

**Leicester Diocesan Board
of Finance**

Report and Financial Statements

**For the year ended
31 December 2008**

**Company Registered No 227087
Registered Charity No 249100**

Leicester Diocesan Board of Finance
REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

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(a company limited by guarantee not having share capital)

CHAIRMAN'S REPORT

For the year ended 31 December 2008

I am pleased to report that the finances of the Diocese enter a period of unparalleled economic uncertainty in a reasonably robust condition. It was timely that the Glebe sale of land for redevelopment near Kibworth was completed early in 2008, thereby enabling our capital base to be much less affected by the world wide falls in stock markets than would otherwise have been the case.

It is very encouraging that we are continuing to build on the Young People for Life programme during 2009 and continuing to invest in clergy and lay training which are just two of the many ways of supporting mission and ministry. The YP4L initiative enables parishes and benefices to provide for ministry to young people partially paid for from the common fund. From a financial perspective the most significant decision during 2008 was to underwrite the development of the recently purchased St Nicholas Building adjacent to Church House and the Cathedral. This is seen as a mission opportunity in what will be the first plural city in Europe.

The Diocese will also be involved in crucial decisions about the future of Launde Abbey, since our retreat house is due to be partially closed for capital works throughout 2010 and it is currently uncertain whether sufficient funding will be available for the refurbishment to commence.

Our main sources of income are, of course, parish share receipts, payments from the Church Commissioners and investment income. Of these, parish share receipts increased by less than our costs during 2008, however the latter two items continued the pattern of previous years of making up the difference enabling the Diocese to maintain the current levels of clergy deployment and thereby serve some of the communities most in need of a visible Christian presence.

In respect of central church funding, due to the move made by the Commissioners away from equities well before the "credit crunch," income from this source in 2009 will be roughly at the same level as 2008, however the uncertainty of the timing of economic recovery makes it increasingly likely that the issue of the provision of the main clergy pension fund will affect distribution in future years. Whilst the investments held by the DBF have also been relatively shielded from the worst affects of the economic turmoil, due to our holdings in fixed interest securities, government bonds and cash, these will inevitably produce reduced levels of income during 2009.

Bearing in mind the risks we face at the time of writing, I can advise you that we intend to maintain the budget plans for 2009, but it will be necessary to review these plans carefully at the mid year point in the light of what we then know about the global economic situation and the actual receipts we have received.

On behalf of the members of the DBF I should like to express our gratitude to all those who give so generously of their time and money to the work of the Anglican Church in Leicestershire. It has been a great privilege to talk to many church wardens, treasurers and clergy about how we should finance the mission and ministry of the church as we face up to the opportunities and challenges of the coming years.

We hope that the "*God's Gift – Our Response*" initiative will underpin our theology of thanksgiving as it is rolled out to all parishes and benefices over the next few months and together with changes to the parish share allocation system, due to be implemented for 2010, that this will contribute to enabling us all to sustain the work to which we are committed.

Since this is my first report, having taken up the position as your Chairman in May of last year, I must pay great tribute to my predecessor Bill Moss, whose legacy of wise and prudent oversight of the affairs of the

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Board over many years will stand us in good stead for the future. I am particularly grateful that Bill has consented to continue as Chairman of the Investment Committee.

We are very fortunate that the retiring Financial Secretary Philip Carver was able to give his successor, Tim Oglesby, a protracted induction period covering the financial management of both Leicester and Coventry Dioceses, for which he is responsible. It has also been extremely encouraging that we have appointed two very able people to the voluntary posts of Vice Chairman of the Board and Head of the Audit Committee namely Karl Davies and Guy Newbury respectively.

There are very many people whether in parishes and benefices or at Church House who give their time freely, selflessly and generously to the mission and ministry in which we are engaged, but I would like specifically to thank each of the staff at Church House, Leicester for all they do to support our work in ways which are often unsung and little known or appreciated.

Stephen Barney
22 April 2009

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2008

The trustees, who are also directors for the purposes of company law, present their combined trustees' report and directors' report, together with the audited financial statements, for the year ended 31 December 2008.

Except for the section on the summary information about the structure of the Church of England this report refers to the Leicester Diocesan Board of Finance.

Reference and administrative details of the Leicester Diocesan Board of Finance

These are set out on pages 15 and 16.

Summary information about the structure of the Church of England

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises Dioceses of which there are 43 in England.

Each Diocese in England is divided into parishes. Each parish is overseen by a parish priest (usually called an incumbent, vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are 112 bishops including Diocesan, Area and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 *'to co-ordinate, promote, aid and further the mission of the Church of England'*. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan, area and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

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Leicester Cathedral

The Cathedral is the mother church of the Diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Centre, 21 St Martin's, Leicester, LE1 5DE.

The information about General Synod, the Church Commissioners, the Archbishops' Council and Leicester Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

The Diocese

Diocesan Synod

The statutory governing body of the Diocese is the diocesan synod which is elected with representation across the Diocese with broadly equal numbers of clergy and lay people meeting together in Diocesan Synod with the diocesan bishop and archdeacons. Its role is to:

- consider matters affecting the Church of England in the Diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the Diocese.

Deanery Synod

Each Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the Diocese to General Synod.

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- to plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- to initiate proposals for action by the Synod and to advise it on matters of policy;
- to advise the President on any matter;
- subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees;
- to carry out such functions as the Synod may delegate to it.

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Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as Chairman, the churchwardens and a number of elected and ex officio members. Each PCC is a charity and, until recently, were exempted from registration with the Charity Commission. Following the Charities Act 2006, however, PCCs with gross income over £100,000 are required to register with the Charity Commission before 30 September 2009. We have held a briefing meeting for treasurers for whom this is relevant. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

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

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

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

Structure, governance and management of the Diocese of Leicester

The Diocese of Leicester was restored in 1926, and consists of the City of Leicester and the County of Leicestershire, with the exception of a few parishes on its borders. It covers an area of 835 square miles and has a population of approximately 1 million. Whilst much of the Diocese is rural, there are significant market towns and suburban centres. The City of Leicester has a population of approximately 300,000.

The Diocese is arranged as two archdeaconries, with Loughborough broadly covering the western part, with 6 deaneries, and Leicester covering the city and eastern part with 5 deaneries. In total there are 238 parishes and 147 stipendiary clergy.

Diocesan governance

The Diocese is governed by the Synodical Government Measure 1969. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. The Diocesan Synod works according to Standing Orders which were approved by Synod in 2002. Members of the Synod hold office for a term of three years. Membership consists of ex officio members, namely the Bishops, the Dean of the Cathedral, the Archdeacons, the Chancellor of the Diocese, the Diocesan General Synod members and the chairs of the Board of Finance and the Diocesan Advisory Committee. Clergy members are elected by the houses of clergy in Deanery Synods, laypersons are elected by the houses of laity in Deanery Synods. Up to five persons may be co-opted by the house of clergy and five persons may be co-opted by the house of laity. A maximum of ten members (five clergy, five lay) may be nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to its Standing Committee, the Bishop's Council.

Company status

The company, Leicester Diocesan Board of Finance (LDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 4th January 1928 as a charitable company limited by membership guarantees (No. 227087) and its governing documents are the Memorandum and Articles of Association. LDBF is registered with the Charity Commission (No. 249100).

Every member of Diocesan Synod is a member of LDBF for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up. The members of the Diocesan Finance Committee comprise the Board of Directors and the Trustees of LDBF.

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Decision-making structure

Diocesan Synod has delegated the following functions to the Bishop's Council (Standing Committee of the Synod):

- planning the business of Synod including the preparation of agendas and papers
- initiation of proposals for action by the Diocesan Synod and provision of policy advice
- transacting the business of the Diocesan Synod when not in session

Diocesan Synod has delegated the following functions to the Board of Trustees (Finance Committee and Board of Directors):

- management of the funds and property of the Diocese
- preparation of annual estimates of expenditure
- advising on action needed to raise the income necessary to finance expenditure
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it
- appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod
- carrying out any other functions delegated by Diocesan Synod.

The Board of Trustees has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary who is supported by a number of heads of departments and their staff.

Committee structure

There are a number of Diocesan Synod committees that, though not sub-committees of LDBF, can influence the operations of LDBF.

Those following are statutory committees:

Houses Committee, which is responsible for managing and maintaining the parsonage houses in each benefice, including buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by LDBF.

Glebe Committee, which is responsible for implementing policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese.

Diocesan Mission and Pastoral Committee, which is responsible for the task of approving pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry.

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

Leicester Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

Redundant Churches Uses Committee, which is responsible for finding appropriate alternative uses for churches that have been declared redundant.

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Bishop's Council

The Bishop's Council is the Standing Committee of Synod. Bishop's Council consists of 8 ex-officio members, including the Diocesan Bishop and the two Archdeacons, 3 clergy elected by the house of clergy from among their number and 5 lay persons elected by the members of the house of laity and a maximum of 2 members nominated by the Diocesan Bishop.

The *Finance Committee*, whose members are the Directors of the company and Trustees of the charity, is responsible for considering the financial affairs of the Diocese. Amongst other things, it draws up draft budgets for approval by the trustees prior to submission to Diocesan Synod and monitors expenditure and income.

The *Investment Committee (a sub-committee of the Finance Committee)* is responsible for determining and overseeing the investment policy of the LDBF.

The *Audit Committee (a sub-committee of the Finance Committee)*, which was formed in early 2007, and is responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

Appointment of trustees

The Trustees are the members of the Finance Committee and are appointed as shown on page 15. Some senior staff have job titles incorporating the title 'Director' but they are not directors of the company for the purposes of company law.

Trustees are given induction training when first appointed and receive ongoing training as appropriate.

Trustees' responsibilities

Company law requires the trustees (in their capacity as directors) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net incoming or outgoing resources of the company for that year.

The Trustees' Responsibilities are set out on page 17.

Related parties

General Synod, Church Commissioners and Archbishops' Council

LDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners and are reflected in the financial statements as costs funded by grants received from the Church Commissioners.

Parochial Church Councils (PCCs)

LDBF is required by Measure to be custodian trustee in relation to PCC property, but the Company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within LDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods

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Connected charities

Leicester Diocesan Board of Education and Higher & Further Education Chaplaincies

Through grant assistance the LDBF provides support to the work of the Leicester Diocesan Board of Education (charity no. 527812) and higher and further education chaplaincies in the Diocese.

Leicester Cathedral Chapter

By means of support in kind the LDBF provides accounting services to Leicester Cathedral Chapter.

Launde Abbey Trustees

By means of a long term loan of up to £500,000 to assist with the refurbishment of the Abbey, which is the Diocesan retreat house of which LDBF is custodian trustee and a small grant towards the costs of the Warden being the priest-in-charge of Loddington.

At the end of 2008 £300,000 of the loan had been taken up.

Coventry Diocesan Board of Finance

The trustees have a joint working arrangement with the Coventry Diocesan Board of Finance (company no. 319482; charity no. 247828) under which a number of staff are jointly employed.

St Martin's Cathedral Properties Limited (SMCP Ltd)

This new company has been set up in order to oversee the Cathedral Square project.

The project is a new vision for outreach in the Diocese. The Bishop of Leicester, Leicester Cathedral and Leicester Diocesan Board of Finance have committed themselves to work together towards;

- the purchase and development of the St Nicholas Building as a creative centre for life and education
- the creation of a new cathedral square
- the re-ordering of Leicester Cathedral to support worship and mission fit for the 21st century and so create a place of generous hospitality, transforming relationships and attentiveness to God at the heart of the Diocese, city and county.

The Trustees of SMCP Ltd are The Bishop, The Dean, and the Chairman of the Board of Finance. The Diocesan Secretary is secretary to the trustees.

An interest free loan of £500,000 was made available from LDBF to SMCP Ltd during 2008 together with further funding to initiate the project.

At Diocesan Synod on 22 November 2008, there was overwhelming support to underwrite the refurbishment costs of the St Nicholas building up to the value of £2 million.

As a safeguard for its investment, if at some point SMCP Ltd had to sell the St Nicholas Building the LDBF would receive a sum from the proceeds that reflected the proportion that the Board had invested in the property.

The intention is that work to refurbish the building will start this summer and the new accommodation could then be in use by the spring of 2010.

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Pension Schemes

All stipendiary clergy in the Diocese and some licensed lay workers are members of the Church of England clergy pension scheme. The contribution rate for this scheme in the year was 39.7% of the previous year's national minimum stipend, which equates to £7,529 per clergy person.

The lay staff of the Diocese are members of either a defined benefit or a defined contribution section of the Church Worker's Pension Schemes.

Risk management

The trustees confirm that the major risks, to which LDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees have delegated to the Audit Committee the task of ensuring that risks are reviewed and managed as part of the risk management strategy.

The Audit Committee reviews the risk register periodically and reports to trustees whether it is satisfied with its findings and makes recommendations as to areas for further work in subsequent years. The trustees review the risk register at least annually as part of the corporate risk management strategy. The last review was done in April 2008.

Objectives and activities

Aims and objectives

LDBF aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Leicester.

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

The key activities may be summarised as:

- support for Mission and Ministry in the Parishes (includes all clergy training, housing, stipends, pension and all other expenditure supporting parish based ministry);
- support for the National Church institutions through an annual grant, including a contribution to the cost of training ordinands, and for providing retirement housing for clergy;
- support for the Diocesan Board of Education by way of a grant towards staffing costs and the provision of office accommodation and equipment.

Statutory functions

LDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

It is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.

The trustees act as custodian trustees in relation to PCC property and investments as necessary.

Leicester Diocesan Board of Finance

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Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover proportions of its central costs, the cost of training for ministry and retired clergy housing (See note 5(b)(i) to the financial statements on page 28).

In addition grants are made as set out in note 7 to the Financial Statements on page 31 to a number of bodies, both Diocesan and non-Diocesan, and to individuals.

Grants are made on the basis of either statutory or budget obligation, individual need or towards the fulfilment of the objectives of LDBF.

Achievements and performance

Plans and achievements in 2008

During 2008 LDBF planned to:

- Achieve at least a financial break-even, while increasing clergy stipends in line with inflation
- Implement an average parish share increase of 2.5%
- Continue to review the parish share system through diocesan-wide consultation
- Limit use of reserves to the budgeted amount of £60,000.

During the year LDBF has:

- Increased clergy stipends and pensions in line with national guidelines
- Achieved an increase in the amount of parish share collected of £140,000 over 2007
- Made a surplus on operating activities of £324,000 (2007: £258,000), see financial review below.

Operational performance

LDBF received £5.148 million of Parish Share due for the year (2007: £5.072 million) and has met all of its financial obligations to continue resourcing diocesan needs as these arise, including the support of the ministry, provision of well-maintained houses for the clergy, National Church responsibilities and enriching and facilitating many other aspects of church life throughout Leicester and Leicestershire.

External factors affecting performance

Every effort is made by the Diocese to hold down increases in the Parish Share, which is contributed by the PCCs towards the ministry and other costs of the Diocese. A large part of these other costs are staff salaries and building maintenance costs, which both tend to increase at a rate in excess of the Retail Price Index. In addition, the Diocese is having to manage increased contributions to pension schemes.

Leicester Diocesan Board of Finance

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Financial review

Overall financial performance

The overall financial performance of the LDBF for the year may be summarised as follows:

	2008 £'000	2007 £'000
Incoming Resources from operating activities	8,384	7,743
Resources expended on operating activities	(8,060)	(7,485)
Surplus arising from ordinary operating activities	324	258
Sponsorship of The Samworth Academy, Leicester and replacement of St Christopher's Church within the site	-	(619)
Movements in capital funds		
Surplus on sales of tangible fixed assets	73	1,696
Net Incoming Resources per Statement of Financial Activities	397	1,335
Surplus on sales of investments	1,832	284
Gains & Losses on revaluation	(2,249)	1,334
Net movement in funds during the year as shown on the SOFA	(20)	2,953

Principal Funding Sources

Around 59.6% (2007: 62.8%) of the incoming resources of the LDBF, excluding surpluses on the sales of tangible fixed assets comes from the Parish Share, 12.27% (2007: 11.4%) from National Church Selective Allocations and 16.08% (2007: 15.5%) from Investment Income.

Principal Areas of Expenditure

Of the resources expended of £8.060 million, 79.8% (2007: 81.9%) is spent on resourcing and supporting parochial ministry and 14.3% (2007: 21.6%) on grants and similar items including the Board's contributions to the National Church, the Leicester Diocesan Board of Education and chaplaincies.

Review of the financial position

The balance sheet has weakened slightly during the year. The above table shows a surplus of income over expenditure of £397,000 but also a significant gain from the sale of investments (mostly Glebe property) and a substantial unrealised loss on the valuation of fixed assets and investments, resulting in the net movement of funds of £20,000.

Going concern

The Trustees are satisfied that LDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Non-investment Properties

Other than Church House, all non-investment freehold properties, that is Parsonage Houses and DBF Properties, are shown at cost. In the opinion of the trustees the market value of these properties, assuming vacant possession, is substantially in excess of the cost value, but the amount of this excess is not economically quantifiable.

For the year ended 31 December 2008

Investment policies and objectives

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

Ethical investment - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders. In order to achieve this the Board adheres to the Ethical Investment policy of the Church of England.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions which seeks to maintain income while continuing capital growth.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The Glebe investments are held by law for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Investment Financial Risk Management

The Board uses financial instruments, other than derivatives, as shown in this section of this report on Investment Policy and Returns.

As stated in this section the trustees' primary investment objective is to provide an adequate income return, whilst, as far as possible, maintaining the long-term value of the funds in real terms.

The main risks are those arising from the fluctuations in the stock market, interest and dividend rates, and liquidity. The trustees' investment policies are such as to mitigate such risks and are reviewed regularly. They are summarised below and have not changed from the previous year.

Stock market fluctuations and interest and dividend rates: The trustees seek to ensure that the non-property investments of the Board are split between fixed interest and equity investments and comprise a substantial number of holdings in different bonds and equities.

Liquidity: Other than the property holdings, all the Board's investments are able to be turned into liquid funds at short notice. It is the trustees' policy to ensure that under normal circumstances there are enough liquid resources available in short-term deposits to enable the day-to-day business of the Board to be carried out without a requirement to sell investments.

Investment performance

The investments of the Board are represented by:

- glebe investments in Land and Property
- investments in CBF Church of England Investment, UK Equity and Property Funds managed by CCLA Investment Management Ltd
- equity and Fixed Interest investments managed by the trustees. These investments are held by the Board's stockbrokers, as nominee, as set out in the Reference and Administrative details section.

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Glebe investments

The net income return on the Glebe investments was 2.38% (2007: 2.77 %).

Listed and unlisted investments

At the end of the year the ratio between equity and fixed interest investments was 83% to 17% compared to 86% to 14% in 2007. The income return achieved on the listed investments was 5.27% (2007: 4.65%), compared to that of the FTSE all-share index at 4.49% (2007: 3.02%). The income return achieved on the unlisted investments was 4.24% (2007: 3.43%).

The changes in the value of the board's investments are shown at note 12 to the financial statements.

In the light of the market conditions prevalent during the year the Trustees consider the performance of its investments to be satisfactory.

Reserves policy

LDBF has considerable responsibilities including the remuneration of 147 parochial stipendiary clergy, the upkeep of approximately 184 houses and the employment of some 50 full or part time staff. For this reason the Trustees believe it to be prudent to maintain adequate reserves to provide working capital resources.

The target figure for these resources is currently set at an amount equivalent to four months' budgeted parish share income for the ensuing year. At 31 December 2008 this figure was £1.677 million. At 31 December 2008, LDBF's free reserves (i.e. excluding fixed assets and investments) were £2.853 million as shown in note 18 to the financial statements.

The trustees intend to continue to maintain their current policy on general reserves so as to ensure adequate ongoing working capital resources.

Plans for future periods

The trustees will continue to set annual budgets, including a long-term sustainable use of reserves where required, and seek to manage Parish Share increases in order to allow funds to be spent on mission activity.

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

To work towards these objectives the trustees in 2009 plan to:

- implement an increase in the Parish Share to a maximum of 3%
- continue the review of the system of Parish Share assessment
- limit use of reserves to the budgeted amount of £130,000.

Funds held as Custodian Trustee

The Board acts as Custodian Trustee for a large number of parochial trusts which have either the Parochial Church Council or Vicar and Churchwardens of the particular parish as managing trustees. It also acts as a Custodian Trustee of Launde Abbey Trust, the Diocesan retreat house.

The assets of these funds consist of either cash deposits, investments in the CBF Common Investment Funds or equity and other fixed interest investments. The Board also acts as custodian trustee for real property owned by these organisations. All such property and investments are held separately from those of the Board.

The total value of the assets, excluding real property, held as Custodian Trustee at 31 December 2008 was approximately £2.878 million (2007: £3.337 million).

Leicester Diocesan Board of Finance
DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2008

Charitable Donations

Charitable donations have been made as part of normal expenditure in the exercise of the Board's objectives. Further details of the donations can be found in Note 7 to the Financial Statements.

No political contributions were made in the year.

Board members' interests in shares

The Board, which has no share capital, is a company limited by guarantee. The Board members may derive no benefit or income from or have any capital interest in the Board's financial affairs other than reimbursement of out-of-pocket expenses.

Appointment of auditors

The Charity's articles require annual reappointment of auditors. Grant Thornton UK LLP have indicated their willingness to continue in office. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting. A resolution to authorise the Trustees to fix their remuneration will also be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

J Easton Diocesan Secretary

S Barney Chairman

22 April 2009

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2008

Reference and administrative details of the Leicester Diocesan Board of Finance

In accordance with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005), the trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and as at the date of signing are as follows:

President (ex officio)	The Rt Revd T J Stevens (Lord Bishop of Leicester)
Chairman (nominated by the Bishop)	Mr S G Barney (from 24 May 2008) Mr W M Moss (resigned on 24 May 2008)
Vice-Chairman	Mr K M Davies (from 24 September 2008) Mrs S A Longhill (resigned on 24 September 2008)
Archdeacons (ex officio)	The Ven R W B Atkinson (Archdeacon of Leicester) The Ven P C Hackwood (Archdeacon of Loughborough)
Elected by Diocesan Synod	Mr B D Beeson Revd C Hebden Mrs S A Longhill Mr C McKee Mrs S A Newbury Mr H E Tegg Revd J Whittaker
Nominated by the Bishop	Mr E A Bestwick (resigned on 24 September 2008) Mr G Newbury (from 24 September 2008) Mr J C F Roberson
Nominated by the Forum for Ethnic Minority Anglicans	Mr G M B O Sawyerr
Co-opted by the Board	None
Secretary	Mrs C J Easton
Registered Office	Church House St Martin's East Leicester LE1 5FX
Telephone	0116 248 7400
Facsimile	0116 253 2889
Company registration number	227087 (England & Wales)
Charity registration number	249100
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Regent House 80 Regent Road Leicester LE1 7NH

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2008

Reference and administrative details of the Leicester Diocesan Board of Finance (continued)

Bankers	Barclays Bank plc Town Hall Square Leicester LE1 9AA
Solicitors	Latham & Co Charnwood House 2 & 4 Forest Road Loughborough Leicestershire LE11 3NP
Investment managers:	
Glebe Agents	Andrew Granger & Co LLP 2 High Street Loughborough Leicestershire LE11 2PY
Other investments	Brewin Dolphin 1st Floor, Waterfront House Waterfront Plaza 35 Station Street Nottingham NG2 3DQ Charles Stanley & Co. Limited 25 Luke Street London EC2A 4AR NW Brown Richmond House 16-20 Regent Street Cambridge CB2 1DB CCLA Investment Management Limited 80 Cheapside London EC2V 6DZ
Diocesan Surveyors	YMD Boon Ltd York House Ferne Road Market Harborough Leicestershire LE16 7PH
Insurance Brokers	Towergate Risk Solutions Towergate House, Five Airport West Lancaster Way Yeadon Leeds LS19 7ZA

Leicester Diocesan Board of Finance
STATEMENT OF DIRECTORS' AND TRUSTEES' RESPONSIBILITIES

For the year ended 31 December 2008

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- 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 statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

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

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE LEICESTER DIOCESAN BOARD OF FINANCE

We have audited the financial statements of Leicester Diocesan Board of Finance for the year ended 31 December 2008 which comprise the principal accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The responsibilities of the trustees (who are also the directors of Leicester Diocesan Board of Finance for the purposes of company law) for preparing the Chairman's Report and Directors' and Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' and Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the Directors' and Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Chairman's Report and Directors' and Trustees' Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Report and Directors' and Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE LEICESTER DIOCESAN BOARD OF FINANCE (CONTINUED)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year ended 31 December 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' and Trustees' Report is consistent with the financial statements for the year ended 31 December 2008.

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LEICESTER
22 April 2009**

Leicester Diocesan Board of Finance

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2008

	Note	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Income and expenditure							
Incoming resources							
Incoming resources from generated funds:							
Parish share	4a	4,999	-	-	-	4,999	4,859
Archbishop's council	4b	-	-	1,288	-	1,288	1,008
Donations, legacies and similar income	4c	98	7	11	-	116	97
Activities for generating funds	4d	116	-	-	-	116	100
Investment income	4e	318	37	180	813	1,348	1,200
Income from operating activities	4f	501	-	-	-	501	443
Other incoming resources	4g	16	-	-	-	16	36
Surplus on sales of assets		-	-	-	73	73	1,696
Total incoming resources		6,048	44	1,479	886	8,457	9,439
Resources expended							
Cost of generating funds	5a	121	-	-	125	246	188
Charitable expenditure:							
Archbishop's Council	5b(i)	370	-	-	-	370	354
Other grants and similar items	5b(ii)	556	50	179	-	785	1,262
Resourcing of Ministry in Parishes	5b(iii)	5,590	-	36	-	5,626	5,393
Support of Ministry in Parishes	5b(iv)	803	2	-	-	805	735
Governance costs	5c	228	-	-	-	228	172
Total resources expended		7,668	52	215	125	8,060	8,104
Net incoming/(outgoing) resources before transfers		(1,620)	(8)	1,264	761	397	1,335
Transfers between funds	17	1,915	12	(2,489)	562	-	-
Net incoming/(outgoing) resources after transfers		295	4	(1,225)	1,323	397	1,335
Realised gains and losses on investments		-	-	-	1,832	1,832	284
Surplus of income over expenditure		295	4	(1,225)	3,155	2,229	1,619
Unrealised gains on tangible fixed assets		50	-	-	-	50	50
Unrealised gains and losses on investments		(1,444)	(41)	-	(814)	(2,299)	1,284
Net movements in funds		(1,099)	(37)	(1,225)	2,341	(20)	2,953
Fund balances brought forward at 1 January 2008		13,046	733	2,850	40,484	57,113	54,160
Fund balances carried forward at 31 December 2008		11,947	696	1,625	42,825	57,093	57,113

All activities of the charitable company are classified as continuing.

All recognised gains and losses are included in the above Statement of Financial Activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

Leicester Diocesan Board of Finance

BALANCE SHEET AT 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	11	27,392	25,888
Investment assets	12	<u>22,515</u>	<u>23,794</u>
		49,907	49,682
Current assets			
Debtors	13	2,814	1,677
Short term deposits		4,698	6,374
Cash at bank and in hand		<u>236</u>	<u>202</u>
		7,748	8,253
Creditors: amounts falling due within one year	15	<u>(526)</u>	<u>(786)</u>
Net current assets		7,222	7,467
Total assets less current liabilities		<u>57,129</u>	<u>57,149</u>
Creditors: amounts falling due after more than one year	16	(36)	(36)
Net assets		<u>57,093</u>	<u>57,113</u>
Funds			
Unrestricted funds:			
Designated funds	18	696	733
General funds	18	<u>11,947</u>	<u>13,046</u>
		12,643	13,779
Restricted funds	18	1,625	2,850
Endowment funds	18	42,825	40,484
Total funds	18	<u>57,093</u>	<u>57,113</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 April 2009.

S G Barney
Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

Leicester Diocesan Board of Finance

CASH FLOW STATEMENT

For the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Net cash outflow from operating activities	20	(1,065)	(621)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,550)	(1,180)
Payments to acquire fixed asset investments		(3,008)	(415)
Receipts from sales of tangible fixed assets		161	2,192
Receipts from sales of fixed asset investments		<u>3,820</u>	<u>775</u>
		(577)	1,372
Net (decrease) / increase in short term deposits and cash at bank		<u><u>(1,642)</u></u>	<u><u>751</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

For the year ended 31 December 2008

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, the Companies Act 1985, the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), the Church of England Diocesan Annual Reports and Financial Statements Guide 3rd edition 2006 and under the historical cost accounting rules except that investment assets and certain other properties are included at valuation.

The principal accounting policies of Leicester Diocesan Board of Finance have remained unchanged from the previous year.

Tangible Fixed assets

Parsonage houses owned prior to 1 January 1996 are included at the lowest point of the council tax valuation this being taken as original cost in the absence of other data. Subsequent additions are included at cost.

Houses and properties owned by the Board of Finance are included at cost except in the case of any former parsonage houses transferred to the Board which are included at the book value at the time of transfer.

No depreciation is charged against properties held as tangible fixed assets but any expenditure on maintenance and improvements is written off as incurred. The market value of the properties is considerably in excess of their book value.

Fixed assets are capitalised where there is an individual item value of £500 or greater. Office equipment, furniture and fittings are depreciated at a rate of 20% per annum of original cost and Computer and other electronic equipment at 50% per annum of original cost.

Fixed asset investments

Land and buildings held under the Endowments and Glebe Measure 1976 are included at market value at 31 December 2008 as valued by Messrs Andrew Granger & Company.

Listed investments are included at market value. Investments held by the Board as custodian trustee are not included in these financial statements.

Parish share and Parochial fee income

Parish share and Parochial fee income includes amounts received up to 31 January 2009 (2007: 31 January 2008) together with any arrears received from previous years.

Grants receivable and payable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants payable are accounted for when authorised.

Rental Income

Rental income is recognised on a receivable basis.

For the year ended 31 December 2008

1 Principal accounting policies (continued)

Investment gains and losses

Realised gains or losses are recognised when investments are sold. Unrealised gains or losses are accounted for on revaluation of investments at 31 December 2008.

Deferred Income

Income is recognised as deferred where the event or rental period to which the income relates occurs beyond the end of the financial period being reported on.

Resources expended

Expenditure is accounted for on an accruals basis and is allocated between:

- expenditure incurred in the cost of generating funds, including Parish Share
- expenditure incurred directly in the fulfilment of the charity's objectives
- expenditure incurred in the governance of the charity and its assets
- expenditure on support costs including central functions. These costs are subsequently allocated to the other categories of expenditure as described in the following note.

Support Costs

These costs have been allocated to the other categories of expenditure described in the above note on the basis of the proportion of staff time spent on each area of expenditure as follows:

- Cost of generating funds – 19.25%
- Charitable expenditure – 65.00%
- Governance – 15.75%.

Operating leases

Payments under operating leases are charged against income as incurred.

Staff pension schemes

Contributions to the Board's pension schemes are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Board, contributions being accounted for in the year in which they are payable.

Fund accounting

The funds of the charity are analysed between Unrestricted (including Designated) Funds, Restricted Funds and Endowment Funds. Details of all funds together with the basis for identification under each category may be found in note 18 of these financial statements.

2 Staff pension schemes

The Board participates in two sections of the Church Workers Pension Fund, administered by the Church of England Pensions Board. The assets of the funds are held separately from those of the Board of Finance.

Defined contributions scheme

The Board participates in the Church of England Defined Contributions Scheme, part of the Church Workers Pension Fund. This scheme provides benefits based on the contributions paid into the fund.

The pension costs for the year of £29,370 (2007: £10,709) are equal to the contributions paid by the Board.

For the year ended 31 December 2008

2 Staff pension schemes (continued)

Defined benefits scheme

The Leicester DBF participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund. During the year to 31st December 2008, the Leicester DBF made contributions of £126,168 (2007: £139,152) and this has been taken as the pension cost shown in these accounts, as explained below.

It is not possible for an individual employer to determine its share of the underlying assets and liabilities as each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. In such cases, FRS 17 requires the employer to account for its contributions to the DBS as if it were a defined contribution scheme but to make certain additional disclosures based on available information. The required disclosures, together with a description of the operation of the DBS, are given below.

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

The division of the Scheme 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 Scheme 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.

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

A valuation of the DBS is carried out once every three years, the most recent being as at 31st December 2007. In this valuation, the Life Risk Section was shown to be in deficit by £5.5m and some £4.4m was notionally transferred from the employers' sub-pools to the Life Risk Pool. Of this, £53,900 was deducted from the Leicester DBF sub-pool. This increased the employer's contributions that would otherwise have been payable. Other available information relating to the valuation as at 31st December 2007 is given below:

Market value of DBS	£176.6m
Market value of Leicester DBF sub-pool	£0.979 m
Market value of Life Risk Pool (1,140 pensioners)	£67.7m

	Total Scheme members	Leicester DBF members
Deferred pensioners	1,432	19
Active members	1,504	25

The Board's contribution rate was reviewed as from 1 January 2006 and is now 20.23%.

This scheme provides benefits based on final pensionable salaries. Membership of this scheme was closed to new employees from 1 January 2006.

For the year ended 31 December 2008

2 Staff pension schemes (continued)

Clergy Pension Scheme

Diocesan clergy are members of the Church of England Funded Pensions Scheme, which provides benefits based on final pensionable salaries. This Scheme provides for that part of their pension that relates to pensionable service after 1 January 1998. The Scheme's assets are held independently of the employer or other responsible bodies. Pensions in respect of pensionable service before 1 January 1998 will be paid by the Church Commissioners of England under the previous arrangements.

The Board participates in the Church of England Funded Pensions Scheme and employs 141 members of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Board is unable to identify its share of the underlying assets and liabilities – each employer in the scheme pays a common contribution rate. A valuation of the scheme was carried out as at 31 December 2006. This revealed a shortfall of £141 million with assets of £468 million and a funding target of £609 million assessed using the following assumptions;

- An investment strategy of: nil allocation to gilts for the next ten years, increasing linearly to reach 30% after 20 years; and the balance of assets in equities;
- Investment returns of 4.25% pa on gilts and 5.75% pa on equities;
- RPI inflation of 3.1% pa (and pension increases consistent with this);
- Increase in pensionable stipends 4.6% pa;
- Post-retirement mortality in accordance with the PA00 tables, adjusted so that members are assumed to be two years younger than they actually are, with allowance for future improvements according to the “medium cohort” projections, and subject to a minimum annual improvement in mortality rates of 1% for males and 0.5% for females.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS17 requires the Board to account for pension costs on the basis of contributions actually payable to the Scheme in the year. Following the results of the valuation, and some agreed changes to benefits, the Board contribution rate decreased from 39.8% to 39.7% of pensionable stipends with effect from 1 April 2008.

3 Net incoming/(outgoing) resources

Net incoming/(outgoing) resources is stated after charging/crediting:

		2008 £'000	2007 £'000
Charged:	Auditors' remuneration:		
	- Audit	12	13
	- Other services	5	3
	Hire of office equipment	12	10
	Depreciation of other fixed assets	8	33
		<u>37</u>	<u>59</u>
Credited:	Surplus on disposal of tangible fixed assets	<u>73</u>	<u>1,696</u>

Leicester Diocesan Board of Finance
NOTES TO THE REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

4 Analysis of incoming resources

a Parish Share

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Parish share assessed for year	5,573	-	-	-	5,573	5,477
Less: shortfall in contributions	(547)	-	-	-	(547)	(489)
	<u>5,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,026</u>	<u>4,988</u>
Add: arrears received from prior years	122	-	-	-	122	84
	<u>5,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,148</u>	<u>5,072</u>
Less: rebates granted and other adjustments	(149)	-	-	-	(149)	(213)
	<u>4,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,999</u>	<u>4,859</u>

At 31 December 2008 the total arrears outstanding, which had not been written off, amounted to £1,781,201 (2007: £1,629,731) of which £547,113 related to 2008. Full provision has been made against these arrears.

b Archbishops' Council

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Selective allocations	-	-	1,029	-	1,029	886
Special payments	-	-	135	-	135	5
Parish mission fund	-	-	103	-	103	97
Legal costs contribution	-	-	21	-	21	20
	<u>-</u>	<u>-</u>	<u>1,288</u>	<u>-</u>	<u>1,288</u>	<u>1,008</u>

c Donations, legacies and similar income

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Grants received	98	7	11	-	116	97
	<u>98</u>	<u>7</u>	<u>11</u>	<u>-</u>	<u>116</u>	<u>97</u>

d Income from activities for generating funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Rental income from non-investment properties	116	-	-	-	116	99
Other income	-	-	-	-	-	1
	<u>116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116</u>	<u>100</u>

Leicester Diocesan Board of Finance
NOTES TO THE REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

4 Analysis of incoming resources (continued)

e Investment income

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Glebe rents	-	-	4	381	385	354
Listed securities	210	-	7	146	363	321
Unlisted securities	15	12	41	152	220	202
Bank and deposit interest	93	25	128	134	380	323
	318	37	180	813	1,348	1,200

f Income from operating activities

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Parochial fees	348	-	-	-	348	285
Parish funding contributions	18	-	-	-	18	28
Contributions to Stipends	64	-	-	-	64	87
Other income	71	-	-	-	71	43
	501	-	-	-	501	443

g Other incoming resources

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Other income	16	-	-	-	16	36
	16	-	-	-	16	36

5 Analysis of resources expended

a Cost of generating funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Glebe management costs	-	-	-	125	125	81
Support costs	121	-	-	-	121	107
	121	-	-	125	246	188

b Charitable expenditure

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
(i) Archbishops' council						
National church	176	-	-	-	176	175
Training for ministry	153	-	-	-	153	137
Retired clergy housing	41	-	-	-	41	42
	370	-	-	-	370	354

For the year ended 31 December 2008

5 Analysis of resources expended (continued)

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
(ii) Other grants and similar items (note 7)						
Grants to Parishes & other						
Diocesan bodies	317	50	24	-	391	424
Grants to Ordinands	101	-	-	-	101	96
Other grants	138	-	155	-	293	742
	556	50	179	-	785	1,262

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
(iii) Resourcing of Ministry in Parishes						
Clergy costs	3,980	-	-	-	3,980	3,872
Clergy housing	1,313	-	-	-	1,313	1,280
Other costs	127	-	36	-	163	91
Support costs	170	-	-	-	170	150
	5,590	-	36	-	5,626	5,393

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
(iv) Support of Ministry in Parishes						
Ministry, social responsibility & partnerships	462	-	-	-	462	427
Parish funding	101	-	-	-	101	86
Other parish support	-	2	-	-	2	11
Support costs	240	-	-	-	240	211
	803	2	-	-	805	735

c Governance costs

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 £'000
Synodical costs	54	-	-	-	54	17
Statutory costs & similar	74	-	-	-	74	68
Support costs	100	-	-	-	100	87
	228	-	-	-	228	172

For the year ended 31 December 2008

6 Support costs

i) Analysis of resources expended showing allocation of support costs

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2008 £'000	Total 2007 £'000
Cost of generating funds	125	-	121	246	188
Charitable expenditure:					
Archbishops' council	-	370	-	370	354
Other grants & similar	-	785	-	785	1,262
Resourcing of ministry in parishes	5,456	-	170	5,626	5,393
Support of ministry in parishes	565	-	240	805	735
Governance costs	128	-	100	228	172
	<u>6,274</u>	<u>1,155</u>	<u>631</u>	<u>8,060</u>	<u>8,104</u>

ii) Analysis of support costs

	2008 £'000	2007 £'000
Staff costs	374	298
Depreciation	8	33
Property costs	72	67
Other costs	177	157
	<u>631</u>	<u>555</u>

The increase in support staff costs relates to appointments approved by the Bishop's Council during 2008 to resource additional work in communications, to allow for a three month handover between the outgoing and incoming Directors of Finance, and for maternity leave cover.

Leicester Diocesan Board of Finance
NOTES TO THE REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

7 Analysis of grants paid

	£'000	2008 £'000	£'000	2007 £'000
To other Diocesan and related bodies				
Diocesan Board of Education	95		92	
University Chaplaincies	146		138	
Centre for Deaf	59		62	
Launde Abbey	6		5	
Leicester Cathedral for Development Officer	30		15	
CUF Projects	11		4	
Grants from Commissioners Ministry Fund	154		71	
Grants to Parishes for Church Repairs	18		37	
		519		424
To individuals for Ministry				
CME Grants	11		14	
Grants to Ordinands	101		96	
		112		110
Other Grants				
Replacement of St Christopher's Church, Leicester	-		469	
The Samworth Academy sponsorship	3		150	
Faith Regeneration Project	7		19	
St Philip's Centre	56		42	
Ecumenical Support & EMMTC	16		26	
Grants to retired clergy and widows	10		12	
Shepshed Youth Project	20		-	
Buildings for Mission	16		-	
Other grants	26		10	
		154		728
Total grants made		785		1,262

8 Board members' emoluments and expenses

None of the Board members has received any emoluments from the Board of Finance for services performed as directors (2007: None).

The parochial clerical members of the Board and the Archdeacons are in receipt of a stipend, housing and other payments made to clergy paid by the Board by virtue of their office.

2 members received a total of £810 (2007: 1 & £356) in the year for travel expenses related to the activity of the Board.

1 clerical member received a total of £98 (2007: 1 & £251) in the year for travel and other expenses in connection with their membership of the General Synod of the Church of England, membership of which is not connected with their membership of the Board.

For the year ended 31 December 2008

9 Clergy costs

The average number of stipendiary clergy and licenced lay workers holding parochial or archidiaconal posts in the Diocese was 140 (2007: 138).

	2008 £'000	2007 £'000
At a cost of:		
Stipends	3,087	2,974
Social security costs	182	165
Pension contributions	1,035	1,036
	<u>4,304</u>	<u>4,175</u>
Less: Stipends accounted for in grant expenditure	(324)	(303)
	<u>3,980</u>	<u>3,872</u>
Per note 5b (iii)		

10 Average staff numbers and total remuneration

The average number of administrative and support staff employed during the year was 23 (2007: 21.5).

Cost of staff under contract during the year amounted to:

	2008 £'000	2007 £'000
Salaries	632	525
Social security costs	50	41
Pension contributions	101	99
	<u>783</u>	<u>665</u>
Total		

No employees received remuneration in excess of £60,000 (2007: None).

The Board has entered into joint working arrangements with the Diocese of Coventry. During 2008 an average of 13 staff (2007: 12 staff) came under these arrangements all of whom were employed by LDBF. The Diocese of Coventry contributed 50% of employment costs for which it receives 50% of the relevant employees' time. During the year these costs amounted to £241,473 (2007: £210,772) all of which are accounted for in these financial statements and deducted in the above figures.

For the year ended 31 December 2008

11 Tangible fixed assets

	Parsonage Houses £'000	Church House £'000	DBF properties £'000	Office equipment £'000	Total £'000
Cost or valuation					
At 1 January 2008	19,882	800	5,196	367	26,245
Additions	1,417	-	133	-	1,550
Disposals	(88)	-	-	-	(88)
Revaluation adjustment	-	50	-	-	50
At 31 December 2008	<u>21,211</u>	<u>850</u>	<u>5,329</u>	<u>367</u>	<u>27,757</u>
Depreciation					
At 1 January 2008	-	-	-	357	357
Charge for the year	-	-	-	8	8
At 31 December 2008	-	-	-	<u>365</u>	<u>365</u>
Net book value					
At 31 December 2008	<u>21,211</u>	<u>850</u>	<u>5,329</u>	<u>2</u>	<u>27,392</u>
At 31 December 2007	<u>19,882</u>	<u>800</u>	<u>5,196</u>	<u>10</u>	<u>25,888</u>

Cost or valuation at 31 December 2008 represents fixed assets used for direct charitable purposes.

The valuation of Church House was carried out by Snow & Astill, Leicester, Chartered Surveyors, as at 31 December 2008. The basis of the valuation was on an open market value based on existing use. If Church House had not been revalued it would have been included on the historical cost basis at £764,000.

All other tangible fixed assets are included at historical cost.

The difference between open market value and historical cost is included in the General Fund.

FRS 15

Under the requirements of FRS15 'Tangible Fixed Assets' entities are required to depreciate all tangible fixed assets including buildings, unless it can justify not so doing.

The trustees consider that it is not appropriate to charge depreciation on freehold property. The reason for this is that they consider that the residual value of the property will not overall be materially lower than the carrying value.

In order to assist with maintaining this value the Board has the policy and practice of regular and ongoing maintenance to a high standard, the cost of which is written off in the year it is incurred, unless it is considered to enhance the capital value of the relevant property.

In 2008 such expenditure on the properties charged to revenue amounted to £352,115 (2007: £435,756).

Leicester Diocesan Board of Finance
NOTES TO THE REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

12 Fixed asset investments

	Glebe properties £'000	Listed £'000	Unlisted £'000	Other £'000	Total £'000
Market value at 1 January 2008	11,187	6,680	5,877	50	23,794
Additions at cost	-	2,808	200	-	3,008
Disposals at opening market value	(1,793)	(195)	-	-	(1,988)
Net gain/(loss) on revaluation	1,434	(2,196)	(1,537)	-	(2,299)
Market value at 31 December 2008	10,828	7,097	4,540	50	22,515
Historical cost at 31 December 2008	Not available	7,494	4,152	13	11,659

Unlisted investments consist of holdings in CBF Church of England common investment funds managed by CCLA Investment Management Ltd and 1,000 shares in Cafedirect plc.

The valuation of investments at 31 December 2008 was carried out by the Board's investment managers as shown in the Administrative Details on page 16. The holding in Cafedirect plc was valued by reference to information obtained from the company.

The Glebe properties are valued by Andrew Granger & Co LLP, Chartered Surveyors at open market value at 31 December 2008.

The difference between the valuation of fixed asset investments and historical cost is included in the fund applicable to the investment.

The following investments represent more than 5% of the market value of the Board's Fixed Asset Investments, excluding Glebe properties and other investments, at 31 December 2008.

	As at 31 December 2008		
	Cost £'000	Market value £'000	%
CBF Investment Fund Income Shares	2,606	2,944	25.3
CBF Property Fund Income Shares	1,072	1,192	10.2

13 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year		
Parish share and trade debts	476	409
Loans	281	325
Other debtors	480	350
Prepayments and accrued income	77	93
	1,314	1,177
Amounts falling due after more than one year		
Loans	1,500	500
	2,814	1,677

For the year ended 31 December 2008

13 Debtors (continued)

The loans shown above are represented by:

	Due within 1 year £'000	Due after 1 year £'000	Total £'000
Unsecured loans			
Loans to parishes	118	240	358
Other loans	150	311	461
	<u>268</u>	<u>551</u>	<u>819</u>
Secured loans			
Countesthorpe PCC	9	8	17
Oadby PCC	4	100	104
Grange Park equity loan	-	150	150
Value linked loan on retired clergy housing	-	5	5
St Martin's Cathedral Properties Limited loan	-	686	686
	<u>13</u>	<u>949</u>	<u>962</u>
Total loans outstanding	<u>281</u>	<u>1,500</u>	<u>1,781</u>

Unsecured loans

Included in Unsecured Loans are:

A loan of £139,611 to the PCC of St Paul's, Leicester in respect of the refurbishment of their Parish Centre and other costs. The loan will be fully repayable from the proceeds of the sale of the redundant church building. The whole of this loan is included in loans due within 1 year.

A loan of £206,515 to the PCC of Holy Trinity with St John's, Hinckley in respect of the provision of a new church building. This loan is repayable over 5 years, £100,000 being repayable within 1 year and the balance after 5 years. The loan bears an interest rate of 3%.

A loan of £88,938 to Shepshed PCC in respect of the re-ordering of St Botolph's Church, Shepshed repayable in annual instalments by 2017. The loan bears an interest rate of 3%. Of this loan £10,000 is treated as due within one year, the balance being treated as due after 1 year.

A loan to the Trustees of Launde Abbey for £305,010 which includes accrued interest. Three instalments of £100,000 have been given with a further £200,000 to be loaned in 2009. Repayment will be by annual instalments of not less than £1 each year until the year 2031 and then to repay the balance of the loan outstanding together with interest thereon at a rate of 2% compounded with annual rests from 2007. Leicester Diocese is the custodian trustee of Launde Abbey which is the Diocesan retreat house. The whole of this loan is included in loans due after 1 year.

A number of small loans to parishes in respect of church repairs and staff in respect of car loans. The repayment terms and interest rates vary and in total these loans amount to £78,738.

Secured Loans:

The Secured Loans are all secured on freehold properties where the loans represent no more than 75% of the market value of the property at the time the loan was granted.

The loan to Countesthorpe PCC is repayable by annual capital instalments of £8,500. Interest is charged at 6% on the balance of the loan outstanding.

Leicester Diocesan Board of Finance
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For the year ended 31 December 2008

13 Debtors (continued)

The loan to Oadby PCC is repayable by 31 December 2012 with total repayments in each year not exceeding £10,000 except in 2012 when the balance of the loan is due. Interest is charged at 5.75%.

The Grange Park equity loan was to purchase a property for a Methodist minister working in Loughborough. The loan is repayable in September 2012 when 56.18% of the disposal value plus interest at a rate of 2% above the Base Rate of HSBC will be paid to the Board of Finance.

The loan to St Martin's Cathedral Properties Limited is made up of an interest free loan of £500,013, which went towards the purchase of the building together with £185,665 of further funding to initiate the refurbishment. The refurbishment costs have been underwritten by the Leicester Diocesan Board of Finance up to the value of £2 million.

14 Related party transactions

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education and the University Chaplaincies at the three universities in the Diocese of Leicester. Details of grants made to these bodies are given in notes 5 and 7 of the financial statements. In addition in the year the Board charged £28,399 (2007: £24,000) to the Leicester Diocesan Board of Education for accounting and related services.

A loan was made to St Martin's Cathedral Properties Limited in the year, see note 13 for details of this loan.

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

	2008 £'000	2007 £'000
Amounts receivable by the Board		
Leicester Diocesan Board of Education	105	52
St Martin's Cathedral Properties Limited	686	-

15 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	214	175
Taxation and social security	37	44
Other creditors	196	495
Accruals	39	38
Deferred income	40	34
	<u>526</u>	<u>786</u>

Other creditors in 2007 include £353k in respect of the purchase of a clergy house that was completed on 2 January 2008.

For the year ended 31 December 2008

16 Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Loans		
Value-linked (see note below) - 51, Laurel Road, Blaby, Leicester	<u>36</u>	<u>36</u>

The value-linked loan is secured by guarantee against the property. The loan is repayable when the property is sold, in proportion of the sale value to the original % of the cost of the house originally loaned. The proportion of the loan in the case of this property is 94.77 % and at 31 December 2008 the estimated value of the property and amount repayable if the property were sold were £146,712 and £138,990 respectively.

17 Analysis of transfers between funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000
Church Commissioners' Restricted Fund income used to fund payments of stipends	1,185	-	(1,185)	-	-
Cost of Parsonage House additions from Pastoral Fund	-	-	(1,418)	1,418	-
Parsonage House sale proceeds to Pastoral Fund	-	-	161	(161)	-
Glebe income used to fund payment of stipends	262	-	-	(262)	-
Diocesan Stipends Capital Fund income used to fund payment of stipends	433	-	-	(433)	-
Endowment income used to fund payment of stipends	47	-	(47)	-	-
Other transfers	(12)	12	-	-	-
	<u>1,915</u>	<u>12</u>	<u>(2,489)</u>	<u>562</u>	<u>-</u>

For the year ended 31 December 2008

18 Statement of funds

	Balance at 31/12/07 £'000	Income £'000	Expenditure £'000	Transfers £'000	Revaluation Gains/(Losses) £'000	Balance at 31/12/08 £'000
Unrestricted funds						
General fund						
General fund capital	10,488	-	-	-	(1,394)	9,094
General fund income	2,558	6,048	(7,668)	1,915	-	2,853
Total unrestricted funds	13,046	6,048	(7,668)	1,915	(1,394)	11,947
Designated funds						
Retired clergy fund	120	5	(12)	7	(24)	96
Church extension fund	506	24	(18)	(6)	-	506
Workplace Chaplaincy	-	8	(3)	-	-	5
Archdeacons' discretionary	81	7	(8)	-	(17)	63
Diocesan CUF fund	26	-	(11)	11	-	26
Total designated funds	733	44	(52)	12	(41)	696
Total all unrestricted funds	13,779	6,092	(7,720)	1,927	(1,435)	12,643
Restricted funds						
Pastoral accounts	2,399	106	(62)	(1,257)	-	1,186
CCs restricted income	-	1,185	-	(1,185)	-	-
Endowment income	73	62	-	(47)	-	88
CCs mission funding	376	126	(153)	-	-	349
Bishop Jeune ordinands	2	-	-	-	-	2
Total restricted funds	2,850	1,479	(215)	(2,489)	-	1,625
Endowment funds						
<i>Expendable:</i>						
Parsonage houses	19,882	73	-	1,256	-	21,211
<i>Permanent:</i>						
Stipends Glebe	18,962	813	(125)	(694)	1,345	20,301
Other endowment capital	1,640	-	-	-	(327)	1,313
Total endowment funds	40,484	886	(125)	562	1,018	42,825
Total funds	57,113	8,457	(8,060)	-	(417)	57,093

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.

Endowment funds are funds held on trust to be retained for the charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

For the year ended 31 December 2008

18 Statement of funds (continued)

Designated Funds

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

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

Workplace Chaplaincy fund represents funds to support people in workplace environments by offering confidential and independent support on a range of issues.

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

The Diocesan CUF Fund was established in 2005 to set aside funds on a 3 year rolling basis to give grants towards projects supported by the Church Urban Fund (CUF).

Restricted Funds

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

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

In 2007 these funds were released to the Diocese but had to be ring-fenced for the same reason. £286,530 including accumulated interest was received by the Diocese, a small amount of which was immediately expendable but the remainder placed in a separate fund in relation to one parish. At 31 December 2008 this fund stood at £309,792 and is included in the Pastoral Fund balance.

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

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

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

The Bishop Jeune Ordinands' Fund arose from accumulated income received from the Diocese of Peterborough arising from a fund set up by the late Bishop Jeune in 1868. It is available to be used for the benefit of ordinands.

Endowment Funds

Parsonage Houses

This represents the deemed value of the Parsonage Houses calculated as set out in note 1 to these financial statements.

For the year ended 31 December 2008

18 Statement of funds (continued)

Glebe Properties and Diocesan Stipends Capital Fund

These funds represent the value of property and investments held under the Endowments and Glebe Measure 1976 invested to produce income to be applied for the augmentation of stipends.

Endowment Capital Funds

The majority of the Endowment Capital Funds are for the augmentation of stipends.

19 Analysis of net assets between funds

	General fund £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000
Fund balances at 31 December 2008 are represented by:					
Tangible fixed assets	6,181	-	-	21,211	27,392
Investments	2,638	149	-	19,728	22,515
Net current assets	3,164	547	1,625	1,886	7,222
Long term liabilities	(36)	-	-	-	(36)
Total net assets	11,947	696	1,625	42,825	57,093

20 Reconciliation of operating loss to net cash outflow from operating activities

	2008 £'000	2007 £'000
Reconciliation of changes in resources to net cash outflow from operating activities		
Net incoming resources before realised and unrealised gains & losses	397	1,335
Depreciation	8	33
Surplus on disposal of tangible fixed assets	(73)	(1,696)
Increase in debtors	(1,137)	(619)
(Reduction) / increase in creditors due within 1 year	(260)	326
Net cash outflow from operating activities	(1,065)	(621)

Leicester Diocesan Board of Finance
MANAGEMENT FINANCIAL STATEMENTS

For the year ended 31 December 2008

Reconciliation of surplus on management financial statements to net movement in funds

	2008	2007
	£'000	£'000
Surplus per income and expenditure account	319	130
Add		
Realised surplus on sales of tangible fixed assets	73	1,696
	<u>392</u>	<u>1,826</u>
Net incoming / (outgoing) resources from other funds	5	(491)
Net incoming resources	<u>397</u>	<u>1,335</u>
Gain on revaluation of fixed assets	50	50
Gains on investment assets:		
Realised	1,832	284
Unrealised	<u>(2,299)</u>	<u>1,284</u>
Net movement in funds per statement of financial activities (see page 20 of the financial statements)	<u>(467)</u>	<u>1,568</u>
	<u>(20)</u>	<u>2,953</u>

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 18 and 19 of the financial statements.

Leicester Diocesan Board of Finance
MANAGEMENT FINANCIAL STATEMENTS

For the year ended 31 December 2008

Income and expenditure account for the year ended 31 December 2008

	2008 £'000	2007 £'000
Income		
From the central church	1,185	911
From the parishes - parish share	4,999	4,859
From the parishes - fees and other income	347	285
Parish funding contributions	18	28
Other stipend support income	64	87
Glebe income	380	366
Investment income and deposit interest	798	647
Rents and other property income	116	100
Grants	98	89
Board of Ministry	11	18
Social Responsibility	4	9
Retired clergy, widows and dependants committee	5	5
Church extension fund	24	26
Income from publications	22	21
Other income	51	26
Total income	8,122	7,477
Expenditure		
Central church costs	397	357
Parochial stipends inc. NI and pensions	3,850	3,752
Other clergy costs	399	304
Grants to Diocesan and other associated bodies	441	393
Glebe costs	118	81
Housing and property costs	1,016	1,051
Board of Ministry	381	375
YP4L	115	35
Social Responsibility	100	108
Retired clergy, widows and dependants committee	12	15
Church extension fund	18	35
Communications including publications	106	88
Partnerships	75	73
Parish funding costs	98	83
Central administration including synodical costs	533	432
Legal and other professional fees	98	88
Depreciation	8	33
Total expenditure	7,765	7,303
Surplus before exceptional items and transfers	357	174
Less: Exceptional items		
- Celebrate 80	-	(4)
- Shaped by God (Mission Partnerships)	(51)	(48)
Surplus after exceptional items	306	122
Add: Transfers from other board funds	39	20
Less: Transfers to other board funds	(26)	(12)
General fund surplus for the year	319	130

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 18 and 19 of the financial statements.