



Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2020

Registered Charity Number 249740

Registered Company Number 18301

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CHAIRMAN'S REPORT

Chairman's Report

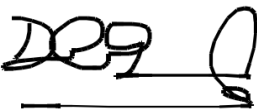
I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2020.

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 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 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

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, 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.

TRUSTEES' REPORT

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.

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. 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.

TRUSTEES' REPORT

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.

TRUSTEES' REPORT

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.

TRUSTEES' REPORT

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.

TRUSTEES' REPORT

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.

TRUSTEES' REPORT

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 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.

TRUSTEES' REPORT

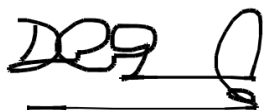
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

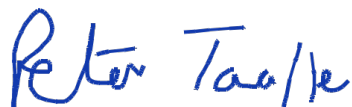
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

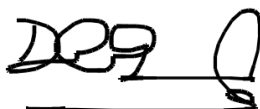
BALANCE SHEET

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		<u>2,720,943</u>	<u>523,257</u>		
		3,737,045	1,465,340		
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	20				
Endowment funds		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 31 December cash changes £	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, 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 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

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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 Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2020 £	Total Funds 2019 £
General Parish Share Income	7,982,877	-	-	7,982,877	7,770,821
	7,982,877	-	-	7,982,877	7,770,821

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
	2,633,999	2,159,348	-	4,793,347	2,480,450

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
	944,775	60,765	-	1,005,540	773,082

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

	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

	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 Funds	Restricted Funds	Permanent Endowment	Total Funds 2020	Total Funds 2019
	£	£	£	£	£
Property Transactions	260,643	-	-	260,643	80,757
	260,643	-	-	260,643	80,757

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2019
	£	£	£	£
Property Transactions	80,757	-	-	80,757
	80,757	-	-	80,757

6 Charitable Activities

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020	Total Funds 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
	<u>6,267,741</u>	<u>6,178,647</u>

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>-</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-imbursement 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	<u>£973,701</u>

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.