College). A total of £15,000 remained outstanding as at 31 December 2021. This balance is included within the figure of £88,991 for parish and other concessionary loans at note 12.

Post Balance Sheet Events

Since the year end, the day-to-day impact of the Covid-19 pandemic began to lessen, with all formal restrictions relating to the pandemic ending in February 2022. The longer-term impact of the pandemic is still to be determined and we continue to engage with the challenges and uncertainty that remain after the more acute phases of the pandemic., including work to mitigate the financial impact of the pandemic on parishes, with further Parish Share Credit applied during 2022.

In 2022 we launched our Fit for Mission programme of change, supported by Strategic Transformation Funding from the Archbishops' Council. This programme allows us to work with deaneries to re-imagine how we undertake mission and ministry in the Diocese.

Bishop Paul retired in March 2022, leaving a significant legacy in our strategy of seeking a bigger church to make a bigger difference.

In October 2022 it was announced that the Right Reverend Doctor John Perumbalath would become the next Bishop of Liverpool, starting in early 2023. We look forward to the start of his ministry with us, knowing that there is much to build on and much still to do.

Fundraising

There have been no significant fundraising activities at diocesan level in 2021.

Insurance

We continue to arrange our insurance with Ecclesiastical Insurance Group. The policies are subject to regular review.

TRUSTEES' REPORT

Trustees' interest in shares

The board is a company limited by guarantee (company number 18301) and trustees, as members, may derive no benefit, income or capital interest in the board's financial affairs, other than the reimbursement of out-of-pocket expenses. No expenses were paid to Trustees' during the year.

Taxation status

The Board is a registered charity (charity number 249740) and, as such, is not liable to Income Tax or Corporation Tax on its charitable activities.

Contingent liabilities

There were no contingent liabilities on the Board at the end of the year other than the loans for with the charity has agreed to act as guarantor. The amounts are disclosed in note 16 to the financial statements.

7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the Liverpool Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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

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

TRUSTEES' REPORT

8. DISCLOSURE OF INFORMATION TO AUDITORS

The trustees also confirm that, as far as they are aware, there is no relevant audit information of which the charity's auditors are unaware and they have taken all 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 company's auditors are aware of that information.

By order of the Trustees

Maggie Swinson

Trustee

31 October 2022

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LIVERPOOL DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of Liverpool Diocesan Board of Finance (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, 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 charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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.

INDEPENDENT AUDITOR'S REPORT

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes 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 directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

INDEPENDENT AUDITOR'S REPORT

- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

INDEPENDENT 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Louise Casey ACA (Senior Statutory Auditor)

for and on behalf of BWM

Chartered Accountants

Statutory Auditor

31 October 2022

Suite 5.1

12 Tithebarn Street

Liverpool

L2 2DT

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2021**

Current financial year		Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
	Note					
Income from						
Donations	2					
Parish Share		7,910,352	-	-	7,910,352	7,982,877
Archbishop's Council		2,952,085	1,737,743	-	4,689,828	4,793,347
Other Donations		781,738	147,929	-	929,667	1,005,540
Charitable Activities	3	329,561	25,755	-	355,316	480,751
Investments	4	633,837	12,958	-	646,795	600,111
Other	5	471,570	-	-	471,570	260,643
Total income		13,079,143	1,924,385	-	15,003,528	15,123,269
Expenditure on						
Charitable activities	6	12,702,087	1,664,685	-	14,366,772	13,278,043
Other	7	207,300	-	-	207,300	344,442
Total expenditure		12,909,387	1,664,685	-	14,574,072	13,622,485
Net income before investment gains		169,756	259,700	-	429,456	1,500,784
Net gains on investments	11	567,170	-	-	567,170	248,489
Net income	15	736,926	259,700	-	996,626	1,749,273
Transfers between funds	20	(226,835)	316,046	(89,211)	-	-
Net movement in funds		510,091	575,746	(89,211)	996,626	1,749,273
Total funds brought forward		8,715,599	5,026,352	34,019,736	47,761,687	46,012,414
Total funds carried forward		9,225,690	5,602,098	33,930,525	48,758,313	47,761,687

All activities derive from continuing activities.

The notes on pages 28 to 54 form part of the financial statements

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2021**

Prior financial year		Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £
	Note				
Income from					
Donations	2				
Parish Share		7,982,877	-	-	7,982,877
Archbishop's Council		2,633,999	2,159,348	-	4,793,347
Other Donations		944,775	60,765	-	1,005,540
Charitable Activities	3	455,000	25,751	-	480,751
Investments	4	590,006	10,105	-	600,111
Other	5	260,643	-	-	260,643
Total income		12,867,300	2,255,969	-	15,123,269
Expenditure on					
Charitable activities	6	10,951,408	2,326,635	-	13,278,043
Other	7	321,187	23,255	-	344,442
Total expenditure		11,272,595	2,349,890	-	13,622,485
Net income (expenditure) before investment gains		1,594,705	(93,921)	-	1,500,784
Net gains on investments	11	248,489	-	-	248,489
Net income (expenditure)	15	1,843,194	(93,921)	-	1,749,273
Transfers between funds	20	(873,759)	873,759	-	-
Net movement in funds		969,435	779,838	-	1,749,273
Total funds brought forward		7,746,164	4,246,514	34,019,736	46,012,414
Total funds carried forward		8,715,599	5,026,352	34,019,736	47,761,687

All activities derive from continuing activities.

The notes on pages 28 to 54 form part of the financial statements

BALANCE SHEET

BALANCE SHEET

AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed Assets					
Tangible Assets	10		39,896,056		39,988,783
Investments	11		10,352,068		9,784,898
			<u>50,248,124</u>		<u>49,773,681</u>
Current Assets					
Debtors: due within 1 year	12	1,325,455		905,556	
Debtors: due after 1 year		15,000		110,546	
Cash at bank and in hand		2,446,685		2,720,943	
		<u>3,787,140</u>		<u>3,737,045</u>	
Creditors:					
Amounts falling due within one year	13	<u>(4,691,351)</u>		<u>(4,840,939)</u>	
Net current liabilities			<u>(904,211)</u>		<u>(1,103,894)</u>
Total assets less current liabilities			49,343,913		48,669,787
Creditors: amounts falling due after more than one year					
Pension scheme liabilities	14		-		(322,500)
Other creditors	14		(585,600)		(585,600)
Net Assets			<u>48,758,313</u>		<u>47,761,687</u>
Accumulated Funds					
Endowment funds	20		33,930,525		34,019,736
Restricted funds			5,602,098		5,026,352
Unrestricted funds			9,225,690		8,715,599
Total funds			<u>48,758,313</u>		<u>47,761,687</u>

The financial statements on pages 24 to 54 were approved by the Finance Committee on 31 October 2022 and signed on its behalf by:

Maggie Swinson
Trustee

STATEMENT OF CASH FLOWS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021		2020	
		£	£	£	£
Cash flows from operating activities:					
Net cash (used in) provided by operating activities	i		(1,089,909)		716,115
Cash flows from investing activities:					
Investment income		646,795		600,111	
Sale of tangible fixed assets		511,565		778,643	
Purchase of tangible fixed assets		(339,484)		(250,704)	
Purchase of fixed asset investments		-		(26,410)	
Interest on loans and bank overdrafts		(3,225)		(6,320)	
Net cash provided by investing activities			815,651		1,095,320
Cashflows from financing activities:					
Cash inflows from new borrowings		-		500,000	
Net cash provided by financing activities			-		500,000
Net Change in cash and cash equivalents			(274,258)		2,311,435
Cash and cash equivalents brought forward			2,720,943		409,508
Cash and cash equivalents carried forward			2,446,685		2,720,943

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

i, Reconciliation of net income to net cash (used in) provided by operating activities

	2021	2020
	£	£
Net income for the reporting period (as per the statement of financial activities)	429,456	1,500,784
Depreciation	13,216	11,516
Investment income	(646,795)	(600,111)
Interest on loans and bank overdrafts	3,225	6,320
Gains on disposal of property	(92,570)	(260,643)
Increase in debtors	(324,352)	(74,019)
(Decrease) increase in creditors	(472,089)	132,268
Net cash (used in) provided by operating activities	(1,089,909)	716,115

ii, Analysis of cash and cash equivalents

	1 January 2021	Cash flow	Other non cash changes	31 December 2021
	£	£	£	£
Net Cash:-				
Cash at bank and in hand	2,720,943	(274,258)	-	2,446,685

ii, Reconciliation of net cash flow to movement in net funds

	2021	2020
	£	£
(Decrease) increase in cash	(274,258)	2,311,435
Opening net funds	2,720,943	409,508
Closing net funds	2,446,685	2,720,943

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

I. (a) Accounting policies

The Liverpool Diocesan Board of Finance is company limited by guarantee registered in England no 18301 and a registered charity no 249740 and its registered office is at St James House, 20 St James Road, L1 7BY. The LDBF constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

The charity has claimed exemption from preparing consolidated financial statements as its subsidiary, The Good Funeral Company Limited, remained dormant throughout 2021 and its activities have been recorded within the income and expenditure of the Diocese.

The presentation currency is pounds sterling and figures are shown to the nearest £. A summary of the more important accounting policies which have been consistently applied is set out below.

(b) Income

The principal source of income comes from voluntary giving in the form of parish share. All income is included in the Statement of Financial Activities (SOFA) when LDBF has entitlement to the funds, the amount can be quantified, and receipt of the funds is probable.

(c) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 17). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

NOTES TO THE ACCOUNTS

vi) **Parish share credit** Parish Share Credit was calculated in two stages, the first of which was targeted at those parishes with very low levels of reserves and a shortfall in income, with the second stage considering those parishes that had suffered reductions in reserve levels and faced a reduced ability to pay Parish Share in the subsequent year. The sums credited were calculated using parish financial data and forecasts, in dialogue with deanery leaders.

(d) Going concern

Significant financial challenges resulting from the COVID-19 pandemic remained during 2021.

The need to mitigate the impact of those parishes' losses and to put in place relief measures has placed pressures on the payment of parish share.

During 2021, we continued to access available Government financial assistance, such as the Job Retention Scheme as well as working with the National Church Institutions, securing financial funding from the Church Commissioners. We achieved financial stability in both 2020 and 2021 with plans to mitigate the impact of continuing challenges in 2022.

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing the accounts.

(e) Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

(g) Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

NOTES TO THE ACCOUNTS

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(h) Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

(i) Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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.

(j) Investment assets and income arising

The Board of Finance holds investments for itself and on behalf of parishes and other charities. Investments and their associated income are only recognised where the Board is investment custodian, investment manager and the beneficiary.

Investments are shown at market value, or at the trustees' best estimate of such.

Investment properties are included in the balance sheet at their open market value and are not depreciated. Although this accounting policy is in accordance with the applicable accounting standard, FRS102, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the trustees, compliance with the accounting standard FRS102 is necessary for the financial statements to give a true and fair view of its financial position, performance and cashflow. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

All unquoted investments are held and valued on the basis of information provided from CCLA.

Dividends and interest are included in the financial statements when receivable.

Realised gains on investments are reinvested where appropriate. Both realised and unrealised gains are disclosed in the Statement of Financial Activities.

(k) Major Funds

Funds held by the charity are either:

NOTES TO THE ACCOUNTS

Restricted funds – these funds consist of trust and other funds, which may only be used for specific purposes imposed by the settlor, donor, or legislation.

Permanent Endowment funds – these are funds where there is no power to convert capital into income. Where the trustees have the power to convert endowments into income, these funds are known as expendable endowments.

Unrestricted funds – these are funds which may be used for general purposes without any external restriction.

Designated Funds – these are unrestricted funds that have been set aside by the Board for purposes designated by Diocesan policy. Such designations may be set aside from time to time according to policy decisions.

Details of the major funds held by the Board are given in note 20 to the Financial Statements.

(l) Stipends

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Board are shown gross in these financial statements. However, bishops are paid entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

(m) Fixed assets

Classes of Fixtures and fittings are grouped and only those classes with a value of over £10,000 are capitalised and not expensed. Property is held in the balance sheet at cost or deemed cost for land and buildings held at valuation at the date of transition to FRS 102.

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

Depreciation on fixed assets is provided on a straight-line basis over five years for furniture and over three years for IT equipment.

All fixed assets are held for continuing use in the charity's activities and are therefore classified as fixed assets for charitable use.

(n) Netting off of expenses and income

All incoming resources are reported gross, as far as is possible. Income received in circumstances where a claim for repayment of tax has been or will be made, is grossed up for the tax recoverable and the gross figure included as income.

NOTES TO THE ACCOUNTS

(o) Designated funds

Designated funds are used for their intended purpose. Any transfers to or from designated funds are subject to authorisation controls.

(p) Reserves

Accumulated capital is the amount transferred from general reserve, profits less losses on sale of fixed assets and investments, legacies and gifts received for capital purposes. The general reserve is the total accumulated surplus less deficits for the Board of Finance.

Restricted funds are subject to specific conditions either imposed by the donor and binding on the Board or linked to the basis on which money was obtained. They represent unspent restricted income and/or assets to which restrictions as to their use apply.

(q) Irrecoverable VAT

Irrecoverable VAT is grossed up and included in all relevant expenditure.

(r) Taxation

The Diocese benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income and gains falling within those exemptions.

(s) Operating Leases

Rentals payable under operating leases are charged in the SOFA on a straight- line basis over the lease term.

NOTES TO THE ACCOUNTS

2. Donations and legacies

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2021	2020
	£	£	£	£	£
General Parish Share Income	7,910,352	-	-	7,910,352	7,982,877
	7,910,352	-	-	7,910,352	7,982,877

Income from National Church Institutions

Current financial year

Lowest Income Communities Funding	1,907,068	-	-	1,907,068	1,590,108
Sustainability Funding	1,000,000	-	-	1,000,000	1,000,000
Strategic Development Funding	-	1,246,308	-	1,246,308	1,559,822
Ordination Training Block Grant	-	378,494	-	378,494	486,585
Strategic Ministry Fund for Curates	-	112,941	-	112,941	112,941
Grant for Legal services	45,017	-	-	45,017	43,891
	2,952,085	1,737,743	-	4,689,828	4,793,347

Other Donations

Current financial year

Discretionary Funds Grant	176,167	-	-	176,167	172,000
Coronavirus Job Retention Scheme	32,863	-	-	32,863	185,448
MOF Projects	-	-	-	-	1,006
Transform North West	-	61,500	-	61,500	43,021
Joshua Centre Fund	-	960	-	960	-
Marshalls Charity Grants for Parsonages	-	11,730	-	11,730	-
Partners in Mission Income	-	-	-	-	2,000
Inter-Diocesan Learning Community	-	1,800	-	1,800	-
Church Growth	-	-	-	-	-
Stipends	6,708	-	-	6,708	35,515
Social Justice	5,000	-	-	5,000	-
DBE Services Ltd	84,265	-	-	84,265	69,182
Church & Society	-	71,939	-	71,939	14,738
Assigned Fees	476,735	-	-	476,735	482,630
	781,738	147,929	-	929,667	1,005,540

NOTES TO THE ACCOUNTS

2 Donations and legacies

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
General Parish Share Income	7,982,877	-	-	7,982,877
	7,982,877	-	-	7,982,877

Income from National Church Institutions

Prior financial year				
Lowest Income Communities Funding	1,590,108	-	-	1,590,108
Sustainability Funding	1,000,000	-	-	1,000,000
Strategic Development Funding	-	1,559,822	-	1,559,822
Ordination Training Block Grant	-	486,585	-	486,585
Strategic Ministry Fund for Curates	-	112,941	-	112,941
Grant for Legal services	43,891	-	-	43,891
	2,633,999	2,159,348	-	4,793,347

Other Donations

Prior financial year				
Discretionary Funds Grant	172,000	-	-	172,000
Coronavirus Job Retention Scheme	185,448	-	-	185,448
MOF Projects	-	1,006	-	1,006
Transform North West	-	43,021	-	43,021
Joshua Centre Fund	-	-	-	-
Marshalls Charity Grants for Parsonages	-	-	-	-
Partners in Mission Income	-	2,000	-	2,000
Inter-Diocesan Learning Community	-	-	-	-
Stipends	35,515	-	-	35,515
Social Justice	-	-	-	-
DBE Services Ltd	69,182	-	-	69,182
Church & Society	-	14,738	-	14,738
Assigned Fees	482,630	-	-	482,630
	944,775	60,765	-	1,005,540

NOTES TO THE ACCOUNTS

3. Charitable Activities

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2021	2020
	£	£	£	£	£
Gift Aid Scheme	11,714	-	-	11,714	19,139
General DBF Income	141,247	-	-	141,247	231,607
Fellfield Income	(30)	-	-	(30)	2,339
Board of Education	134,359	-	-	134,359	125,396
Communications Office	23,963	-	-	23,963	39,938
Lifelong Learning	9,950	-	-	9,950	36,581
Clergy Housing Income	8,358	-	-	8,358	-
Church Inspection Fees	-	25,755	-	25,755	25,751
	329,561	25,755	-	355,316	480,751

Prior financial year

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2020
	£	£	£	£
Gift Aid Scheme	19,139	-	-	19,139
General DBF Income	231,607	-	-	231,607
Fellfield Income	2,339	-	-	2,339
Board of Education	125,396	-	-	125,396
Communications Office	39,938	-	-	39,938
Lifelong Learning	36,581	-	-	36,581
Clergy Housing Income	-	-	-	-
Church Inspection Fees	-	25,751	-	25,751
	455,000	25,751	-	480,751

4. Investment Income

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2021	2020
	£	£	£	£	£
DBF Investment Income	129,483	-	-	129,483	125,312
Church House Rental Income	86,000	-	-	86,000	86,000
Parsonages Rental Income	418,354	-	-	418,354	378,694
Glebe Rental Income	-	12,958	-	12,958	10,105
	633,837	12,958	-	646,795	600,111

Prior financial year

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2020
	£	£	£	£
DBF Investment Income	125,312	-	-	125,312
Church House Rental Income	86,000	-	-	86,000
Parsonages Rental Income	378,694	-	-	378,694
Glebe Rental Income	-	10,105	-	10,105
	590,006	10,105	-	600,111

NOTES TO THE ACCOUNTS

5. Other income

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2021	2020
	£	£	£	£	£
Property Transactions	92,570	-	-	92,570	260,643
Share of proceeds of school site	379,000	-	-	379,000	-
	471,570	-	-	471,570	260,643

Prior financial year

	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2020
	£	£	£	£
Property Transactions	260,643	-	-	260,643
Share of proceeds of school site	-	-	-	-
	260,643	-	-	260,643

6 Charitable Activities

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2021	2020
	£	£	£	£	£
Archbishops' Council	113,748	-	-	113,748	209,340
	113,748	-	-	113,748	209,340

Resourcing Mission and Ministry

Current financial year

Parish Mission and Ministry:

Clergy stipends	4,774,696	-	-	4,774,696	4,619,104
Clergy Pension Costs	1,447,480	-	-	1,447,480	1,248,610
National insurance	428,237	-	-	428,237	400,027
Resettlement/removal grants etc	197,907	-	-	197,907	115,304
Lay Workers	21,988	-	-	21,988	21,813
Administration and other costs	324,566	-	-	324,566	74,116
Parish share grant credit	1,362,376	-	-	1,362,376	-
Area Dean Grants	44,200	-	-	44,200	49,750
Strategic Development Funding	160,535	1,298,712	-	1,459,247	1,750,833
Clergy Housing	1,083,531	11,730	-	1,095,261	749,441
Deanery Mission and Growth Grants	359,571	-	-	359,571	286,039
Grants to Parishes from Property Sales	17,004	-	-	17,004	90,334
DBF Central Costs (25%)	135,911	-	-	135,911	335,384
St James' House Costs (15%)	21,562	-	-	21,562	28,027
	10,379,564	1,310,442	-	11,690,006	9,768,782

NOTES TO THE ACCOUNTS

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £	Total Funds 2020 £
6 Charitable Activities (continued)					
Current financial year					
Support for Parish Mission and Ministry:					
Clergy Training	280,041	-	-	280,041	280,044
Lifelong Learning	225,470	-	-	225,470	170,102
Social Justice	58,137	71,939	-	130,076	87,118
Disability Discretionary	5,510	-	-	5,510	3,401
Church Growth & Ecumenism	47,756	-	-	47,756	38,335
Resources Department	106,645	-	-	106,645	134,874
Ordinands in Training	278,022	169,971	-	447,993	794,318
General Synod Members' Expenses	291	-	-	291	2,615
Church Inspections	-	26,680	-	26,680	17,570
Communications Office	166,830	-	-	166,830	171,568
Legal Fees	(6,656)	-	-	(6,656)	-
Pastoral Committee	-	37,510	-	37,510	11,183
Diocesan Synod	877	-	-	877	7,468
Safeguarding and Inclusion	168,169	-	-	168,169	119,625
Diocesan Advisory Council	39,580	-	-	39,580	38,614
Ecumenical Funding	44,784	-	-	44,784	35,000
DPA Parish Housing & DPA Grants	36,000	-	-	36,000	21,624
Additional Pension Costs	39,771	-	-	39,771	11,385
DBF Central Costs (60%)	326,186	-	-	326,186	804,918
St James' House Costs (80%)	114,997	-	-	114,997	149,480
Other	13,757	25,158	-	38,915	38,994
	1,946,167	331,258	-	2,277,425	2,938,236
Expenditure on Education					
Current financial year					
Support for church schools and parishes	262,608	-	-	262,608	288,754
Property Expenditure on Schools	-	22,985	-	22,985	72,931
	262,608	22,985	-	285,593	361,685
Total Charitable Activities 2021	12,702,087	1,664,685	-	14,366,772	13,278,043

NOTES TO THE ACCOUNTS

6 Charitable Activities (continued)

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
Archbishops' Council	209,340	-	-	209,340
	209,340	-	-	209,340

Resourcing Mission and Ministry

Prior financial year

Parish Mission and Ministry:

Clergy stipends	4,619,104	-	-	4,619,104
Clergy Pension Costs	1,248,610	-	-	1,248,610
National insurance	400,027	-	-	400,027
Resettlement/removal grants etc	115,304	-	-	115,304
Lay Workers	21,813	-	-	21,813
Administration and other costs	74,116	-	-	74,116
Parish share grant credit	-	-	-	-
Area Dean Grants	49,750	-	-	49,750
Strategic Development Funding	41,415	1,709,418	-	1,750,833
Clergy Housing	749,441	-	-	749,441
Deanery Mission and Growth Grants	286,039	-	-	286,039
Grants to Parishes from Property Sales	90,334	-	-	90,334
DBF Central Costs (25%)	335,384	-	-	335,384
St James' House Costs (15%)	28,027	-	-	28,027
	8,059,364	1,709,418	-	9,768,782

Prior financial year

Support for Parish Mission and Ministry:

Clergy Training	280,044	-	-	280,044
Lifelong Learning	170,102	-	-	170,102
Social Justice	72,380	14,738	-	87,118
Disability Discretionary	3,401	-	-	3,401
Church Growth & Ecumenism	38,335	-	-	38,335
Resources Department	134,874	-	-	134,874
Ordinands in Training	326,890	467,428	-	794,318
General Synod Members' Expenses	2,615	-	-	2,615
Church Inspections	-	17,570	-	17,570
Communications Office	171,568	-	-	171,568
Legal Fees	-	-	-	-
Pastoral Committee	-	11,183	-	11,183
Diocesan Synod	7,468	-	-	7,468
Safeguarding and Inclusion	119,625	-	-	119,625
Diocesan Advisory Council	38,614	-	-	38,614
Ecumenical Funding	35,000	-	-	35,000
DPA Parish Housing & DPA Grants	21,624	-	-	21,624
Additional Pension Costs	11,385	-	-	11,385
DBF Central Costs (60%)	804,918	-	-	804,918
St James' House Costs (80%)	149,480	-	-	149,480
Other	5,627	33,367	-	38,994
	2,393,950	544,286	-	2,938,236

NOTES TO THE ACCOUNTS

6 Charitable Activities (continued)

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
Expenditure on Education				
Prior financial year				
Support for church schools and parishes	288,754	-	-	288,754
Property Expenditure on Schools	-	72,931	-	72,931
	<u>288,754</u>	<u>72,931</u>	<u>-</u>	<u>361,685</u>
Total Charitable Activities 2020	<u>10,951,408</u>	<u>2,326,635</u>	<u>-</u>	<u>13,278,043</u>

7 Other Resources Expended

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Current financial year					
Governance:					
DBF Central Costs (15%)	81,545	-	-	81,545	201,230
Diocesan Registry	100,055	-	-	100,055	93,961
Audit and accounting fees	18,513	-	-	18,513	16,654
St James' House Costs (5%)	7,187	-	-	7,187	9,342
	<u>207,300</u>	<u>-</u>	<u>-</u>	<u>207,300</u>	<u>321,187</u>
Other outgoing property resources:					
Pastoral Account	-	-	-	-	23,255
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,255</u>
	<u>207,300</u>	<u>-</u>	<u>-</u>	<u>207,300</u>	<u>344,442</u>

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
Governance:				
DBF Central Costs (15%)	201,230	-	-	201,230
Diocesan Registry	93,961	-	-	93,961
Audit and accounting fees	16,654	-	-	16,654
St James' House Costs (5%)	9,342	-	-	9,342
	<u>321,187</u>	<u>-</u>	<u>-</u>	<u>321,187</u>
Other outgoing property resources:				
Pastoral Account	-	23,255	-	23,255
	<u>-</u>	<u>23,255</u>	<u>-</u>	<u>23,255</u>
	<u>321,187</u>	<u>23,255</u>	<u>-</u>	<u>344,442</u>

NOTES TO THE ACCOUNTS

8 Analysis of support costs

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Central administration	543,642	-	-	543,642	1,341,532
Diocesan Registry	100,055	-	-	100,055	93,961
St James' House	143,746	-	-	143,746	186,849
	<u>787,443</u>	<u>-</u>	<u>-</u>	<u>787,443</u>	<u>1,622,342</u>

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
Central administration	1,341,532	-	-	1,341,532
Diocesan Registry	93,961	-	-	93,961
St James' House	186,849	-	-	186,849
	<u>1,622,342</u>	<u>-</u>	<u>-</u>	<u>1,622,342</u>

9 Staff Costs

	2021	2020
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,523,677	1,450,385
National Insurance Contributions	138,672	130,225
Pension costs	293,168	376,718
	<u>1,955,517</u>	<u>1,957,328</u>

	2021	2020
	Number	Number
The average number of persons employed during the year:		
Full time	33	34
Part time	26	21
	<u>59</u>	<u>55</u>

NOTES TO THE ACCOUNTS

Remuneration of key management personnel

Key management personnel are deemed to be those having the authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Liverpool Diocesan Board of Finance. At the end of 2021 these were:

Diocesan Secretary & Company Secretary	Mike Eastwood
Assistant Diocesan Secretary & Director of Communications	Stuart Haynes
HR Manager (from October 2021)	Debbie Brisco
Director of Vocations (until September 2021)	Simon Chesters
Director of Finance	Matt Elliott
Director of Education	Stuart Harrison
Director of Social Justice	Ellen Loudon
Director of Learning & Stewardship	Steve Pierce
Director of HR (until September 2021)	Sharon Townson
Diocesan Programme Manager	Richard Gedge

Total remuneration and pensions for these employees amounted to £496,497 (2020: £483,506)

The number of employees whose emoluments exceeded £60,000 was:

	2021	2020
£60,001 - £70,000	2	-
£80,001 - £90,000	-	1

Trustees' emoluments

No Trustee received any remuneration or reimbursement for expenses for services as Trustee. Trustees who are also stipendiary clergy receive remuneration for including stipends, pension and housing based on national rates set by the central stipends authority.

The following trustees received remuneration in respect of their roles as stipendiary clergy:

The Venerable Mike McGurk
 The Venerable Pete Spiers
 The Venerable Simon Fisher
 Rev Peter Dawkin (elected)
 Rev Hannah Lewis (elected)
 The Venerable Jennifer Mckenzie

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 housing for stipendiary clergy in the diocese including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

The LDBF paid an average of 182 (2020 - 172) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021	2020
	£	£
Stipends	4,774,696	4,619,104
Pension costs	1,447,480	1,248,610
National Insurance Contributions	428,237	400,027
	6,650,413	6,267,741

NOTES TO THE ACCOUNTS

10. Tangible Fixed Assets

	DBF Property £	DBF Glebe £	DBF VLL Property £	Team Vicars Glebe £	Parsonages £	Fixtures & Fittings £	Total Funds £
Deemed cost or historic cost							
At 1 January 2021	758,840	2,659,971	85,001	3,470,000	33,001,677	335,713	40,311,202
Additions	-	-	-	-	329,784	9,700	339,484
Disposals	-	-	-	-	(418,995)	-	(418,995)
At 31 December 2021	758,840	2,659,971	85,001	3,470,000	32,912,466	345,413	40,231,691
Depreciation							
At 1 January 2021	-	-	-	-	-	322,419	322,419
Charge for year	-	-	-	-	-	13,216	13,216
At 31 December 2021	-	-	-	-	-	335,635	335,635
Net book value							
At 31 December 2021	758,840	2,659,971	85,001	3,470,000	32,912,466	9,778	39,896,056
At 31 December 2020	758,840	2,659,971	85,001	3,470,000	33,001,677	13,294	39,988,783

All properties held as Tangible Fixed Assets are freehold.

11. Fixed Asset Investments

	Investment Properties £	UK Unquoted Investments £	Total Funds 2021 £
Unquoted			
Market value at 1 January 2021	5,882,458	3,902,440	9,784,898
Gains on Investment Assets	-	567,170	567,170
Market value at 31 December 2021	5,882,458	4,469,610	10,352,068

Investment properties were valued by Peter Kenny Property Management as at 31st December 2015. The Investment Property at Linnet Lane was revalued for insurance purpose in 2017. The trustees have considered the rebuild valuation against local market conditions and consider the rebuild valuation to be a close approximation of market value. The trustees have valued the investment properties at a current market value of £5,882,458 as at 31 December 2021.

NOTES TO THE ACCOUNTS

11. (cont.) Fixed asset investments

Historical Cost of Investments	2021	2020
	£	£
UK Unquoted	2,848,504	2,848,504
Investment Property	<u>3,809,068</u>	<u>3,809,068</u>
	<u>6,657,572</u>	<u>6,657,572</u>
Unquoted Investments comprise	2021	2020
	£	£
CBF Property Fund	884,110	773,739
CBF Investment Fund	2,410,851	2,109,130
CBF Global Equity Fund	1,113,348	958,270
CBF Deposit Fund	61,289	61,289
DBE Services Ltd	<u>12</u>	<u>12</u>
	<u>4,469,610</u>	<u>3,902,440</u>

In 2005 the diocese purchased 12 ordinary shares of £1 each (now a 1/6th shareholding) in DBE Services Ltd. DBE Services Ltd provides services for schools. In 2020 the Diocese's share of the surplus was £84,265 (see note 2).

The shares may not be disposed of or charged except in accordance with the provisions of the Shareholders' Agreement. Distributable profits attributable to the work done for relevant schools are to be distributed in the proportions to which they arise from the work done for the relevant schools for each shareholder and the remaining distributable profits shall be divided equally between the shareholders.

During 2018 The Good Funerals Company Limited was established as a company limited by guarantee under the control of LDBF. The company itself remained dormant during 2020 and 2021, but all of its activities have been reported through the Diocesan accounts. The amounts have not been separately disclosed since their aggregate value was considered to be relatively insignificant.

NOTES TO THE ACCOUNTS

12. Debtors

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £	Total Funds 2020 £
Amounts due from parishes	355,776	-	-	355,776	460,606
Sundry debtors	501,850	-	-	501,850	163,019
Parish and other concessionary loans	87,391	1,600	-	88,991	88,991
Prepayments and accrued income	11,253	382,584	-	393,837	303,486
				-	
	956,270	384,184	-	1,340,454	1,016,102

Debtors include the following balances due after more than one year:

	Total Funds 2021 £
Parish and other concessionary loans	15,000
	<u>15,000</u>

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2020 £
Amounts due from parishes	460,606	-	-	460,606
Sundry debtors	163,019	-	-	163,019
Parish and other concessionary loans	87,391	1,600	-	88,991
Prepayments and accrued income	87,648	215,838	-	303,486
	798,664	217,438	-	1,016,102

Debtors include the following balances due after more than one year:

	Total Funds 2020 £
Sundry Debtors	21,555
Parish and other concessionary loans	88,991
	<u>110,546</u>

NOTES TO THE ACCOUNTS

13. Creditors: amounts falling due within one year

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2021	2020
	£	£	£	£	£
Sundry creditors	3,483,069	-	-	3,483,069	3,698,026
Accruals	61,141	-	-	61,141	40,412
Deanery Mission and Growth Funds	827,766	-	-	827,766	696,001
Taxation and social security	(625)	-	-	(625)	-
Pension deficit funding contributions	-	320,000	-	320,000	406,500
	4,371,351	320,000	-	4,691,351	4,840,939

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2020
	£	£	£	£
Bank overdraft	-	-	-	-
Sundry creditors	3,698,026	-	-	3,698,026
Accruals	40,412	-	-	40,412
Deanery Mission and Growth Funds	696,001	-	-	696,001
Pension deficit funding contributions	-	406,500	-	406,500
	4,434,439	406,500	-	4,840,939

14. Creditors: amounts falling due after more than one year

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2021	2020
	£	£	£	£	£
Loans from Church Commissioners	85,000	-	-	85,000	85,000
Loans from CCLA	500,000	-	-	500,000	500,000
Loans from CBF	-	600	-	600	600
Pension deficit funding contributions	-	-	-	-	322,500
	585,000	600	-	585,600	908,100

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2020
	£	£	£	£
Loans from Church Commissioners	85,000	-	-	85,000
Loans from CCLA	500,000	-	-	500,000
Loans from CBF	-	600	-	600
Pension deficit funding contributions	-	322,500	-	322,500
	585,000	323,100	-	908,100

Loans from Church Commissioners are secured on value-linked loan properties, included in fixed assets and are repayable on the sale of the property. There is no fixed repayment date for these. The total interest paid during 2020 was £Nil.

NOTES TO THE ACCOUNTS

15. Net expenditure for the year

	2021	2020
This is stated after charging: -		
	£	£
Auditors' remuneration:		
Audit – BWM	15,300	13,664
Non audit fees (compilation of accounts)	3,120	2,990
Depreciation	13,216	11,516
Operating Leases – Land & Buildings	75,000	75,000
Operating Leases – Plant and Equipment	1,812	7,248
Interest on bank loans and overdrafts	115	2,359
Interest on loans from CCLA	3,110	3,961

16. Guarantees

The Board has given guarantees to Lloyds Bank for £49,639 (2020: £49,639) in respect of loans granted to parishes.

17. Pensions

(a) Clergy Pensions

Liverpool DBF 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 schemes separately from those of the Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long-term annual rate of improvement of 1.5%, a smoothing parameter” of 7 and an initial addition to mortality improvements of 0.5% pa.

NOTES TO THE ACCOUNTS

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020, and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021	2020
Balance sheet liability at 1 January	645,000	1,099,000
Deficit contribution paid	(323,000)	(523,000)
Interest cost (recognised in SoFA)	1,000	9,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(3,000)	60,000
Balance sheet liability at 31 December	320,000	645,000

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	(1.5%)	1.6% pa	1.3% pa

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

NOTES TO THE ACCOUNTS

(b) Staff Pensions

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.

The LDBF participates in the Defined Benefits Scheme section of CWPF for lay staff employed prior to 2009 and the Pension Builder Classic Scheme for lay staff employed after 1st January 2009. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

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

For funding purposes, 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 DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme.

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

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

A next actuarial valuation is due as 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 34.8% of pensionable salary and expenses of £11,900 per annum.

NOTES TO THE ACCOUNTS

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

	2021	2020
Balance sheet liability at 1 January	84,000	194,000
Deficit contribution paid	(28,000)	(113,000)
Interest cost (recognised in SoFA)	-	1,000
Remaining change to the balance sheet liability*(recognised in SoFA)	(56,000)	2,000
Balance sheet liability at 31 December	-	84,000

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

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

	December 2021	December 2020	December 2019
Discount rate	0.00%	0.00%	1.00%

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

18. Analysis of net assets by funds as at 31 December 2021

Current financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long-term Liabilities £	Total £
Unrestricted funds	1,382,093	9,396,992	(968,395)	(585,000)	9,225,690
Restricted funds	5,538,514	-	64,184	(600)	5,602,098
Endowment funds	32,975,449	955,076	-	-	33,930,525
Total	39,896,056	10,352,068	(904,211)	(585,600)	48,758,313

NOTES TO THE ACCOUNTS

18. Analysis of net assets by funds (continued)

Prior financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long- term Liabilities £	Total £
Unrestricted funds	1,385,609	8,829,822	(914,832)	(585,000)	8,715,599
Restricted funds	5,538,514	-	(189,062)	(323,100)	5,026,352
Endowment funds	33,064,660	955,076	-	-	34,019,736
Total	39,988,783	9,784,898	(1,103,894)	(908,100)	47,761,687

Further details of individual funds are given in note 20 below.

19. Lease Obligations

At 31st December 2021, Liverpool DBF was committed to making the following payments under non-cancellable operating leases:

	2021		2020	
	Land and Buildings £	Plant and Equipment £	Land and Buildings £	Plant and Equipment £
Within 1 year	75,000	-	75,000	1,812
Within 2 to 5 years	300,000	-	300,000	-
After 5 years	50,000	-	125,000	-

20. Accumulated funds

The General fund is unrestricted. In 2010 £170,000 was designated to the Warrington Mission Development Fund from the sale proceeds of a former vicarage. As at 31 December 2021, the balance on this designated fund amounted to £16,972 (2020 - £33,976) following the distribution of a further £17,004 from the fund during 2021. The balance will be applied in 2022.

A further designated fund of £1.6m was created during 2020 from the £1m sustainability funding received from the Church Commissioners and from £0.6m of cost savings made. The fund was to provide support to parishes in their payment of parish share for 2020 and 2021.

During 2020 a total of £660,275 of the fund was applied towards the clearance of parish share arrears for 2020. The balance of £939,725 was applied to reduce the parish share to be collected from parishes during 2021.

A further £676,589 was designated in 2021 to be used in 2022.

NOTES TO THE ACCOUNTS

Diocesan Stipends Fund (DSF) Capital Account: The Diocesan Stipends Fund Capital account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can be utilised for stipend purposes. The DSF capital account is disclosed as an expendable endowment in these financial statements.

Stipends & Ordinands Permanent Endowment: The Stipends & Ordinands Permanent Endowment Fund represents the accumulation of a number of donations given over a number of years towards the support of Stipendiary Ministry and Ordinands in training and their families.

DBE Property Restricted Fund: The DBE Property Restricted fund relates to the proceeds of sale of redundant school sites and is used for the benefit of church schools in the Diocese.

DBF Property Fund: The DBF Property Restricted fund represents the accumulated value of Glebe Houses and owned by the DBF.

Parsonage Building Expendable Endowment Fund: The Parsonage Building Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefice concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage building fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Building Fund has been included as an expendable endowment fund in these financial statements.

The Specific Restricted fund includes income and related expenditure for the following:

C of E Stipends Fund
Church Inspections
Partners in Mission
English Heritage

NOTES TO THE ACCOUNTS

20. Accumulated Funds (continued)

Current financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2020	8,715,599	215,838	4,809,514	1,000	591,457	32,473,203	955,076	47,761,687
Incoming Resources	13,079,143	1,899,697	24,688	-	-	-	-	15,003,528
Outgoing Resources	(12,909,387)	(1,628,688)	-	(35,997)	-	-	-	(14,574,072)
Gains/losses	567,170	-	-	-	-	-	-	567,170
Transfers	(226,835)	(104,263)	384,312	35,997	-	(89,211)	-	-
Total Funds 2021	9,225,690	382,584	5,218,514	1,000	591,457	32,383,992	955,076	48,758,313
Represented by:								
Tangible Fixed Assets:	1,382,093	-	5,538,514	-	591,457	32,383,992	-	39,896,056
DBF Houses & Glebe	758,840	-	2,068,514	-	591,457	-	-	3,418,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	528,474	-	3,470,000	-	-	32,383,992	-	36,382,466
Furniture & Fittings	9,778	-	-	-	-	-	-	9,778
Investments:	9,396,992	-	-	-	-	-	955,076	10,352,068
CCLA	3,514,522	-	-	-	-	-	955,076	4,469,598
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	(968,395)	382,584	(320,000)	1,600	-	-	-	(904,211)
Debtors	956,271	382,584	-	1,600	-	-	-	1,340,455
Bank and Cash (net of overdraft)	2,446,685	-	-	-	-	-	-	2,446,685
Sundry Creditors & Accruals	(4,371,351)	-	(320,000)	-	-	-	-	(4,691,351)
Long term liabilities:	(585,000)	-	-	(600)	-	-	-	(585,600)
Loans from Church Commissioners	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributions	-	-	-	-	-	-	-	-
	9,225,690	382,584	5,218,514	1,000	591,457	32,383,992	955,076	48,758,313
Analysis of Reserves:								
General Funds (including designated funds of £693,561 -see note below)	9,225,690	-	-	-	-	-	-	9,225,690
Restricted Funds	-	382,584	5,218,514	1,000	-	-	-	5,602,098
Endowment Funds	-	-	-	-	591,457	32,383,992	955,076	33,930,525
	9,225,690	382,584	5,218,514	1,000	591,457	32,383,992	955,076	48,758,313

Fund transfers

The transfer from general fund to the DBF property fund was necessary to acknowledge the reduction in the liability for deficit funding contributions which arose from the completion of a revised actuarial valuation of the Church of England Funded Pension Scheme (note 17) and the part settlement of earlier existing pension obligations.

Designated funds

As explained above on page 50, a portion of the General Funds has been designated by the trustees as at 31 December 2021 for the following purposes:

Warrington Mission Development Fund	£16,972
Parish Share Credit	£676,589
Total	£693,561

NOTES TO THE ACCOUNTS

20. Accumulated Funds (continued)

Prior financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2019	7,746,164	-	4,245,514	1,000	591,457	32,473,203	955,076	46,012,414
Incoming Resources	12,867,300	2,245,864	10,105	-	-	-	-	15,123,269
Outgoing Resources	(11,272,595)	(2,313,893)	-	(35,997)	-	-	-	(13,622,485)
Gains/losses	248,489	-	-	-	-	-	-	248,489
Transfers (see note below)	(873,759)	283,867	553,895	35,997	-	-	-	-
Total Funds 2019	8,715,599	215,838	4,809,514	1,000	591,457	32,473,203	955,076	47,761,687

Represented by:

Tangible Fixed Assets:	1,385,609	-	5,538,514	-	591,457	32,473,203	-	39,988,783
DBF Houses & Glebe	758,840	-	2,068,514	-	591,457	-	-	3,418,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	528,474	-	3,470,000	-	-	32,473,203	-	36,471,677
Furniture & Fittings	13,294	-	-	-	-	-	-	13,294
Investments:	8,829,822	-	-	-	-	-	955,076	9,784,898
CCLA	2,947,352	-	-	-	-	-	955,076	3,902,428
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	(914,832)	215,838	(406,500)	1,600	-	-	-	(1,103,894)
Debtors	798,664	215,838	-	1,600	-	-	-	1,016,102
Bank and Cash (net of overdraft)	2,720,943	-	-	-	-	-	-	2,720,943
Sundry Creditors & Accruals	(4,434,439)	-	(406,500)	-	-	-	-	(4,840,939)
Long term liabilities:	(585,000)	-	(322,500)	(600)	-	-	-	(908,100)
Loans from Church Commissioners	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributions	-	-	(322,500)	-	-	-	-	(322,500)
	8,715,599	215,838	4,809,514	1,000	591,457	32,473,203	955,076	47,761,687

Analysis of Reserves:

General Funds (including designated funds of £973,701 - see note below)	8,715,599	-	-	-	-	-	-	8,715,599
Restricted Funds	-	215,838	4,809,514	1,000	-	-	-	5,026,352
Endowment Funds	-	-	-	-	591,457	32,473,203	955,076	34,019,736
	8,715,599	215,838	4,809,514	1,000	591,457	32,473,203	955,076	47,761,687

Fund transfers

The transfer from general fund to the DBF property fund was necessary to acknowledge the reduction in the liability for deficit funding contributions which arose from the completion of a revised actuarial valuation of the Church Of England Funded Pension Scheme (note 17) and the part settlement of earlier existing pension obligations.

Designated funds

As explained above on page 50, a portion of the General Funds has been designated by the trustees as at 31 December 2020 for the following purposes:

Warrington Mission Development Fund	£ 33,976
Parish Share Credit	£939,725
Total	£973,701

NOTES TO THE ACCOUNTS

21. Related Party transactions

Details of transactions with the main related parties of the Diocese are given in the appropriate notes to the financial statements.

22. Post Balance Sheet Events

There were no significant post balance sheet events to report.

THE LIVERPOOL DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249740

Accounts



Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2020

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CHAIRMAN'S REPORT

Chairman's Report

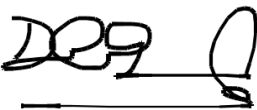
I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2020.

We began 2020 determined to continue our work towards growing a Bigger Church to make a Bigger Difference, with more people knowing Jesus and more justice in the world. The emergence of the COVID-19 threat at the start of the year represented new and unprecedented threats to our mission and financial health and these challenges dominated much of our work during the period. Widespread but temporary closures to our churches and schools, social distancing and related challenges precipitated major changes to the way we set about our mission during the year and yet the response of our parishes, schools and members of our worshipping communities proved phenomenal, both in their work supporting their communities and in their commitment to maintaining Parish Share contributions. The financial statements bear out this extraordinary response and whilst significant challenges remain in front of us, we nonetheless emerge from a period of acute mission and financial risk ready to prepare for the next steps towards a Bigger Church to make a Bigger Difference.

We set a budget for 2020 with a surplus of £74,000. We experienced significant variances from this budget throughout our management accounts, directly as a result of pandemic related challenges, including negative variance in funeral fees (£105,000), provision for Parish Share credit (£1,600,000), rents and investments (£45,000) and positive variances in grants and donations (£331,000), expenditure savings (£280,000) and Church Commissioners income (£1,000,000). In the context of a national economic shutdown, our resulting management accounts deficit of £65,000 represents a significantly better result than might have been anticipated early in the pandemic. We achieved this result largely due to the positive financial response from parishes throughout the Diocese (achieving 90% of Parish Share requests despite sustained closures and restricted activities), the support of our National Church Institutions and the commitment and flexibility of our staff, clergy and volunteers in the roles that they fulfil. A fuller summary of our financial performance and reconciliation to the results reported in our statement of financial activities can be found on pages 12 and 13 in the trustees report.

Despite the financial setbacks of 2020 we continue to plan for a sustainable financial base and our next three-year budget cycle of breakeven has been drafted for the period 2022-24 in line with our fiscal rules for financial sustainability.

I'd like to thank all members of the DBF who have given their support during the year.



David Greensmith

23 December 2021

TRUSTEES' REPORT

TRUSTEES' ANNUAL REPORT AND DIRECTORS' REPORT INCORPORATING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

Liverpool Diocesan Board of Finance is a multi-faceted structure. It is:

- ◆ A registered charity (no. 249740)
- ◆ A company limited by guarantee (no. 18301)
- ◆ A Board of Finance established under the Diocesan Boards of Finance Measure 1925
- ◆ A trust corporation.

Its registered office is St James' House, 20 St James Road, Liverpool LI 7BY.

The governing body of the diocese is the Diocesan Synod whose members are also members of the Diocesan Board of Finance. Although the work of the Finance Committee is the sole responsibility of those elected to serve on it, all its business is conducted under the authority of the Diocesan Bishop who presides over all the affairs of the diocese.

Trustees

The financial executive of the Diocesan Synod is the Finance Committee. The members of the Finance Committee are the directors of the company and trustees of the charity. Through a combination of elected, ex officio, and co-opted posts our constitution enables us to achieve an appropriate balance between clergy and lay people.

Elections to the Finance Committee take place every three years. There were elections in October 2018 for the current Finance Committee which runs from 1 January 2019 to 31 December 2021. The trustees who served in 2020 were:

David Greensmith, Chair (ex-officio)

David Burgess, Deputy Chair (elected)

The Right Reverend Beverley Mason, Bishop of Warrington (ex-officio)

The Venerable Mike McGurk, Archdeacon of Liverpool (ex officio)

The Venerable Pete Spiers, Archdeacon of Knowsley & Sefton (ex officio)

The Venerable Roger Preece, Archdeacon of Warrington & St Helens (ex officio) – until 30 September 2019

The Venerable Simon Fisher – elected 1 January 2019; ex officio as Archdeacon from November 2019

The Venerable Jennifer McKenzie, Archdeacon of Wigan & West Lancashire (ex officio) – until 31 July 2021

Rev Hannah Lewis (elected)

Angela Matthewson (elected)

Michael Pitts (elected)

Philip Stott (elected)

Andrew Wilcockson (elected)

Rev Peter Dawkin (elected) – from 1 January 2019

Keith Cawdron (elected) – from 1 January 2019

TRUSTEES' REPORT

Senior staff

The Chief Officer for the charity is the Diocesan Secretary, Mike Eastwood. The senior management team, to whom day to day management of the charity is delegated by the trustees, are:

Mike Eastwood, Diocesan Secretary

Stuart Haynes, Assistant Diocesan Secretary & Director of Communications

Simon Chesters, Director of Vocations

Matt Elliott, Director of Finance

Stuart Harrison, Acting Director of Education – from May 2020

Ellen Loudon, Director of Social Justice

Steve Pierce, Director of Learning & Stewardship

Sharon Townson, Director of HR

Bankers and professional advisers

Auditors

BWM, Suite 5.1, 12 Tithebarn Street, Liverpool, L2 2DT

Bankers

Lloyds Bank plc, Merchants Court, 2-12 Lord Street, Liverpool L2 ITS

Investment managers

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

Diocesan Registrar

Howard Dellar of Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London SW1P 3JT

Solicitors

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2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and objects

The structure governing the work of the charity is complex reflecting the idiosyncrasies of the Church of England. On the one hand, the charity is fairly straightforwardly registered as a charity and a company with appropriate memorandum and articles of association (last modified in March 2010). On the other hand, there are a number of inter-connected relationships and influences directly impacting on the work of the charity (see below).

Trustees

The Finance Committee is the trustee board. It has a mixture of ex-officio, elected and co-opted members. Elections take place every three years at the first meeting of the new diocesan synod (itself elected every three years). The trustees have the power to co-opt members according to their assessment of possible imbalances or skills gaps among the elected and co-opted members. Given the relatively large number of elected and ex-officio trustees the general approach has been to keep co-options to a minimum.

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All trustees receive an induction pack, and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, especially around investment issues.

Organisational structure and decision-making

The Finance Committee is the financial executive of the Diocesan Synod and is required to comply with certain directions given to it by that Synod. It holds the budgets and accounts for all committees of the DBF and all activities undertaken by DBF staff and officers. It also needs to work very closely with Bishop's Council as Diocesan Synod made Bishop's Council responsible for the delivery of the diocesan strategy. This requires an understanding of the aims and aspirations of those bodies and a desire to see them fulfilled alongside a deep regard for the need for good and appropriate governance of the charity. In recent years there hasn't been a particular conflict between these bodies, nor is one anticipated; however, the potential is always there.

The Finance Committee functions as the Parsonages Board of the diocese for purposes of parsonages legislation, although it delegates the oversight of DBF housing management to the Clergy Housing Committee. It has subcommittees dealing with audit, remuneration of DBF staff, and the management of the DBF property and investments.

The Diocesan Board of Education is integrated into the Diocesan Board of Finance both legally and practically. This helps organisational cohesiveness and inter-departmental working.

Trustees are fully aware of their responsibilities under charity law. Within this the day-to-day running of the charity is delegated to senior staff. However, trustees and senior staff are clear that all decisions on policy that may create significant financial or other risk to the company, or which affect material issues of principle must be taken by trustees and not staff.

Networks and key relationships

The charity has a multiplicity of relationships. The main ones are with:

- ◆ Diocesan Synod as the Board of Finance and governing body of the diocese
- ◆ Bishop's Council as the executive arm of Diocesan Synod
- ◆ The Diocesan Oversight Team and Appointments & Wellbeing Committee, where decisions are taken about strategy and the deployment of clergy
- ◆ Other diocesan committees, especially the Diocesan Mission & Pastoral Committee and Board of Education
- ◆ Deanery Synods and Deanery Mission & Pastoral Committees, where local mission plans are decided and their pastoral implications worked through
- ◆ Parishes within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance
- ◆ Church schools in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- ◆ Liverpool Cathedral, on whose campus we are located and with whom there is now an established pattern of integrated working
- ◆ Other dioceses, especially in the North West of England, with whom we have close collaborations and provide services, especially to schools
- ◆ Providers of pre-ordination and Reader training, namely the residential theological colleges, Emmanuel Theological College and St Mellitus in the North West

TRUSTEES' REPORT

- ◆ The national church institutions (Archbishops' Council, Church Commissioners and the Pensions Board) from whom we receive significant funding, policy directives and legal consents to transactions.
- ◆ Other Christian denominations with and through whom we work on matters of workplace chaplaincy, child safeguarding and ecumenical relations notably through Churches Together in the Merseyside Region and Mission in the Economy
- ◆ Interfaith bodies, such as Merseyside Council of Faiths and Liverpool Community Spirit, as part of our cross community work to promote good interfaith relations
- ◆ Key infrastructural bodies on Greater Merseyside (notably volunteer centres and councils for voluntary service) on which we represent ecumenical partners and lead on provision in rural areas.
- ◆ Liverpool Diocesan Council for Social Aid whose key roles are running Adelaide House Women's Bail Hostel and working on penal affairs and social inclusion

In 2017 the Diocese established the Liverpool Diocesan Schools Trust as multi-academy trust as part of its on-going engagement with the academisation agenda. This sits alongside the Liverpool Diocesan Educational Trust which was established in 2012 to enhance links with church school academies. DBE Services Ltd continued trading, as did Emmanuel Theological College. DBE Services Ltd is an inter-diocesan company for the dioceses of Liverpool, Blackburn, Carlisle, Chester, Manchester and York, providing property and other services to schools. Emmanuel Theological College was an inter-diocesan company for the dioceses of Liverpool, Manchester and Chester established to provide local training for clergy and readers that operated during the year and into 2021. We also maintained our partnership with St Mellitus during the year (see section 4 below) and a joint venture with the Church Urban Fund entitled Together Liverpool which seeks to support and resource parishes as they seek to serve their wider community. In 2018 we established the Good Funerals Company to help re-imagine the way in which we engage with bereavement ministry.

The single most important relationship we have continues to be with the clergy and lay people within the churches in our diocese whose ministry is the heartbeat of the diocese. We currently have c 200 serving parish and cathedral-based stipendiary clergy, around 60 non stipendiary and ordained local clergy, 35 Local Missional Leaders, 250 readers and over 100 active retired clergy. We have c. 20 clergy serving full-time as chaplains in schools, hospitals, universities, and prisons plus others serving in a part-time capacity. We also have an active committed church membership of c. 40,000.

Public benefit

The trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Board. We believe that by promoting the work of the Church of England in the Diocese of Liverpool we help to promote the whole mission of the Church (pastoral, evangelistic, social, and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that this provides a benefit to the public by:

- ◆ Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for our members and for anyone who wishes to benefit from what the Church offers; and
- ◆ Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

More information on these benefits follows throughout this report.

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3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. For many years we have been working to achieve growth in our diocese. We have used different ways to express this, but the aim and direction of travel has remained the same – consistent with the whole of the Church of England. When Bishop Paul was installed, he adopted our growth agenda refreshing it by saying ‘we are asking God for a bigger church so we can make a bigger difference; more people knowing Jesus more justice in the world’

This is how we expressed our mission in 2020.

We think we will achieve this mission if we have:

- 100 new congregations
- 1,000 new leaders
- 10,000 disciples

To help us do this we are calling every worshipping Christian in our diocese to sign up to the Bishop of Liverpool's Rule of Life which will encourage and support us to Read, Learn, Pray, Give, Serve, Tell.

Within this we are encouraging everyone to:

- *Bring 1 friend* – into the regular worshipping and serving life of the church (bring one friend)
- *Do 10 things* – 10 acts of service or find 10 new points of connection beyond the walls of the church (do ten things).

To plant 100 new congregations, develop 1,000 new leaders and encourage 10,000 disciples we are asking every person currently in a leadership position to help us:

- *100: New congregations*
 - Plant 100 new congregations which draw new people into the worshipping and serving life of the church (10 years)
- *1,000: New leaders*
 - Identify and nurture 1,000 new leaders in the worshipping and serving life of the church (5 years)
- *10,000: Disciples*
 - Encourage 10,000 people to sign up to the Rule of Life (3 years)

Within this continued focus on growing a bigger church to make a bigger difference we began a process of fundamental review which will impact from 2022 onwards – more on that below.

The Finance Committee is aware that a diocese succeeds through the mission and ministry of its parishes and its bishops. Through striving for the highest standards of financial management, the Finance Committee aims to create the conditions in which their mission and ministry can flourish and be maximised.

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It interprets its role broadly, contributing to the strategic leadership of the diocese, balancing careful stewardship with a flexible and proactive approach, a body that enables, not inhibits. It sees itself as a servant of Synod and Bishop's Council, believing the responsibility of Bishop's Council to be strategic governance and the responsibility of the Finance Committee to be financial governance.

The Finance Committee is working towards the following organisational outcomes:

1. A sustainable financial resource to support agreed mission and ministry in the Diocese of Liverpool
2. A talented and high performing team at St James' House serving the mission and ministries of the parishes and bishops and delivering on the aspirations of the diocesan Growth Agenda
3. A well-run charity which meets the highest standards in governance, management, and operational efficiency.

Our main activities can be summarised as:

- ◆ The development and implementation of mission and church growth strategies
- ◆ The provision of advisory services to bishops, parishes, schools, chaplaincies, fresh expressions and church bodies (mainly through employed staff)
- ◆ The support, training, payment and housing of clergy
- ◆ The support and training of lay people
- ◆ The management and development of staff members
- ◆ Contributing to the national work of the Church of England

For more detail on individual activities see section 4 (I), "Achievements and performance". For information on our strategic thinking into the future please see section 4 (III), "Future plans".

Grant-making policy

No political contributions were paid during the year. Charitable contributions have been made as part of the Board's objectives. The main grants are as follows:

Mission in the Economy – £35,000 (2019 -£35,000) to support mission and chaplaincy in the world of work.

Churches Together in the Merseyside Region – £8,284 (2019 - £8,284) to support initiatives with ecumenical partners

Volunteers

The diocese continues, quite rightly, to be dependent on the huge number of people involved in church activities both locally and at diocesan level. Surveys suggest that faith communities in general and Anglican churches in particular are major contributors to their community through an enormous number of voluntary activities. This is one of the surest signs that our faith makes a difference to our lives and our outlook; we ignore and neglect this at our absolute peril.

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 this church managed volunteering also has a significant impact, for example, on people's approaching the church at times of crisis, for baptisms, funerals and the other aspects of church life and community engagement.

Within all of this the DBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the diocese's mission and growth agenda.

4. STRATEGIC REPORT

I. ACHIEVEMENTS AND PERFORMANCE

We would normally report that by definition much of our work continues year on year. We are determinedly looking to turn around the historical gradual decline in church attendance in the diocese. There was a period where we felt we might have turned around the historic decline, but we recognise that we are still in a context of gradual decline. Within this there have been some signs of growth. However, we are working hard to turn these signs into widespread and sustained growth, year on year.

In many ways the above paragraph remains absolutely true. However, there were 2 major impacts on our work in 2020:

- i. The Covid pandemic
- ii. Our decision to begin a process of fundamental review of purpose and operating model as we engaged with the national church on the possibility of a bid for Strategic Development Funding

We continue to engage constructively in the national church's Renewal & Reform programme. We have previously reported on our first 3 Strategic Development Fund programmes – Transforming Wigan, Joshua Centre and Transform North West. Our flagship Transforming Wigan project continued its programme of radical change and reimagination of missional possibilities in the Deanery of Wigan. In 2019 it completed its work of radical re-structuring which was approved unanimously by a specially convened Church Commissioners' hearing; in 2020 the formal re-structuring processes were completed to establish the seven parishes (hubs) and Team Council. Pre Covid the Joshua Centre for Multiplying Congregations, in collaboration with the Cathedral, remained ahead of its planned trajectories both in the number of congregations planted and the numbers of people involved. We wait to see exactly which congregations will re-emerge from the Covid-generated lockdown. The Transform North West Project began work in the summer of 2018 in St Helens, Warrington and Widnes; there were encouraging signs in Widnes but we had to re-set the plans and programmes in St Helens and Warrington in 2020. We made really exciting appointments of projects leads for each of St Helens and Warrington in 2020.

We successfully applied for a 4th Strategic Development Fund project – Missing Generations. This is a project which aims to grow 2 major resource churches at St James in the City and St Barnabas Penny Lane with a view to planting a 3rd resource church in 2025. Each of these churches will be central to our future planting and revitalising work and capacity, not least as they are focussed on the under 30-year-old generations. The Missing Generations project is also geared at working in secondary schools, FE colleges and universities in Liverpool and Wigan, again to reach out to people currently unconnected with church. Overall, the Missing Generations project represents a c. £5 million investment over the next 5 years.

We continue to press ahead on both mission and financial health. We continued to work to embed and enhance our bigger difference work, brilliantly articulated in a Church Army report entitled *Social Action & Church Growth in the Diocese of Liverpool*. In 2020 we worked closely with Together Liverpool to establish it as a key partner agency in supporting parishes as they worked for justice. This was significantly aided by a successful application for National Lottery funding. We will report more comprehensively on the work of the enhanced work of Together Liverpool in our 2021 report.

We continued to work closely with parishes on how to grow the giving base of committed individual givers to their local church through the Parish Giving Scheme. See the paragraphs on the impact of Covid 19 for more detail.

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We continue to increase the number of licensed ministers available for deployment. Following the implementation of our vocations strategy we have record numbers of people offering for ordination and are ahead of our trajectory to increase our stipendiary numbers by 50% (the national church target). Our constructive engagement with both Emanuel Theological College and St Mellitus in the North West have been key to this, as has the establishment of our Directions course.

We have established the Good Funerals Company as a subsidiary trading company of the Diocesan Board of Finance. This is part of a long-term strategy to reverse the decline in church-led funerals in the Diocese of Liverpool as well as engaging constructively and compassionately with bereaved families. It was launched in the summer of 2019 and developed significantly through the Covid crisis.

The commitment to Parish Share remains high (see below for comment about the Covid impact in Parish Share). We successfully introduced a new Parish Share system (Deanery Parish Share) in 2020. Deanery Parish Share puts more decision-making flexibility and responsibility at the local level which is more aligned to the church that we need to become.

Levels of church attendance remain a concern, despite the initiatives noted above. The average age of our congregations is significantly higher than the average age of the general population. We now track and publish attendance on a parish-by-parish basis. It will be a key focus of discussion at Archdeacon's Parish Review meetings.

We continue to maintain our 'market share' of children attending schools with c. 30,000 children in Church of England schools. Over 90% of our schools are currently rated good or outstanding by Ofsted, in line with our target. Our multi-academy trust is the fastest growing in the region and will be the basis for significant educational improvement strategies and resources across the diocese.

Covid

The impact of Covid has clearly been immense and, at the time of writing, its full effects are still not known. It is primarily a story of loss and profound sadness, way beyond the scope of a report like this. The myriad stories of pastoral and practical support offered by our clergy and lay people across the diocese represent both the church at its very best. We have conducted funerals, offered one to one support, fed and clothed people at points of extreme need and offer the hope of the Christian faith in the saddest and darkest of times and places. The personal toll on many, both comforting and comforted, has been extraordinary.

This has been done through two waves of Covid in 2020 and a time when we supported the government's advice that church buildings should be significantly closed for public worship. So many churches pivoted to on-line and other creative means of continuing to offer prayer and worship accessible to all people.

Our education team worked tirelessly to support our schools as they navigated their way through on-line teaching, bubbles, hybrid models and exam-free assessments – and much more besides. Nobody would pretend that this was the best way of offering education and life experience to our young people; but we remain absolutely certain that our schools offered the best possible education in the circumstances. We want to pay enormous tribute to teachers, governors, parents and our young people as they navigated their way through all of this with grace and fortitude.

TRUSTEES' REPORT

Moving from a human to a financial perspective Covid was, clearly, a huge challenge. We took several decisions early and stuck to them. These included:

- An understanding that nobody was going to be fully insulated from the financial impact of Covid
- Consequently, there had to be a close partnership between parish, diocese and national church if we were to navigate our way through without undue damage to the long-term prospects for the church in our diocese
- Taking full advantage of the government's furlough scheme for DBF staff – the majority of staff were furloughed from March 2020, and many remained at least part furloughed for the whole of 2020
- Investing as much time and capacity as we could to promote the Parish Giving Scheme as the most effective way of creating a sustainable and resilient giving base
- Being the first diocese to furlough clergy – a group of 1st year curates were offered and took furlough for 4 weeks
- Senior staff at St James House undertaking voluntary salary sacrifice
- Asking parishes to make as full contribution to Parish Share as early as they could

Our parishes in 2020 were outstanding in their commitment to Parish Share. Many paid in advance; some actually paid the whole of 2020 Parish Share in advance. Pretty much everybody did all that they could to pay as much Parish Share as possible in the face of major income losses and reductions. And we were the diocese which showed the biggest increase in giving via the Parish Giving Scheme, even though we were already starting from a relatively high base. This created a level of resilience and predictability in the single most important income line for parishes.

The national church was similarly committed and creative in their response. They advanced the whole of our 2020 Low Income Communities funding in April, giving an important level of liquidity and sending an important signal of support. They then offered Sustainability funding to help dioceses support parishes through the crisis. We applied for and were awarded £1 million of Sustainability funding in the summer of 2020. We were able to match this £1 million with £0.66 million of DBF support in Parish Share Credit.

Another key feature of 2020 was the honesty and transparency of the engagement between archdeacons and parishes over their financial position and resulting need for support. We undertook 3 surveys over the course of the year to ensure that each parish was supported appropriately via Parish Share Credit. This came in one of two forms:

- Credit against unpaid Parish Share for 2020 – to ensure that there was no additional carry over of Parish Share deficit into 2021
- Support for balance sheets where parishes had dipped unduly into their reserves to pay 2020 Parish Share

We awarded £0.66 million of Parish Share Credit of £1.6m. The balance of £0.94m has been carried over into 2021, as a designated fund, for similar purposes. Not every parish received Parish Share Credit; those that didn't need it didn't ask for it (this is typical of the generosity and commitment to mutual support in the Diocese of Liverpool). And a very small minority were deemed not to have made sufficient effort or sacrifice to warrant Parish Share Credit.

As indicated above the Covid crisis, unsurprisingly, changed much of our planning and engagement with parishes and schools. It also affected the work of St James House, in our immediate priorities, a move to remote working and as we took advantage of the government's furlough scheme. It is too early to say what the medium and long-term impact will be, but it is clear that it will be felt for years to come, most especially in those families that have suffered bereavement and loss. As churches and school communities we will continue to stand with and for all those for whom this has been the toughest of times.

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Access and inclusion

We remain absolutely committed to sustained excellence in safeguarding both children and vulnerable adults in the diocese. We have invested significantly in the capacity of our safeguarding team and the level of training and information produced. We have also followed through on the recommendations of the Safeguarding Progress Review that was conducted by the national church in the late Spring of 2018.

The DBF's commitment to access and inclusion has continued through the work on Disability Awareness and the Disabled Friendly Church Award.

The move to on-line worship has been one of the few upsides to Covid in terms of making church accessible to people who would otherwise be unable to attend physically. How this is sustained beyond Covid will be a major challenge.

Information gathering

We have an excellent database of information that we use to publish annual diocesan and parish dashboards. Our stakeholder engagement will be a hugely significant source of information which we will consolidate and disseminate.

Asset management

2020 was another year of volatility in investment markets and uncertainty in the property market. Investment markets experienced volatility and our investment portfolio reduced in value in the springtime as the COVID-19 pandemic began to impact on the UK economy, before recovering in the second half of 2020.

Similarly, property activity reduced during the spring as the pandemic hit, but activity resumed more substantially in the second half of the year. Work had been underway to develop an investment programme for clergy housing, using newly collected stock condition data. This work paused as a direct result of the pandemic and is under renewed focus in 2021, factoring in new thinking on net-zero for clergy housing.

We continue to monitor closely our cash and broader reserve levels and think and plan on the basis of the medium rather than the short-term investments. We have not deemed it necessary or advantageous to change our investment policies. In summary our CCLA investments achieved an unrealised gain of £248,489.

Property

We hold a lot of property (valued at £46 million). Much of this in practice takes the form of notional assets; because we have a responsibility to house clergy, we have little operational freedom around disposal or re-working of the individual assets. Rather, our primary responsibility is to ensure that clergy and their families feel safe and comfortable in their homes and that it provides a suitable base for mission and ministry.

The trustees are of the opinion that the market value of land and buildings exceeds their carrying value by an amount which cannot be ascertained without a disproportionate cost in determining the information.

2020 saw some minor changes in our property portfolio. Three former vicarages were sold during the year for a total of £778,643 having previously been held at carrying values totalling £518,000, therefore yielding a net gain of £260,643. A new replacement vicarage in the Liverpool South deanery was acquired during the year at a cost of £232,524.

In early 2008 Church House was sold on advantageous terms under a 125-year lease. The second rent review was undertaken during 2020 and the impact of this will be seen during 2021.

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II. FINANCIAL REVIEW

2020 was a financial year like no other. We continued to budget according to our fiscal rules although the means by which we met them were exceptional (see I. Achievements and Performance above for a fuller description of Covid impact and response). Although we achieved a surplus for the year of £1.75m, it was through a series of exceptional measures which will not be available to us in the medium term, so it is important that we continue to attend to the underlying financial position in line with our fiscal rules.

There was a further additional significant development in 2020, namely the award from the national church of Strategic Ministry Funding (SMF). This was in recognition of the growth in the numbers of people being ordained as curate (in line with the Renewal & Reform commitment to a 50% increase in stipendiary clergy numbers). SMF will support the stipend and housing costs of these additional curates, thereby relieving pressure on the most overheated part of the DBF budget, namely Missional Leadership Costs.

We also continue to recognise that the clergy housing budget is inadequate to ensure a safe, warm and comfortable home for all our clergy. We began a process of strategic review to analyse what investment will be required to get and maintain our clergy housing in good condition.

Our fiscal rules are:

- 1. We aim to achieve break-even in each financial year and triennial cycle. Financial losses may be acceptable on a limited scale over a short period, within the context of breakeven over the triennium. Consecutive annual losses will only be acceptable in extraordinary circumstances (to avoid perpetuating reductions in reserve levels).*
- 2. Parish Share and Lowest Income Communities Funding are to fund Missional Leadership. Investment income (rental and dividend), earned income and grant funding are to fund St James' House Services. Any imbalance between St James' House services budget and Missional Leadership budget is to be limited to within £100,000 in any given year.*
- 3. Missional Leadership budget variance to be distributed or recovered within the triennium.*
- 4. Strict budget discipline to apply in all areas of activity. Flexibility between budgets is acceptable, flexibility beyond budgets is not.*
- 5. Investment and cash reserves are to be maintained at a minimum of four months operating expenditure.*

Performance against budget

Each year we present a budget to Synod, which summarises our financial thinking and – once approved – sets the framework for our financial decision-making.

For 2020 we budget with an overall surplus of £73,540 and a 2% increase in total Parish Share, absolutely reflecting the increase in the cost of ministry in parishes and schools.

Our management accounts loss was £65,000, reflected the substantial impact of the COVID-19 pandemic on church finances and Parish Share, but also the measures introduced to mitigate those losses. Parish Share receipts fell short of budget by £863,000, with additional shortfalls in income from fees (£105,000), investments (£66,000), schools' income (£36,000) and St James' House income (£41,000). These shortfalls were offset by additional grants receipts from the Church Commissioners (£1,000,000), Coronavirus Job Retention Scheme (£175,000) and a range of savings achieved in the St James' House budget.

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Annual accounts

The Statement of Financial Activities on page 22 shows a significantly better position than the management accounts, namely a net increase in funds for the year of £1,749,273 (as against a net increase in funds in 2019 of £2,440,688). This is because in addition to the operating loss of £65,000 referred to above there were additional expenses, provisions, gains and revaluations as follows:

Expenditure and provisions (reducing funds):

- ♦ £109,000 maintaining redundant churches and vacant buildings prior to disposal
- ♦ £12,000 in depreciation and minor adjustments

Gains and revaluations (increasing funds):

- ♦ £564,000 in reductions to funding liabilities on pension schemes
- ♦ £940,000 in designated Additional Parish Share credit deferred to 2021
- ♦ £248,000 in equity investment gains
- ♦ £181,000 in additional gains on property sales

We believe that our overall financial management is sound. Despite the challenges of the pandemic we achieved a manageable operation deficit and the overall movement in funds in these accounts shows a surplus.

Reserves

The reserves policy of the Finance Committee is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

The DBF aims to maintain the equivalent of at least four months' operating expenditure in cash and equities in the General Fund. This excludes all designated funds, loans and loan guarantees. This policy is to be reviewed annually in the January Finance Committee meeting.

Our fiscal rules established in 2018 state that investment and cash reserves are to be maintained at a minimum of 4 months operating expenditure. At the end of 2020 the value of investments had risen to the equivalent of 4.3 months budgeted expenditure but is unlikely to remain at or above 4 months until we are able to diversify our investment portfolio away from property and into liquid assets such as equities. Work to enable this will continue in 2021.

Investment markets proved volatile in 2020 due to ongoing economic uncertainty and in particular the impact of the COVID-19 pandemic. We were able to maintain sufficient cash flow during the year to manage through the volatility in investment values and allow time for values to recover by the end of the year, without crystallising losses mid-year.

The unrestricted reserve stands at £7.7m (after deduction of Designated Funds of £974k). £3m representing 3 months' operating expenditure, is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining reserves at a minimum of three months will cushion the diocese from short-term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

Designated reserves amounted to £974k. £940k of this was the Parish Share Credit to be awarded in 2021. The balance of £34k is to be used for the Warrington Mission Development Fund.

TRUSTEES' REPORT

Investments

The Memorandum of Association gives the trustees power to invest in any investment authorised by law in investment of trust funds. The trustees confirm that all investments have been acquired in accordance with their powers, and that they have followed the ethical investment policy used by the central Church of England bodies.

Our historic Glebe land portfolio is substantially managed by Fisher German.

Grants received

Our main source of income is Parish Share. We also receive grants from Archbishops' Council through the Lowest Income Communities Fund, Strategic Development Fund, Strategic Ministry Fund and Sustainability Fund. These issues are discussed elsewhere in this report. We continue to be very grateful for the support of Marshall's Charity in the improvement of our housing stock and for the ongoing support of the Allchurches Trust.

III. FUTURE PLANS

We remain committed to asking God for a bigger church to make a bigger difference so that there are more people knowing Jesus and more justice in the world. However, as mentioned elsewhere in the Report we are not yet seeing this overall growth; indeed, we continue to see an underlying long-term trend of decline. So while pressing ahead with the many aspects of good and fruitful ministry across the diocese we started a process of fundamental review to see what we need to do if we are to achieve a significant turnaround from gentle decline to sustained growth.

We secured some Strategic Capacity Funding from the national church to enable us to progress this work. We anticipate a major funding application in the latter part of 2021 based on an update of Fit for Mission (the outline strategy document of 2015). The application will be framed in the long obedience in the same direction that underpins all our thinking and planning. Its radicalism will not come from any individual element, each of which will have roots in existing practice; rather the package of measures and associated culture change will be the most striking and persuasive aspect.

We will also continue to invest in the Good Funeral Company as our key means of reversing the long-term decline in funeral ministry from the church. We saw this as pastorally and missionally vital pre Covid; that has only been amplified through the pandemic.

IV. PRINCIPAL RISKS AND UNCERTAINTIES

In addition to the financial and other risks outlined below, there are various key areas of activity where the diocese could incur financial penalties, operational failings or reputational damage. The trustees undertake an annual risk analysis exercise. The Audit Committee is the lead body in this. The analysis continues to highlight a number of risks which could impact seriously on the charity's operation and development. These range from the impact of potential parish indebtedness through to ever increasing pressures on clergy pensions; from exposure to interest rate fluctuations on borrowings to liquidity risk, from the inability of key personnel to cope with the demands of change, through to initiative overload; from the threat of increased litigation to the failure to attract enough clergy to maintain ministry. The Finance Committee oversees the implementation of the recommendations arising out of this risk analysis. Liquidity risk is managed by ensuring sufficient liquidity to meet foreseeable needs, with an overdraft facility providing short-term flexibility and longer-term loans supporting asset acquisition.

In 2020 we began a process of re-defining our corporate performance measures. As this process concludes it will also have a direct bearing on our understanding and management of risk. We will report more fully on this in 2021.

5. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board is Custodian Trustee for trust assets with a market value of £7m at 31 December 2020. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2020. Most of these trusts are held on behalf of parishes whose charitable purpose is the advancement of religion and therefore is parallel to those of the Diocese. The funds are held in separate investments from those of the DBF and there is a separate bank account from which payments are made. We also hold a number of parish properties as Custodian Trustee, but we are unable to obtain a current valuation of these properties due to the complexity and substantial costs involved.

The Board also holds funds for the Liverpool Diocesan Pensions Fund and a number of historic trusts under the practical management of the bishops and archdeacons which give financial support to clergy and their families in need in the Diocese of Liverpool.

Further funds are held on behalf of Church of England Schools in the Diocese for capital building projects. At 31 December 2020, these funds had a market value of £3.65m (2019 - £2.4m).

6. NOTES AND QUERIES

There are a number of declarations and explanations that also need to be included in the annual report. These are as follows:

Significant changes in fixed assets

These are now explained in notes 10 and 11 to the financial statements.

Related party transactions

The diocese is a complex entity with a series of potentially overlapping structures. These can give rise to conflicts of interest. For example, many board members are also active in their local church, either as priests or lay members, and there may well be issues discussed at board level which impact on their own church. There are also specific instances, such as an application for a diocesan loan, where the parish can directly benefit. The board is always conscious of such potential conflicts and the need for board members to act appropriately. Indeed, each Finance Committee meeting has a formal declaration of interest to highlight potential conflicts, and individual members have left the room during certain discussions to ensure freedom of debate.

In 2008 a loan of £25k was issued to Emmanuel Theological College, a related party, and further loans of £25k (2009) and £10k (2020) have been issued. As at 31 December 2020 £15k was due to the Diocese. This balance is included within the figure of £88,991 for parish and other concessionary loans at note 12.

Post Balance Sheet Events

The Covid-19 pandemic continued through 2021 with a 3rd and 4th wave by the summer provoked by mutations developing across the globe. We continue to engage with the challenges and ramifications, both pastoral and financial, amid on-going uncertainty as to when the much-feted 'new normal' becomes a reality, so we continue to plan and re-plan as circumstances change and seek to develop appropriate mitigations for parish and DBF losses.

As signalled above we are also planning a major programme of strategic change and development to take us beyond Covid and into a growth-filled and vibrant future.

TRUSTEES' REPORT

Within this Bishop Paul announced his intention to retire in March 2022. This is not the time for tributes to his extraordinary ministry; they will come later. But we have begun the process of identifying his successor both grateful for Bishop Paul's ministry with us and confident that God is already preparing the ground for the next Bishop of Liverpool to lead us into a future that is truly fit for mission.

Fundraising

There have been no significant fundraising activities at diocesan level in 2020.

Insurance

We continue to arrange our insurance with Ecclesiastical Insurance Group. The policies are subject to regular review.

Trustees' interest in shares

The board is a company limited by guarantee (company number 18301) and trustees, as members, may derive no benefit, income or capital interest in the board's financial affairs, other than the reimbursement of out-of-pocket expenses. No expenses were paid to Trustees' during the year.

Taxation status

The Board is a registered charity (charity number 249740) and, as such, is not liable to Income Tax or Corporation Tax on its charitable activities.

Contingent liabilities

There were no contingent liabilities on the Board at the end of the year other than the loans for which the charity has agreed to act as guarantor. The amounts are disclosed in note 16 to the financial statements.

7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the Liverpool Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

TRUSTEES' REPORT

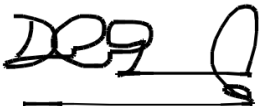
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

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

8. DISCLOSURE OF INFORMATION TO AUDITORS

The trustees also confirm that, as far as they are aware, there is no relevant audit information of which the charity's auditors are unaware and they have taken all 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 company's auditors are aware of that information.

By order of the Trustees

A handwritten signature in black ink, appearing to read 'DGS', written over a horizontal line.

David Greensmith
Trustee
23 December 2021

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LIVERPOOL DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of Liverpool Diocesan Board of Finance (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, 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 charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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.

INDEPENDENT AUDITOR'S REPORT

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes 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 directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and

INDEPENDENT AUDITOR'S REPORT

regulations;

- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

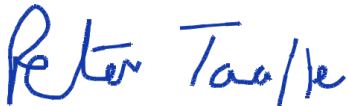
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

INDEPENDENT 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Taaffe FCA CTA DChA (Senior Statutory Auditor)
for and on behalf of BWM
Chartered Accountants
Statutory Auditor
23 December 2021

Suite 5.1
12 Tithebarn Street
Liverpool
L2 2DT

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2020**

Current financial year		Unrestricted	Restricted	Endowment	Total	Total
		Funds	Funds	Funds	Funds	Funds
		2020	2020	2020	2020	2019
Note		£	£	£	£	£
Income from						
Donations	2					
Parish Share		7,982,877	-	-	7,982,877	7,770,821
Archbishop's Council		2,633,999	2,159,348	-	4,793,347	2,480,450
Other Donations		944,775	60,765	-	1,005,540	773,082
Charitable Activities	3	455,000	25,751	-	480,751	398,347
Investments	4	590,006	10,105	-	600,111	643,330
Other	5	260,643	-	-	260,643	80,757
				-		
Total income		12,867,300	2,255,969	-	15,123,269	12,146,787
Expenditure on						
Charitable activities	6	10,951,408	2,326,635	-	13,278,043	12,066,816
Other	7	321,187	23,255	-	344,442	205,484
Total expenditure		11,272,595	2,349,890	-	13,622,485	12,272,300
Net income (expenditure) before investment gains		1,594,705	(93,921)	-	1,500,784	(125,513)
Actuarial gain on defined benefit pension schemes	17	-	-	-	-	2,067,000
Net gains on investments	11	248,489	-	-	248,489	499,201
Net income (expenditure)	15	1,843,194	(93,921)	-	1,749,273	2,440,688
Transfers between funds	20	(873,759)	873,759	-	-	-
Net movement in funds		969,435	779,838	-	1,749,273	2,440,688
Total funds brought forward		7,746,164	4,246,514	34,019,736	46,012,414	43,571,726
Total funds carried forward		8,715,599	5,026,352	34,019,736	47,761,687	46,012,414

All activities derive from continuing activities.

The notes on pages 26 to 53 form part of the financial statements

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2020**

Prior financial year		Unrestricted Funds 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 2019 £
	Note				
Income from					
Donations	2				
Parish Share		7,770,821	-	-	7,770,821
Archbishop's Council		1,626,554	853,896	-	2,480,450
Other Donations		698,397	74,685	-	773,082
Charitable Activities	3	373,614	24,733	-	398,347
Investments	4	623,160	20,170	-	643,330
Other	5	80,757	-	-	80,757
Total income		11,173,303	973,484	-	12,146,787
Expenditure on					
Charitable activities	6	10,691,415	1,375,401	-	12,066,816
Other	7	202,732	2,752	-	205,484
Total expenditure		10,894,147	1,378,153	-	12,272,300
Net expenditure before investment gains		279,156	(404,669)	-	(125,513)
Actuarial gain on defined benefit pension schemes		2,067,000	-	-	2,067,000
Net gains on investments	11	499,201	-	-	499,201
Net expenditure	15	2,845,357	(404,669)	-	2,440,688
Transfers between funds	20	(2,754,345)	2,578,127	176,218	-
Net movement in funds		91,012	2,173,458	176,218	2,440,688
Total funds brought forward		7,655,152	2,073,056	33,843,518	43,571,726
Total funds carried forward		7,746,164	4,246,514	34,019,736	46,012,414

All activities derive from continuing activities.

The notes on pages 26 to 53 form part of the financial statements

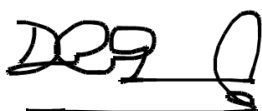
BALANCE SHEET

BALANCE SHEET

AT 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Fixed Assets					
Tangible Assets	10		39,988,783		40,267,595
Investments	11		9,784,898		9,509,999
			<u>49,773,681</u>		<u>49,777,594</u>
Current Assets					
Debtors: due within 1 year	12	905,556		837,907	
Debtors: due after 1 year		110,546		104,176	
Cash at bank and in hand		2,720,943		523,257	
		<u>3,737,045</u>		<u>1,465,340</u>	
Creditors:					
Amounts falling due within one year	13	<u>(4,840,939)</u>		<u>(4,475,611)</u>	
Net current liabilities			<u>(1,103,894)</u>		<u>(3,010,271)</u>
Total assets less current liabilities			48,669,787		46,767,323
Creditors: amounts falling due after more than one year					
Pension scheme liabilities	14		(322,500)		(666,000)
Other creditors	14		(585,600)		(88,909)
Net Assets			<u>47,761,687</u>		<u>46,012,414</u>
Accumulated Funds					
Endowment funds	20		34,019,736		34,019,736
Restricted funds			5,026,352		4,246,514
Unrestricted funds			8,715,599		7,746,164
Total funds			<u>47,761,687</u>		<u>46,012,414</u>

The financial statements on pages 22 to 53 were approved by the Finance Committee on 23 December 2021 and signed on its behalf by:



David Greensmith
Trustee

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020		2019	
		£	£	£	£
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	i		716,115		(452,066)
Cash flows from investing activities:					
Investment income		600,111		643,330	
Sale of tangible fixed assets		778,643		395,902	
Sale of fixed asset investments		-		320,000	
Purchase of tangible fixed assets		(250,704)		(318,896)	
Purchase of fixed asset investments		(26,410)		-	
Interest on bank loans and overdrafts		(6,320)		(20,349)	
Net cash provided by investing activities			1,095,320		1,019,987
Cashflows from financing activities:					
Repayments of borrowings		-		(73,541)	
Cash inflows from new borrowings		500,000		-	
Net cash provided by (used in) financing activities			500,000		(73,541)
Net Change in cash and cash equivalents			2,311,435		494,380
Cash and cash equivalents brought forward			409,508		(84,872)
Cash and cash equivalents carried forward			2,720,943		409,508

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

i, Reconciliation of net income (expenditure) to net cash outflow from operating activities

	2020	2019
	£	£
Net income (expenditure) for the reporting period (as per the statement of financial activities)	1,500,784	(125,513)
Depreciation	11,516	11,019
Investment income	(600,111)	(643,330)
Interest on bank loans and overdrafts	6,320	20,349
(Gains) / Losses on disposal of property	(260,643)	(80,757)
(Increase) decrease in debtors	(74,019)	478,071
Increase (decrease) in creditors	132,268	(111,905)
Net cash flow provided by (used in) operating activities	716,115	(452,066)

ii, Analysis of cash and cash equivalents

	1 January 2020	Cash flow	Other non cash changes	31 December 2020
	£	£	£	£
Net Cash:-				
Cash at bank and in hand	523,257	2,197,686	-	2,720,943
Bank Overdrafts	(113,749)	113,749	-	-
	409,508	2,311,435	-	2,720,943

ii, Reconciliation of net cash flow to movement in net funds

	2020	2019
	£	£
(Decrease) increase in cash	2,311,435	494,380
Opening net funds	409,508	(84,872)
Closing net funds	2,720,943	409,508

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

I. (a) Accounting policies

The Liverpool Diocesan Board of Finance is company limited by guarantee registered in England no 18301 and a registered charity no 249740 and its registered office is at St James House, 20 St James Road, LI 7BY. The LDBF constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

The charity has claimed exemption from preparing consolidated financial statements as its subsidiary, The Good Funeral Company Limited, remained dormant throughout 2020 and its activities have been recorded within the income and expenditure of the Diocese.

The presentation currency is pounds sterling and figures are shown to the nearest £. A summary of the more important accounting policies which have been consistently applied is set out below.

(b) Income

The principal source of income comes from voluntary giving in the form of parish share. All income is included in the Statement of Financial Activities (SOFA) when LDBF has entitlement to the funds, the amount can be quantified and receipt of the funds is probable.

(c) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 17). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at current value in creditors distinguished

NOTES TO THE ACCOUNTS

between contributions falling due within one year and after more than one year.

(d) Going concern

Significant financial challenges emerged during 2020 as a result of COVID-19, most notably the closure of church buildings. The need to mitigate the impact of those parishes' losses and to put in place relief measures has placed pressures on the amount and timing of the Diocese's receipts from parish share.

During 2020, the Diocese has taken advantage of available Government financial assistance, such as the Job Retention Scheme, which has helped achieve substantial savings and preserve cash flow. The Diocese has worked with the National Church Institutions, securing financial funding from the Church Commissioners and a loan from CCLA, to maintain short term liquidity and to provide a financial 'cushion,' should cashflows diverge from those forecasted. The charity has achieved financial stability for 2020 is instituted further support measures for 2021, Through ongoing reduction in expenditure and additional revenues the trustees are working towards a stable financial position for 2021, based on the financial projections which have been prepared.

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing the accounts.

(e) Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

(g) Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is

NOTES TO THE ACCOUNTS

due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(h) Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

(i) Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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.

(j) Investment assets and income arising

The Board of Finance holds investments for itself and on behalf of parishes and other charities. Investments and their associated income are only recognised where the Board is investment custodian, investment manager and the beneficiary.

Investments are shown at market value, or at the trustees' best estimate of such.

Investment properties are included in the balance sheet at their open market value and are not depreciated. Although this accounting policy is in accordance with the applicable accounting standard, FRS102, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the trustees, compliance with the accounting standard FRS102 is necessary for the financial statements to give a true and fair view of its financial position, performance and cashflow. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

All unquoted investments are held and valued on the basis of information provided from CCLA.

Dividends and interest are included in the financial statements when receivable.

Realised gains on investments are reinvested where appropriate. Both realised and unrealised gains are disclosed in the Statement of Financial Activities.

(k) Major Funds

Funds held by the charity are either:

Restricted funds – these funds consist of trust and other funds, which may only be used for specific purposes imposed by the settlor, donor or legislation.

NOTES TO THE ACCOUNTS

Permanent Endowment funds – these are funds where there is no power to convert capital into income. Where the trustees have the power to convert endowments into income, these funds are known as expendable endowments.

Unrestricted funds – these are funds which may be used for general purposes without any external restriction.

Designated Funds – these are unrestricted funds that have been set aside by the Board for purposes designated by Diocesan policy. Such designations may be set aside from time to time according to policy decisions.

Details of the major funds held by the Board are given in note 20 to the Financial Statements.

(l) Stipends

Clergy stipends and the salaries of licensed lay staff, though a diocesan responsibility, are paid through the Church Commissioners payroll. The cost of the stipends and salaries paid by the Church Commissioners on behalf of the Board are shown gross in these financial statements. However, bishops are paid entirely by the Church Commissioners and the relevant costs have been excluded from these financial statements.

(m) Fixed assets

Classes of Fixtures and fittings are grouped and only those classes with a value of over £10,000 are capitalised and not expensed. Property is held in the balance sheet at cost or deemed cost for land and buildings held at valuation at the date of transition to FRS 102.

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

Depreciation on fixed assets is provided on a straight-line basis over five years for furniture and over three years for IT equipment.

All fixed assets are held for continuing use in the charity's activities and are therefore classified as fixed assets for charitable use.

(n) Netting off of expenses and income

All incoming resources are reported gross, as far as is possible. Income received in circumstances where a claim for repayment of tax has been or will be made, is grossed up for the tax recoverable and the gross figure included as income.

NOTES TO THE ACCOUNTS

(o) Designated funds

Designated funds are used for their intended purpose. Any transfers to or from designated funds are subject to authorisation controls.

(p) Reserves

Accumulated capital is the amount transferred from general reserve, profits less losses on sale of fixed assets and investments, legacies and gifts received for capital purposes. The general reserve is the total accumulated surplus less deficits for the Board of Finance.

Restricted funds are subject to specific conditions either imposed by the donor and binding on the Board or linked to the basis on which money was obtained. They represent unspent restricted income and/or assets to which restrictions as to their use apply.

(q) Irrecoverable VAT

Irrecoverable VAT is grossed up and included in all relevant expenditure.

(r) Taxation

The Diocese benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income and gains falling within those exemptions.

(s) Operating Leases

Rentals payable under operating leases are charged in the SOFA on a straight- line basis over the lease term.

NOTES TO THE ACCOUNTS

2. Donations and legacies

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2020	2019
	£	£	£	£	£
General Parish Share Income	7,982,877	-	-	7,982,877	7,770,821
	<u>7,982,877</u>	<u>-</u>	<u>-</u>	<u>7,982,877</u>	<u>7,770,821</u>

Income from National Church Institutions

Current financial year

Lowest Income Communities Funding	1,590,108	-	-	1,590,108	1,586,202
Sustainability Funding	1,000,000	-	-	1,000,000	-
Strategic Development Funding	-	1,559,822	-	1,559,822	386,802
Ordination Training Block Grant	-	486,585	-	486,585	467,094
Strategic Ministry Fund for Curates	-	112,941	-	112,941	-
Grant for Legal services	43,891	-	-	43,891	40,352
	<u>2,633,999</u>	<u>2,159,348</u>	<u>-</u>	<u>4,793,347</u>	<u>2,480,450</u>

Other Donations

Current financial year

Discretionary Funds Grant	172,000	-	-	172,000	164,000
Coronavirus Job Retention Scheme	185,448	-	-	185,448	-
MOF Projects	-	1,006	-	1,006	-
Transform North West	-	43,021	-	43,021	-
RITC, MOF and other projects	-	-	-	-	2,240
Marshalls Charity Grants for Parsonages	-	-	-	-	800
Partners in Mission Income	-	2,000	-	2,000	4,100
Church Growth	-	-	-	-	(4,980)
Stipends	35,515	-	-	35,515	11,900
DBE Services Ltd	69,182	-	-	69,182	47,987
Church & Society	-	14,738	-	14,738	67,545
Assigned Fees	482,630	-	-	482,630	479,490
	<u>944,775</u>	<u>60,765</u>	<u>-</u>	<u>1,005,540</u>	<u>773,082</u>

NOTES TO THE ACCOUNTS

2 Donations and legacies

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £
General Parish Share Income	7,770,821	-	-	7,770,821
	<u>7,770,821</u>	<u>-</u>	<u>-</u>	<u>7,770,821</u>

Income from National Church Institutions

Prior financial year				
Lowest Income Communities Funding	1,586,202	-	-	1,586,202
Transitional Funding	-	-	-	-
Strategic Development Funding	-	386,802	-	386,802
Ordination Training Block Grant	-	467,094	-	467,094
Strategic Ministry Fund for Curates	-	-	-	-
Grant for Legal services	40,352	-	-	40,352
	<u>1,626,554</u>	<u>853,896</u>	<u>-</u>	<u>2,480,450</u>

Other Donations

Prior financial year				
Discretionary Funds Grant	164,000	-	-	164,000
Coronavirus Job Retention Scheme	-	-	-	-
MOF Projects	-	-	-	-
Transform North West	-	-	-	-
RITC, MOF and other projects	-	2,240	-	2,240
Marshalls Charity Grants for Parsonages	-	800	-	800
Partners in Mission Income	-	4,100	-	4,100
Church Growth	(4,980)	-	-	(4,980)
Stipends	11,900	-	-	11,900
DBE Services Ltd	47,987	-	-	47,987
Church & Society	-	67,545	-	67,545
Assigned Fees	479,490	-	-	479,490
	<u>698,397</u>	<u>74,685</u>	<u>-</u>	<u>773,082</u>

NOTES TO THE ACCOUNTS

3. Charitable Activities

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2020	2019
	£	£	£	£	£
Gift Aid Scheme	19,139	-	-	19,139	18,704
General DBF Income	231,607	-	-	231,607	136,731
Fellfield Income	2,339	-	-	2,339	4,100
Board of Education	125,396	-	-	125,396	110,234
Communications Office	39,938	-	-	39,938	39,988
Lifelong Learning	36,581	-	-	36,581	59,415
Clergy Housing Income	-	-	-	-	4,442
Church Inspection Fees	-	25,751	-	25,751	24,733
	455,000	25,751	-	480,751	398,347

Prior financial year

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2019
	£	£	£	£
Gift Aid Scheme	18,704	-	-	18,704
General DBF Income	136,731	-	-	136,731
Fellfield Income	4,100	-	-	4,100
Board of Education	110,234	-	-	110,234
Communications Office	39,988	-	-	39,988
Lifelong Learning	59,415	-	-	59,415
Clergy Housing Income	4,442	-	-	4,442
Church Inspection Fees	-	24,733	-	24,733
	373,614	24,733	-	398,347

4. Investment Income

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2020	2019
	£	£	£	£	£
DBF Investment Income	125,312	-	-	125,312	163,234
Church House Rental Income	86,000	-	-	86,000	85,550
Parsonages Rental Income	378,694	-	-	378,694	374,376
Glebe Rental Income	-	10,105	-	10,105	20,170
	590,006	10,105	-	600,111	643,330

Prior financial year

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2019
	£	£	£	£
DBF Investment Income	163,234	-	-	163,234
Church House Rental Income	85,550	-	-	85,550
Parsonages Rental Income	374,376	-	-	374,376
Glebe Rental Income	-	20,170	-	20,170
	623,160	20,170	-	643,330

NOTES TO THE ACCOUNTS

5. Other income

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2020	2019
	£	£	£	£	£
Property Transactions	260,643	-	-	260,643	80,757
	260,643	-	-	260,643	80,757

Prior financial year

Prior financial year	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2019
	£	£	£	£
Property Transactions	80,757	-	-	80,757
	80,757	-	-	80,757

6 Charitable Activities

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2020	2019
	£	£	£	£	£
Archbishops' Council	209,340	-	-	209,340	148,860
	209,340	-	-	209,340	148,860

Resourcing Mission and Ministry

Current financial year

Parish Mission and Ministry:

Clergy stipends	4,619,104	-	-	4,619,104	4,551,017
Clergy Pension Costs	1,248,610	-	-	1,248,610	1,240,108
National insurance	400,027	-	-	400,027	387,522
Resettlement/removal grants etc	115,304	-	-	115,304	169,319
Lay Workers	21,813	-	-	21,813	26,208
Administration and other costs	74,116	-	-	74,116	76,070
Area Dean Grants	49,750	-	-	49,750	40,625
Strategic Development Funding	41,415	1,709,418	-	1,750,833	616,007
Clergy Housing	749,441	-	-	749,441	764,111
Deanery Mission and Growth Grants	286,039	-	-	286,039	459,729
Grants to Parishes from Property Sales	90,334	-	-	90,334	76,138
DBF Central Costs (25%)	335,384	-	-	335,384	151,045
St James' House Costs (15%)	28,027	-	-	28,027	22,299
	8,059,364	1,709,418	-	9,768,782	8,580,198

NOTES TO THE ACCOUNTS

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2020 £	Total Funds 2019 £
6 Charitable Activities (continued)					
Current financial year					
Support for Parish Mission and Ministry:					
Clergy Training	280,044	-	-	280,044	280,047
Lifelong Learning	170,102	-	-	170,102	346,586
Social Justice	72,380	14,738	-	87,118	96,255
Disability Discretionary	3,401	-	-	3,401	(4,196)
Church Growth & Ecumenism	38,335	-	-	38,335	88,740
Resources Department	134,874	-	-	134,874	134,404
Ordinands in Training	326,890	467,428	-	794,318	672,292
General Synod Members' Expenses	2,615	-	-	2,615	8,916
Church Inspections	-	17,570	-	17,570	26,170
Communications Office	171,568	-	-	171,568	160,007
Legal Fees	-	-	-	-	9,641
Pastoral Committee	-	11,183	-	11,183	22,237
Diocesan Synod	7,468	-	-	7,468	1,289
Safeguarding and Inclusion	119,625	-	-	119,625	126,856
Diocesan Advisory Council	38,614	-	-	38,614	41,756
Ecumenical Funding	35,000	-	-	35,000	186,500
DPA Parish Housing & DPA Grants	21,624	-	-	21,624	-
Additional Pension Costs	11,385	-	-	11,385	14,385
DBF Central Costs (60%)	804,918	-	-	804,918	360,948
St James' House Costs (80%)	149,480	-	-	149,480	118,924
Other	5,627	33,367	-	38,994	35,623
	2,393,950	544,286	-	2,938,236	2,727,380
Expenditure on Education					
Current financial year					
Support for church schools and parishes	288,754	-	-	288,754	332,696
Property Expenditure on Schools	-	72,931	-	72,931	277,682
	288,754	72,931	-	361,685	610,378
Total Charitable Activities 2020	10,951,408	2,326,635	-	13,278,043	12,066,816

NOTES TO THE ACCOUNTS

6 Charitable Activities (continued)

Prior financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £
Archbishops' Council	148,860	-	-	148,860
	148,860	-	-	148,860

Resourcing Mission and Ministry

Prior financial year

Parish Mission and Ministry:

Clergy stipends	4,551,017	-	-	4,551,017
Clergy Pension Costs	1,240,108	-	-	1,240,108
National insurance	387,522	-	-	387,522
Resettlement/removal grants etc	169,319	-	-	169,319
Lay Workers	26,208	-	-	26,208
Administration and other costs	76,070	-	-	76,070
Area Dean Grants	40,625	-	-	40,625
RITC, MOF and other projects	38,887	577,120	-	616,007
Clergy Housing	763,311	800	-	764,111
Deanery Mission and Growth Grants	459,729	-	-	459,729
Grants to Parishes from Property Sales	76,138	-	-	76,138
DBF Central Costs (25%)	151,045	-	-	151,045
St James' House Costs (15%)	22,299	-	-	22,299
	8,002,278	577,920	-	8,580,198

NOTES TO THE ACCOUNTS

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £
Charitable Activities (continued)				
Prior financial year				
Support for Parish Mission and Ministry:				
Clergy Training	280,047	-	-	280,047
Lifelong Learning	346,586	-	-	346,586
Social Justice	28,710	67,545	-	96,255
Disability Discretionary	(4,196)	-	-	(4,196)
Church Growth & Ecumenism	88,740	-	-	88,740
Resources Department	134,404	-	-	134,404
Ordinands in Training	294,305	377,987	-	672,292
General Synod Members' Expenses	8,916	-	-	8,916
Church Inspections	-	26,170	-	26,170
Communications Office	160,007	-	-	160,007
Legal Fees	9,641	-	-	9,641
Pastoral Committee	-	22,237	-	22,237
Diocesan Synod	1,289	-	-	1,289
Safeguarding and Inclusion	126,856	-	-	126,856
Diocesan Advisory Council	41,756	-	-	41,756
Ecumenical Funding	186,500	-	-	186,500
DPA Parish Housing & DPA Grants	-	-	-	-
Additional Pension Costs	14,385	-	-	14,385
DBF Central Costs (60%)	360,948	-	-	360,948
St James' House Costs (80%)	118,924	-	-	118,924
Other	9,763	25,860	-	35,623
	2,207,581	519,799	-	2,727,380
Expenditure on Education				
Prior financial year				
Support for church schools and parishes	332,696	-	-	332,696
Property Expenditure on Schools	-	277,682	-	277,682
	332,696	277,682	-	610,378
Total Charitable Activities 2019	10,691,415	1,375,401	-	12,066,816

NOTES TO THE ACCOUNTS

7 Other Resources Expended

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Governance:					
DBF Central Costs (15%)	201,230	-	-	201,230	90,626
Diocesan Registry	93,961	-	-	93,961	85,516
Audit and accounting fees	16,654	-	-	16,654	19,157
St James' House Costs (5%)	9,342	-	-	9,342	7,433
	321,187	-	-	321,187	202,732
Other outgoing property resources:					
Pastoral Account	-	23,255	-	23,255	2,752
	-	23,255	-	23,255	2,752
	321,187	23,255	-	344,442	205,484

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2019
	£	£	£	£
Governance:				
DBF Central Costs (15%)	90,626	-	-	90,626
Diocesan Registry	85,516	-	-	85,516
Audit and accounting fees	19,157	-	-	19,157
St James' House Costs (5%)	7,433	-	-	7,433
	202,732	-	-	202,732
Other outgoing property resources:				
Pastoral Account	-	2,752	-	2,752
	-	2,752	-	2,752
	202,732	2,752	-	205,484

NOTES TO THE ACCOUNTS

8 Analysis of support costs

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Central administration	1,341,532	-	-	1,341,532	602,619
Diocesan Registry	93,961	-	-	93,961	85,516
St James' House	186,849	-	-	186,849	148,656
	<u>1,622,342</u>	<u>-</u>	<u>-</u>	<u>1,622,342</u>	<u>836,791</u>

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2019
	£	£	£	£
Central administration	602,619	-	-	602,619
Diocesan Registry	85,516	-	-	85,516
St James' House	148,656	-	-	148,656
	<u>836,791</u>	<u>-</u>	<u>-</u>	<u>836,791</u>

9 Staff Costs

	2020	2019
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,450,385	1,487,720
National Insurance Contributions	130,225	138,805
Pension costs	376,718	376,558
	<u>1,957,328</u>	<u>2,003,083</u>

	2020	2019
	Number	Number
The average number of persons employed during the year:		
Full time	34	35
Part time	21	22
	<u>55</u>	<u>57</u>

NOTES TO THE ACCOUNTS

Remuneration of key management personnel

Key management personnel are deemed to be those having the authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Liverpool Diocesan Board of Finance. At the end of 2020 these were:

Diocesan Secretary & Company Secretary	Mike Eastwood
Assistant Diocesan Secretary & Director of Communications	Stuart Haynes
Director of Vocations	Simon Chesters
Director of Finance	Matt Elliott
Director of Social Justice	Ellen Loudon
Director of Education (until May 2020)	Richard Peers
Director of Education (from September 2020)	Stuart Harrison
Director of Learning & Stewardship	Steve Pierce
Director of HR	Sharon Townson
Diocesan Programme Manager	Richard Gedge

Total remuneration and pensions for these 9 employees amounted to £483,506 (2019: £454,121)

The number of employees whose emoluments exceeded £60,000 was:

	2020	2019
£60,001 - £70,000	-	2
£80,001 - £90,000	1	-

Trustees' emoluments

No Trustee received any remuneration or reimbursement for expenses for services as Trustee. Trustees who are also stipendiary clergy receive remuneration for including stipends, pension and housing based on national rates set by the central stipends authority.

The following trustees received remuneration in respect of their roles as stipendiary clergy:

- Ven Jennifer Mckenzie
- Ven Pete Spiers
- Ven Mike McGurk
- The Venerable Simon Fisher
- Rev Hannah Lewis (elected)
- Rev Peter Dawkin (elected)

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 housing for stipendiary clergy in the diocese including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

The LDBF paid an average of 172 (2019 - 172) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £	2019 £
Stipends	4,619,104	4,551,017
Pension costs	1,248,610	1,240,108
National Insurance Contributions	400,027	387,522
	6,267,741	6,178,647

NOTES TO THE ACCOUNTS

10. Tangible Fixed Assets

	DBF Property £	DBF Glebe £	DBF VLL Property £	Team Vicars Glebe £	Parsonages £	Fixtures & Fittings £	Total Funds £
Cost or Valuation							
At 1 January 2020	928,840	2,659,971	85,001	3,470,000	33,117,153	317,533	40,578,498
Additions	-	-	-	-	232,524	18,180	250,704
Disposals	(170,000)	-	-	-	(348,000)	-	(518,000)
At 31 December 2020	758,840	2,659,971	85,001	3,470,000	33,001,677	335,713	40,311,202
Depreciation							
At 1 January 2020	-	-	-	-	-	310,903	310,903
Charge for year	-	-	-	-	-	11,516	11,516
At 31 December 2020	-	-	-	-	-	322,419	322,419
Net book value							
At 31 December 2020	758,840	2,659,971	85,001	3,470,000	33,001,677	13,294	39,988,783
At 31 December 2019	928,840	2,659,971	85,001	3,470,000	33,117,153	6,630	40,267,595

All properties held as Tangible Fixed Assets are freehold.

11. Fixed Asset Investments

	Investment Properties £	UK Unquoted Investments £	Total Funds 2020 £
Unquoted			
Market value at 1 January 2020	5,882,458	3,627,541	9,509,999
Additions	-	26,410	26,410
Gains on Investment Assets	-	248,489	248,489
Market value at 31 December 2020	5,882,458	3,902,440	9,784,898

Investment properties were valued by Peter Kenny Property Management as at 31st December 2015. The Investment Property at Linnet Lane was revalued for insurance purpose in 2017. The trustees have considered the rebuild valuation against local market conditions and consider the rebuild valuation to be a close approximation of market value. The trustees have valued the investment properties at a current market value of £5,882,458 as at 31 December 2020.

NOTES TO THE ACCOUNTS

11. (cont.) Fixed asset investments

Historical Cost of Investments	2020	2019
	£	£
UK Unquoted	2,848,504	2,822,094
Investment Property	3,809,068	3,809,068
	<u>6,657,572</u>	<u>6,631,162</u>

Unquoted Investments comprise	2020	2019
	£	£
CBF Property Fund	773,739	814,216
CBF Investment Fund	2,109,130	1,973,424
CBF Global Equity Fund	958,270	805,009
CBF Deposit Fund	61,289	34,880
DBE Services Ltd	12	12
	<u>3,902,440</u>	<u>3,627,541</u>

In 2005 the diocese purchased 12 ordinary shares of £1 each (now a 1/6th shareholding) in DBE Services Ltd. DBE Services Ltd provides services for schools. In 2020 the Diocese's share of the surplus was £69,182 (see note 2).

The shares may not be disposed of or charged except in accordance with the provisions of the Shareholders' Agreement. Distributable profits attributable to the work done for relevant schools are to be distributed in the proportions to which they arise from the work done for the relevant schools for each shareholder and the remaining distributable profits shall be divided equally between the shareholders.

During 2018 The Good Funerals Company Limited was established as a company limited by guarantee under the control of LDBF. The company itself remained dormant during 2020, but all of its activities have been reported through the Diocesan accounts. The amounts have not been separately disclosed since their aggregate value was considered to be relatively insignificant.

12. Debtors

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Amounts due from parishes	460,606	-	-	460,606	413,729
Sundry debtors	163,019	-	-	163,019	157,470
Parish and other concessionary loans	87,391	1,600	-	88,991	111,676
Prepayments and accrued income	87,648	215,838	-	303,486	259,208
				-	
	<u>798,664</u>	<u>217,438</u>	-	<u>1,016,102</u>	<u>942,083</u>

Debtors include the following balances due after more than one year:

	Total Funds
	2020
	£
Sundry Debtors	21,555
Parish and other concessionary loans	88,991
	<u>110,546</u>

NOTES TO THE ACCOUNTS

12. Debtors (continued)

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £
Amounts due from parishes	413,729	-	-	413,729
Sundry debtors	157,470	-	-	157,470
Parish and other concessionary loans	110,076	1,600	-	111,676
Prepayments and accrued income	259,208	-	-	259,208
				-
	940,483	1,600	-	942,083

Debtors include the following balances due after more than one year:

	Total Funds 2019 £
Parish and other concessionary loans	104,176

13. Creditors: amounts falling due within one year

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2020 £	Total Funds 2019 £
Bank overdraft	-	-	-	-	113,749
Sundry creditors	3,698,026	-	-	3,698,026	2,826,978
Accruals	40,412	-	-	40,412	102,465
Deanery Mission and Growth Funds	696,001	-	-	696,001	805,419
Pension deficit funding contributions	-	406,500	-	406,500	627,000
	4,434,439	406,500	-	4,840,939	4,475,611

NOTES TO THE ACCOUNTS

13. Creditors: amounts falling due within one year (continued)

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £
Bank overdraft	113,749	-	-	113,749
Sundry creditors	2,826,978	-	-	2,826,978
Accruals	102,465	-	-	102,465
Deanery Mission and Growth Funds	805,419	-	-	805,419
Pension deficit funding contributions	-	627,000	-	627,000
	3,848,611	627,000	-	4,475,611

14. Creditors: amounts falling due after more than one year

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2020 £	Total Funds 2019 £
Loans from Church Commissioners	85,000	-	-	85,000	88,309
Loans from CCLA	500,000	-	-	500,000	-
Loans from CBF	-	600	-	600	600
Pension deficit funding contributions	-	322,500	-	322,500	666,000
	585,000	323,100	-	908,100	754,909

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £
Loans from Church Commissioners	88,309	-	-	88,309
Loans from CBF	-	600	-	600
Pension deficit funding contributions	-	666,000	-	666,000
	88,309	666,600	-	754,909

Loans from Church Commissioners are secured on value-linked loan properties, included in fixed assets and are repayable on the sale of the property. There is no fixed repayment date for these. The total interest paid during 2020 was £Nil.

NOTES TO THE ACCOUNTS

15. Net expenditure for the year

	2020	2019
	£	£
This is stated after charging: -		
Auditors' remuneration:		
Audit – BWM	13,664	13,778
Non audit fees (compilation of accounts)	2,990	2,748
Depreciation	11,516	11,019
VLL Loan Interest Paid	-	12,976
Operating Leases – Land & Buildings	75,000	75,000
Operating Leases – Plant and Equipment	7,248	7,248
Interest on bank loans and overdrafts	2,359	7,373
Interest on loans from CCLA	3,961	-

16. Guarantees

The Board has given guarantees to Lloyds Bank for £48,639 (2019: £65,485) and Charity Bank Limited for £nil (2019 – £nil) in respect of loans granted to parishes.

17. Pensions

(a) Clergy Pensions

Liverpool DBF 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 schemes separately from those of the Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumption

- An average discount rate of 3.2% p.a.
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long-term annual rate of improvement of 1.5%, a smoothing parameter” of 7 and an initial addition to mortality improvements of 0.5% pa.

NOTES TO THE ACCOUNTS

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

	2020	2019
Balance sheet liability at 1 January	1,099,000	3,612,000
Deficit contribution paid	-523,000	-514,000
Interest cost (recognised in SoFA)	9,000	70,000
Remaining change to the balance sheet liability* (recognised in SoFA)	60,000	-2,069,000
Balance sheet liability at 31 December	645,000	1,099,000

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2%	1.1% pa	2.1% pa
Price inflation	3.1%	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6%	1.3% pa	1.6% pa

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

NOTES TO THE ACCOUNTS

(b) Staff Pensions

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.

The LDBF participates in the Defined Benefits Scheme section of CWPF for lay staff employed prior to 2009 and the Pension Builder Classic Scheme for lay staff employed after 1st January 2009. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

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

For funding purposes, 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 DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme.

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

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers’ sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 32.3% of pensionable salary and expenses of £10,800 per year. In addition deficit payments of £112,585 per year have been agreed for 3.50 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer’s financial statements.

NOTES TO THE ACCOUNTS

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

	2020	2019
Balance sheet liability at 1 January	194,000	301,000
Deficit contribution paid	-113,000	-113,000
Interest cost (recognised in SoFA)	1,000	4,000
Remaining change to the balance sheet liability*(recognised in SoFA)	2,000	2,000
Balance sheet liability at 31 December	84,000	194,000

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

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

	December 2020	December 2019	December 2018
Discount rate	0.00%	1.00%	1.60%

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

18. Analysis of net assets by funds as at 31 December 2020

Current financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long-term Liabilities £	Total £
Unrestricted funds	1,385,609	8,829,822	(914,832)	(585,000)	8,715,599
Restricted funds	5,538,514	-	(189,062)	(323,100)	5,026,352
Endowment funds	33,064,660	955,076	-	-	34,019,736
Total	39,988,783	9,784,898	(1,103,894)	(908,100)	47,761,687

NOTES TO THE ACCOUNTS

18. Analysis of net assets by funds (continued)

Prior financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long- term Liabilities £	Total £
Unrestricted funds	1,664,421	8,554,923	(2,384,871)	(88,309)	7,746,164
Restricted funds	5,538,514	-	(625,400)	(666,600)	4,246,514
Endowment funds	33,064,660	955,076	-	-	34,019,736
Total	40,267,595	9,509,999	(3,010,271)	(754,909)	46,012,414

Further details of individual funds are given in note 20 below.

19. Lease Obligations

At 31st December 2020, Liverpool DBF was committed to making the following payments under non-cancellable operating leases:

	2020		2019	
	Land and Buildings £	Plant and Equipment £	Land and Buildings £	Plant and Equipment £
Within 1 year	75,000	1,812	75,000	7,248
Within 2 to 5 years	300,000	-	300,000	1,812
After 5 years	125,000	-	200,000	-

20. Accumulated funds

The General fund is unrestricted. In 2010 £170,000 was designated to the Warrington Mission Development Fund from the sale proceeds of a former vicarage. As at 31 December 2020, total designated funds amounted to £33,976 (2019 - £50,976).

A further designated fund of £1.6m was created during 2020 from the £1m sustainability funding received from the Church Commissioners and from £0.6m of cost savings made. The fund is to provide support to parishes in their payment of parish share for 2020 and 2021.

During 2020 a total of £660,275 of the fund was applied towards the clearance of parish share arrears for 2020. The balance of £939,725 will be used to reduce the parish share to be collected from parishes during 2021.

NOTES TO THE ACCOUNTS

Diocesan Stipends Fund (DSF) Capital Account: The Diocesan Stipends Fund Capital account was set up by the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of Glebe property, sale proceeds of parsonage houses and surplus benefice endowments following pastoral reorganisation. The capital can be used for the purchase of Glebe or benefice property though the income can be utilised for stipend purposes. The DSF capital account is disclosed as an expendable endowment in these financial statements.

Stipends & Ordinands Permanent Endowment: The Stipends & Ordinands Permanent Endowment Fund represents the accumulation of a number of donations given over a number of years towards the support of Stipendiary Ministry and Ordinands in training and their families.

DBE Property Restricted Fund: The DBE Property Restricted fund relates to the proceeds of sale of redundant school sites and is used for the benefit of church schools in the Diocese.

DBF Property Fund: The DBF Property Restricted fund represents the accumulated value of Glebe Houses and owned by the DBF.

Parsonage Building Expendable Endowment Fund: The Parsonage Building Fund represents resources held for the provision of benefice houses in the diocese. It is represented by the collective value of benefice houses held on suspense by the Church Commissioners. Although benefice houses are vested in incumbents for the time being of the benefice concerned, the Board is obliged to maintain them to ensure that there are sufficient houses for the pastoral structure of the diocese and it receives the sale proceeds of benefice houses surplus to requirements into its Stipends Fund Capital Account or Pastoral Account. The major capital expenditure incurred by the Board is the purchase of new or replacement parsonage houses. If there is insufficient funding for the same held in the parsonage building fund, the balance comes from the Stipends Fund Capital Account or the Diocesan Pastoral Account. The Parsonage Building Fund has been included as an expendable endowment fund in these financial statements.

The Specific Restricted fund includes income and related expenditure for the following:

C of E Stipends Fund
Church Inspections
Partners in Mission
English Heritage

NOTES TO THE ACCOUNTS

20. Accumulated Funds (continued)

Current financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2019	7,746,164	-	4,245,514	1,000	591,457	32,473,203	955,076	46,012,414
Incoming Resources	12,867,300	2,245,864	10,105	-	-	-	-	15,123,269
Outgoing Resources	(11,272,595)	(2,313,893)	-	(35,997)	-	-	-	(13,622,485)
Gains/losses	248,489	-	-	-	-	-	-	248,489
Transfers (see note below)	(873,759)	283,867	553,895	35,997	-	-	-	-
Total Funds 2020	8,715,599	215,838	4,809,514	1,000	591,457	32,473,203	955,076	47,761,687
Represented by:								
Tangible Fixed Assets:	1,385,609	-	5,538,514	-	591,457	32,473,203	-	39,988,783
DBF Houses & Glebe	758,840	-	2,068,514	-	591,457	-	-	3,418,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	528,474	-	3,470,000	-	-	32,473,203	-	36,471,677
Furniture & Fittings	13,294	-	-	-	-	-	-	13,294
Investments:	8,829,822	-	-	-	-	-	955,076	9,784,898
CCLA	2,947,352	-	-	-	-	-	955,076	3,902,428
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	(914,832)	215,838	(406,500)	1,600	-	-	-	(1,103,894)
Debtors	798,664	215,838	-	1,600	-	-	-	1,016,102
Bank and Cash (net of overdraft)	2,720,943	-	-	-	-	-	-	2,720,943
Sundry Creditors & Accruals	(4,434,439)	-	(406,500)	-	-	-	-	(4,840,939)
Long term liabilities:	(585,000)	-	(322,500)	(600)	-	-	-	(908,100)
Loans from Church Commissioners	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributions	-	-	(322,500)	-	-	-	-	(322,500)
	8,715,599	215,838	4,809,514	1,000	591,457	32,473,203	955,076	47,761,687
Analysis of Reserves:								
General Funds (including designated funds of £973,701 -see note below)	8,715,599	-	-	-	-	-	-	8,715,599
Restricted Funds	-	215,838	4,809,514	1,000	-	-	-	5,026,352
Endowment Funds	-	-	-	-	591,457	32,473,203	955,076	34,019,736
	8,715,599	215,838	4,809,514	1,000	591,457	32,473,203	955,076	47,761,687

Fund transfers

The transfer from general fund to the DBF property fund was necessary to acknowledge the reduction in the liability for deficit funding contributions which arose from the completion of a revised actuarial valuation of the Church of England Funded Pension Scheme (note 17) and the part settlement of earlier existing pension obligations.

The amounts transferred to specific restricted funds arose largely from the requirement to recognise as a restricted fund the grant claims which were awaiting re-imburement to the Diocese as at 31 December 2020.

Designated funds

As explained above on page 49, a portion of the General Funds has been designated by the trustees as at 31 December 2020 for the following purposes:

Warrington Mission Development Fund	£ 33,976
Parish Share Credit	£939,725
Total	£973,701

NOTES TO THE ACCOUNTS

20. Accumulated Funds (continued)

Prior financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2018	7,655,152	-	1,799,514	273,542	341,507	32,546,935	955,076	43,571,726
Incoming Resources	11,173,303	952,514	20,970	-	-	-	-	12,146,787
Outgoing Resources	(10,894,147)	(1,099,671)	(800)	(277,682)	-	-	-	(12,272,300)
Gains/losses	499,201	-	-	-	-	-	-	499,201
Transfers (see note below)	(2,754,345)	147,157	2,425,830	5,140	249,950	(73,732)	-	-
Total Funds 2019	7,746,164	-	4,245,514	1,000	591,457	32,473,203	955,076	46,012,414

Represented by:

Tangible Fixed Assets:	1,664,421	-	5,538,514	-	591,457	32,473,203	-	40,267,595
DBF Houses & Glebe	928,840	-	2,068,514	-	591,457	-	-	3,588,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	643,950	-	3,470,000	-	-	32,473,203	-	36,587,153
Furniture & Fittings	6,630	-	-	-	-	-	-	6,630
Investments:	8,554,923	-	-	-	-	-	955,076	9,509,999
CCLA	2,672,453	-	-	-	-	-	955,076	3,627,529
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	(2,384,871)	-	(627,000)	1,600	-	-	-	(3,010,271)
Debtors	940,483	-	-	1,600	-	-	-	942,083
Bank and Cash (net of overdraft)	523,257	-	-	-	-	-	-	523,257
Sundry Creditors & Accruals	(3,848,611)	-	(627,000)	-	-	-	-	(4,475,611)
Long term liabilities:	(88,309)	-	(666,000)	(600)	-	-	-	(754,909)
Loans from Church Commissioners	(88,309)	-	-	-	-	-	-	(88,309)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributions	-	-	(666,000)	-	-	-	-	(666,000)
	7,746,164	-	4,245,514	1,000	591,457	32,473,203	955,076	46,012,414

Analysis of Reserves:

General Funds (including designated funds of £50,976)	7,746,164	-	-	-	-	-	-	7,746,164
Restricted Funds	-	-	4,245,514	1,000	-	-	-	4,246,514
Endowment Funds	-	-	-	-	591,457	32,473,203	955,076	34,019,736
	7,746,164	-	4,245,514	1,000	591,457	32,473,203	955,076	46,012,414

Fund transfers

The transfer from general fund to the DBF property fund was necessary to acknowledge the reduction in the liability for deficit funding contributions which arose from the completion of a revised actuarial valuation of the Church Of England Funded Pension Scheme (note 17) and the part settlement of earlier existing pension obligations.

Designated funds

The Designated funds of £50,976 were for the Warrington District Missionary Fund.

21. Related Party transactions

Details of transactions with the main related parties of the Diocese are given in the appropriate notes to the financial statements.

22. Post Balance Sheet Events

The impact of pandemic-induced church closures and related restrictions remains an ongoing challenge, through reduced giving, lettings and church reserves. Parishes in the Diocese responded well to the challenges presented, through ongoing commitment to financial contributions and in adjusting to patterns of online worship and support for communities. In the latter half of 2021 national distancing restrictions have largely ceased but other challenges remain. Patterns of behaviour and recovery from the difficulties of the 2020 will take time and ongoing challenges in maintaining Parish Share payment are expected during 2021. Further Parish Share relief is planned for 2021 and discussion with parishes are underway to mitigate some of the financial challenges experienced. We have again been supported by the Church Commissioners with a significant Sustainability Fund grant award.

An increase in property market activity during 2021 saw several property sales and a corresponding increase in cash held whilst our CCLA investments have grown in value during the year and now exceed the minimum expected value set by our fiscal rules.