

**LEICESTER DIOCESAN BOARD
OF FINANCE**

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2007

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

LEICESTER DIOCESAN BOARD OF FINANCE

FINANCIAL STATEMENTS

For the year ended 31 December 2007

CONTENTS

	Page
Chairman's Report	1
Directors' and Trustees' Report	2 - 12
Statement of Directors' and Trustees' Responsibilities	13
Report of the Independent Auditor	14
Statement of Financial Activities	15
Balance Sheet	16
Cash Flow Statement	17
Notes to the Financial Statements	18 - 33

LEICESTER DIOCESAN BOARD OF FINANCE

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

CHAIRMAN'S REPORT 2007

During 2007, the Diocesan Synod resolved to augment Mission activity by putting a greater emphasis on work with young people. A Director of Youth Ministry was appointed who is already working with a large number of parishes in raising the profile of mission among young people in our Diocese, and is helping to make appointments of youth workers in parishes.

Churches in the Diocese face a considerable challenge in meeting the financial demands placed upon them, at a time when many members of their congregations are facing increased financial pressures. Costs of insurance, maintenance, utilities and not least the Parish Share put a strain on parish finances. Since the Parish Share accounts for the major part of Diocesan income, it follows that the level of stipendiary ministry, which is the major part of Diocesan expenditure is dependent on the full receipt of Share payments. In 2007 the majority of parishes continued to pay 100% of the sums requested for which we are most grateful, and total receipts increased in the year by £65,000. However, the overall percentage of Share paid declined as a percentage of the budgeted assessment. As I have highlighted in previous years those parishes not paying in full are effectively transferring an additional burden onto those which do. This is not a new problem but one with which we must engage with renewed vigour if the decline in the collection rate over recent years is to be reversed.

The costs of stipendiary ministry were virtually unchanged in 2007 compared with 2006, and lower than budget by approximately £400,000. This is largely because the level of vacancies was again at a higher level than had been predicted.

As I am retiring shortly as Chairman of the Board of Finance, and this is the last occasion on which I report to the Board, it is appropriate that I should thank all those who have given me unstinting support during my term of office. I am particularly grateful to Sarah Longhill, my Deputy and Chair of the Parish Share Committee, David Beeson, Chair of the Glebe Committee, Eddie Bestwick, Chair of the Audit Committee, and the Archdeacons. And again I wish to record my thanks to the Deanery and Parish Treasurers for all the work that they do to support the mission and ministry of the Church in the Diocese.

I would also want to thank the staff of the Board of Finance for their continued support. A number of them are responsible to the Coventry Diocese, as well as to Leicester, under the terms of the joint working agreement between the two Dioceses, and their contributions are invaluable. I would particularly pay tribute to the untiring work of Philip Carver who is himself retiring from his position of Financial Secretary to the Board in September. He has rendered outstanding service to both the Dioceses of Leicester and Coventry.

W M MOSS

16th April 2008

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

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 2007.

Except for Section 2 this report refers to the Leicester Diocesan Board of Finance.

1. Reference and administrative details of the Leicester Diocesan Board of Finance

These are set out on pages 11 & 12.

2. 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.

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.

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

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.

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 chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently excepted from registration with the Charity Commission, subject to the Charities Act 2006 under which those above £100,000 gross income for the year will be required to register once the relevant sections of the Act are enacted. 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 a rural 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.

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

3. 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 6 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.

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.

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

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.

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 and one Assistant 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 11. 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 13.

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.

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

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.

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 and support for their Youth Chaplain.

Launde Abbey Trustees

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

At the end of 2007 £100,000 of the loan had been taken up and another £100,000 was made available in January 2008.

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.

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 39.8% of the previous year's national minimum stipend, which equates to £7,349 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 2007.

4. 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.

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

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.

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 23).

In addition grants are made as set out in note 7 to the Financial Statements on page 24 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.

During the year the Board made grants totalling £619,000 in respect of sponsorship of the Samworth Academy, Leicester and the provision of a new building for St Christopher's Church, Leicester within the Academy building. These grants are included in note 7 to the Financial Statements on page 24. The majority of the funding for these grants came from the proceeds of the sale of the former St. Christopher's Church site.

5. Achievements and performance

Plans and achievements in 2007

During 2007 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 3.75%
- Continue to review the parish share system through diocesan-wide consultation.

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 £65,000 over 2006
- Made a surplus on operating activities of £258,000 (2006: £473,000), see note 6 below

Operational performance

LDBF received £5.072 million of Parish Share due for the year (2006: £4.939 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 the clergy pension scheme.

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

6. Financial review

Overall financial performance

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

	2007	2006
	£,000's	£,000's
Incoming Resources from operating activities	7,743	7,566
Resources expended on operating activities	7,485	7,093
Surplus arising from ordinary operating activities	258	473
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	1,696	1,307
Net Incoming Resources per Statement of Financial Activities	1,335	1,780
Surplus on sales of investments	284	358
Gains & Losses on revaluation	1,334	1,218
Net movement in funds during the year as shown on the SOFA	2,953	3,356

Principal Funding Sources

Around 62.8% (2006: 63.4%) of the incoming resources of the LDBF, excluding surpluses on the sales of tangible fixed assets, comes from the Parish Share, 11.4% (2006: 12.5%) from National Church Selective Allocations and 15.5% (2006: 14.6%) from Investment Income.

Principal Areas of Expenditure

Of the resources expended of £7.485 million, 81.9% (2006: 83.4%) is spent on resourcing and supporting parochial ministry and 21.6% (2006: 11.7%) 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 strengthened during the year due to our achieving a surplus of incoming resources over resources expended of £258,000. This excludes surpluses on the sales of tangible fixed assets which amounted to £1.696 million. In addition there were revaluation gains of £1.618 million as shown at note 18 to the financial statements.

Net cash resources have also improved due to sales of tangible fixed assets.

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.

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.

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

Investment policies and objectives (continued)

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 Gerrard Investment Management Limited, the Board's stockbrokers, as nominee.

Glebe investments

The net income return on the Glebe investments was 2.77% (2006: 3.35 %).

Listed and unlisted investments

At the end of the year the ratio between equity and fixed interest investments was 86% to 14% compared to 87% to 13% in 2006. The income return achieved on the listed investments was 4.65% (2006: 4.66%), compared to that of the FTSE all-share index at 3.02% (2006: 2.86%). The income return achieved on the unlisted investments was 3.43% (2006: 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.

Since the end of the financial year the decline in the equity markets has seen a fall of approximately 10.2% in the value of the Board's equity and bond investments and 9.6% in the value of its unlisted investments as at 31 March 2008.

Post balance sheet event

In March 2008 land included in glebe investments previously valued at £1.140 million was sold for £2.500 million after a developer agreed to purchase and develop the site.

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

Reserves policy

LDBF has considerable responsibilities including the remuneration of 150 parochial stipendiary clergy, the upkeep of approximately 180 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 2007 this figure was £1.872 million. At 31 December 2007, LDBF's free reserves (i.e. excluding fixed assets and investments) were £2.558 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.

7. 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 2008 plan to:

- implement an increase in the Parish Share of 2.5%
- continue the review of the system of Parish Share assessment
- limit use of reserves to the budgeted amount of £60,000.

8. 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.

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 Parochial Church Councils. 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 2007 was approximately £2.684 million (2006: £2.763 million).

9. 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.

10. 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.

11. 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

16th April 2008

.....
W M Moss Chairman

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

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 TJ Stevens (Lord Bishop of Leicester)
Chair (nominated by the Bishop)	Mr WM Moss
Vice-Chairman	Mrs SA Longhill
Archdeacons (ex officio)	The Ven RWB Atkinson (Archdeacon of Leicester) The Ven PC Hackwood (Archdeacon of Loughborough)
Elected by Diocesan Synod	Revd JF Ambrose (to 6 th November 2007) Mr BD Beeson (from 1 st January 2007) Revd C Hebden Mr C McKee Mrs SA Newbury Mr HE Tegg Revd J Whittaker
Nominated by the Bishop	Mr EA Bestwick (from 7 th February 2007) Mr JCF Roberson (from 7 th February 2007)
Nominated by the Forum for Ethnic Minority Anglicans Co-opted by the Board	Mr GMBO Sawyerr None
Secretary	Mrs CJ 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 8 West Walk Leicester LE1 7NH
Bankers	Barclays Bank plc Town Hall Square Leicester LE1 9AA Lloyds Bank plc 7 High Street Leicester LE1 9FS

LEICESTER DIOCESAN BOARD OF FINANCE

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2007

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

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	Gerrard Investment Management Limited Norwich Union House South Parade Nottingham NG1 2LN CCLA Investment Management Limited 80 Cheapside London EC2V 6DZ
Diocesan Surveyors (to 31st December 2007)	Martyn Jones and Associates The Reading Room 33 Main Street Medbourne Market Harborough Leicestershire LE16 8DT
Diocesan Surveyors (from 1st January 2008)	YMD Boon Ltd York House Fernie Road Market Harborough Leicestershire LE16 7PH
Insurance Brokers	Towergate Risk Solutions (Towergate Underwriting Group Limited) Riverside Business Park Leeds Road Ilkley West Yorkshire LS29 8JZ

LEICESTER DIOCESAN BOARD OF FINANCE

STATEMENT OF DIRECTORS' AND TRUSTEES' RESPONSIBILITIES

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
- 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.

LEICESTER DIOCESAN BOARD OF FINANCE

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 2007 which comprise the principal accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and notes 1 to 21. 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 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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.

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 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year ended 31 December 2007;
- 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 2007

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
8 West Walk
LEICESTER
LE1 7NH

16th April 2008

LEICESTER DIOCESAN BOARD OF FINANCE
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2007

	Note	Unrestricted funds	Designated Funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
		£000's	£000's	£000's	£000's	£000's	£000's
Income and Expenditure							
Incoming Resources:							
Incoming Resources from Generated Funds:							
Parish Share	4a	4,859	-	-	-	4,859	4,794
Archbishops' Council	4b	-	-	1,008	-	1,008	1,063
Donations, Legacies and similar income	4c	97	-	-	-	97	80
Activities for Generating Funds	4d	100	-	-	-	100	67
Investment Income	4e	288	36	209	667	1,200	1,108
Income from Operating Activities	4f	443	-	-	-	443	447
Other Incoming Resources	4g	22	-	-	14	36	7
Surplus on Sales of Assets		393	-	-	1,303	1,696	1,307
TOTAL INCOMING RESOURCES		6,202	36	1,217	1,984	9,439	8,873
Resources Expended:							
Cost of Generating Funds	5a	107	-	-	81	188	182
Charitable Expenditure:							
Archbishops' Council	5b(i)	354	-	-	-	354	321
Other Grants and similar items	5b(ii)	509	56	697	-	1,262	507
Resourcing of Ministry in Parishes	5b(iii)	5,358	-	35	-	5,393	5,154
Support of Ministry in Parishes	5b(iv)	724	3	8	-	735	764
Governance Costs	5c	172	-	-	-	172	165
TOTAL RESOURCES EXPENDED		7,224	59	740	81	8,104	7,093
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		(1,022)	(23)	477	1,903	1,335	1,780
TRANSFERS BETWEEN FUNDS	17	1,544	22	69	(1,635)	-	-
NET INCOMING/(OUTGOING) RESOURCES AFTER TRANSFERS		522	(1)	546	268	1,335	1,780
Realised Gains and Losses on Investments		(40)	-	-	324	284	358
SURPLUS OF INCOME OVER EXPENDITURE		482	(1)	546	592	1,619	2,138
Unrealised Gains on Tangible Fixed Assets		50	-	-	-	50	39
Unrealised Gains and Losses on Investments		(357)	(4)	-	1,645	1,284	1,179
NET MOVEMENT IN FUNDS		175	(5)	546	2,237	2,953	3,356
FUND BALANCES BROUGHT FORWARD AT 1 JANUARY 2007		12,871	738	2,304	38,247	54,160	50,804
FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2007		13,046	733	2,850	40,484	57,113	54,160

All of the 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 part of these Financial Statements.

LEICESTER DIOCESAN BOARD OF FINANCE
BALANCE SHEET
at 31 December 2007

	Note	2007		2006	
		£000's	£000's	£000's	£000's
Fixed assets					
Tangible assets	11		25,888		25,275
Investment assets	12		23,794		<u>22,498</u>
			49,682		47,773
Current assets					
Debtors	13	1,677		1,058	
Short Term Deposits		6,374		5,605	
Cash at bank and in hand		202		220	
		8,253		<u>6,883</u>	
Creditors: amounts falling due within one year	15		(786)		(460)
				<u>6,883</u>	
Net current assets			7,467		6,423
Total assets less current liabilities			57,149		54,196
Creditors: amounts falling due after more than one year	16		(36)		(36)
				<u>(36)</u>	
Net assets			57,113		54,160
				<u>57,113</u>	<u>54,160</u>
Funds					
Unrestricted funds:					
Designated funds	18	733		738	
General Funds	18	13,046		12,871	
			13,779	<u>13,609</u>	
Restricted funds	18		2,850		2,304
Endowment funds	18		40,484		38,247
				<u>40,484</u>	
Total funds	18		57,113		54,160
				<u>57,113</u>	<u>54,160</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16th April 2008.

WM MOSS
Chairman

The accompanying Accounting Policies and Notes form part of these Financial Statements.

LEICESTER DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

31 December 2007

	Note	2007 £000's	2006 £000's
Net cash (outflow) / inflow from operating activities	20	(621)	481
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,180)	(711)
Payments to acquire fixed asset investments		(415)	(1,523)
Receipts from sales of tangible fixed assets		2,192	2,273
Receipts from sales of fixed asset investments		775	1,625
		<hr/>	<hr/>
		1,372	1,664
		<hr/>	<hr/>
Net increase in short term deposits and cash at bank		751	2,145
		<hr/> <hr/>	<hr/> <hr/>

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

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 2007 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 2008 (2006: 31 January 2007) 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.

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.

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.

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

1 Principal accounting policies (continued)

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 the basis for identification under each category may be found in note 18 of these financial statements.

2 Staff pensions 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 £10,709 (2006: £3,690) are equal to the contributions paid by the Board.

Defined benefits scheme

The Board participates in the Church of England Defined Benefits Scheme, part of the Church Workers Pension Fund.

The Board is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of many other entities participating in the scheme. A valuation of the fund was carried out as at 31 December 2004, and the Board's contribution rate was reviewed as from 1 January 2006. The contribution rate rose from 16.32% to 20.23%.

This scheme provides benefits based on final pensionable salaries. At 31 December 2007 the Board had 29 active members in the Scheme and 18 deferred pensioner members.

The pension costs for the year of £139,152 (2006: £149,999) are equal to the contributions paid by the Board.

Membership of this scheme was closed to new employees from 1st January 2006.

Clergy Pension Scheme

With effect from 1 January 1998, diocesan clergy became members of the new 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 139 members of the Scheme out of a total membership of approximately 10,000 active members.

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

2 Staff pensions schemes (continued)

Clergy Pension Scheme (continued)

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 2003. This revealed a shortfall of £91 million with assets of £196 million and a funding target of £287 million.

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, the Board contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005.

Following a subsequent informal review of the Scheme's funding position, the Board's contribution rate increased again to 39.8% of pensionable stipends with effect from 1 January 2007 as an interim measure, pending results of the next formal valuation of the Scheme.

A new valuation has now been carried out at 31 December 2006. This has revealed a shortfall of £141 million with assets of £196 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.

Taking account of the results of that valuation, as well as agreed changes to benefits, the contribution rate from 1 April 2008 onwards will be 39.7% of pensionable stipends.

3 Net incoming/(outgoing) resources

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

	2007 £000's	2006 £000's
Charged: Auditors' remuneration:		
- Audit	13	12
- Other services	3	6
Hire of office equipment	10	8
Depreciation of other fixed assets	33	38
	<hr/>	<hr/>
Credited: Surplus on disposal of tangible fixed assets	1,696	1,307
	<hr/>	<hr/>

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

4 Analysis of Incoming Resources

a Parish Share

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
	£000's	£000's	£000's	£000's	£000's	£000's
Parish Share assessed for year	5,477	-	-	-	5,477	5,279
Less: Shortfall in contributions	(489)	-	-	-	(489)	(433)
	4,988	-	-	-	4,988	4,846
Add: Arrears received from prior years	84	-	-	-	84	93
	5,072	-	-	-	5,072	4,939
Less: Rebates granted and other adjustments	(213)	-	-	-	(213)	(145)
	4,859	-	-	-	4,859	4,794

At 31 December 2007 the total arrears outstanding which had not been written off amounted to £1,629,731 (2006: £1,716,187) of which £488,630 relates to 2007. Full provision has been made against these arrears.

b Archbishops' Council

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
	£000's	£000's	£000's	£000's	£000's	£000's
Selective Allocations	-	-	886	-	886	942
Special Payments	-	-	5	-	5	7
Parish Mission Fund	-	-	97	-	97	95
Legal Costs Contribution	-	-	20	-	20	19
	-	-	1,008	-	1,008	1,063

c Donations, Legacies and Similar Income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
	£000's	£000's	£000's	£000's	£000's	£000's
Grants received	97	-	-	-	97	80
	97	-	-	-	97	80

d Income from Activities for Generating Funds

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
	£000's	£000's	£000's	£000's	£000's	£000's
Rental Income from non-investment properties	99	-	-	-	99	62
Other income	1	-	-	-	1	5
	100	-	-	-	100	67

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

4 Analysis of Incoming Resources (continued)

e Investment Income

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
	£000's	£000's	£000's	£000's	£000's	£000's
Glebe Rents	-	-	2	352	354	397
Listed Securities	161	-	7	153	321	314
Unlisted Securities	15	10	45	132	202	191
Bank and Deposit Interest	112	26	155	30	323	206
	288	36	209	667	1,200	1,108

f Income from Operating Activities

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
	£000's	£000's	£000's	£000's	£000's	£000's
Parochial Fees	285	-	-	-	285	310
Parish Funding Contributions	28	-	-	-	28	26
Contributions to Stipends	87	-	-	-	87	71
Other Income	43	-	-	-	43	40
	443	-	-	-	443	447

g Other Incoming Resources

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
	£000's	£000's	£000's	£000's	£000's	£000's
Other Income	22	-	-	14	36	7
	22	-	-	14	36	7

5 Analysis of Resources Expended

a Cost of Generating Funds

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
	£000's	£000's	£000's	£000's	£000's	£000's
Glebe Management Costs	-	-	-	81	81	83
Support Costs	107	-	-	-	107	99
	107	-	-	81	188	182

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

5 Analysis of Resources Expended (continued)

b Charitable Expenditure

	Note	Unrestricted funds	Designated Funds	Restricted Funds	Endowment funds	TOTAL 2007	TOTAL 2006
		£000's	£000's	£000's	£000's	£000's	£000's
<u>(i) Archbishops' Council:</u>							
National Church		175	-	-	-	175	172
Training for Ministry		137	-	-	-	137	105
Retired Clergy Housing		42	-	-	-	42	44
		354	-	-	-	354	321
<u>(ii) Other Grants and similar items:</u>							
Grants to Parishes & Other Diocesan bodies	7	312	39	73	-	424	338
Grants to Ordinands		96	-	-	-	96	79
Other Grants		101	17	624	-	742	90
		509	56	697	-	1,262	507
<u>(iii) Resourcing of Ministry in Parishes:</u>							
Clergy Costs	9	3,872	-	-	-	3,872	3,903
Clergy Housing		1,280	-	-	-	1,280	1,062
Other Costs		56	-	35	-	91	49
Support Costs		150	-	-	-	150	140
		5,358	-	35	-	5,393	5,154
<u>(iv) Support of Ministry in Parishes:</u>							
Ministry, Social Responsibility & Partnerships		427	-	-	-	427	403
Parish Funding		86	-	-	-	86	109
Other Parish Support		-	3	8	-	11	51
Support Costs		211	-	-	-	211	201
		724	3	8	-	735	764
c Governance Costs							
		Unrestricted funds	Designated funds	Restricted funds	Endowment funds	TOTAL 2007	TOTAL 2006
		£000's	£000's	£000's	£000's	£000's	£000's
Synodical Costs		17	-	-	-	17	15
Statutory Costs & similar		68	-	-	-	68	68
Support Costs		87	-	-	-	87	82
		172	-	-	-	172	165

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

6 Support Costs

i) Analysis of Resources Expended showing allocation of Support Costs

	Activities undertaken directly	Grant funding of activities	Support Costs	TOTAL 2007	TOTAL 2006
	£000's	£000's	£000's	£000's	£000's
Cost of Generating Funds	81	-	107	188	182
Charitable Expenditure:					
Archbishops' Council	-	354	-	354	321
Other grants & similar items	-	1,262	-	1,262	507
Resourcing of Ministry in Parishes	5,243	-	150	5,393	5,154
Support of Ministry in Parishes	524	-	211	735	764
Governance Costs	85	-	87	172	165
	5,933	1,616	555	8,104	7,093

ii) Analysis of Support Costs

	2007 £000's	2006 £000's
Staff Costs	298	273
Depreciation	33	38
Property Costs	67	70
Other Costs	157	137
	555	518

7 Analysis of Grants Paid

	2007		2006	
	£000's	£000's	£000's	£000's
To Other Diocesan and Related Bodies				
Diocesan Board of Education	92		83	
University Chaplaincies	138		130	
Centre for Deaf	62		55	
Launde Abbey	5		5	
Leicester Cathedral for Development Officer	15		-	
CUF Projects	4		1	
Grants from Commissioners Ministry Fund	71		48	
Grants to Parishes for Church Repairs	37	424	5	327
To Individuals for Ministry				
CME Grants	14		17	
Grants to Ordinands	96	110	79	96
Other Grants				
Replacement of St Christopher's Church, Leicester	469		-	
The Samworth Academy sponsorship	150		-	
Faith Regeneration Project	19		5	
St Philip's Centre	42		38	
Ecumenical Support & EMMTC	26		6	
Grants to Retired Clergy and Widows	12		10	
Other Grants	10	728	25	84
TOTAL GRANTS MADE		1,262		507

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

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 (2006: 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.

1 member received a total of £356 (2006: 1 & £234) in the year for travel expenses related to the activity of the Board.

1 clerical member received a total of £251 (2006: 1 & £83) 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.

9 Clergy costs

The average number of stipendiary clergy and licenced lay workers holding parochial or archidiaconal posts in the Diocese was 138 (2006: 149).

	2007 £000's	2006 £000's
At a cost of:		
Stipends	2,974	3,078
Social security costs	165	188
Pension contributions	1,036	916
	<hr/>	<hr/>
	4,175	4,182
Less: Stipends accounted for in grant expenditure	(303)	(279)
	<hr/>	<hr/>
Per note 5b(iii)	3,872	3,903
	<hr/> <hr/>	<hr/> <hr/>

10 Average staff numbers and total remuneration

The average number of administrative and support staff employed during the year was:

	2007	2006
	21.5	21.8
Costs of staff under contract during the year amounted to:		
	2007 £000's	2006 £000's
Salaries	525	492
Social security costs	41	38
Pension contributions	99	95
	<hr/>	<hr/>
TOTAL	665	625
	<hr/> <hr/>	<hr/> <hr/>

No employees received remuneration in excess of £60,000 (2006: None)

The Board has entered into joint working arrangements with the Diocese of Coventry. During 2007 an average of 12 staff (2006: 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 £210,772 (2006: £203,426) all of which are accounted for in these financial statements and deducted in the above figures.

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

11 Tangible Fixed Assets

	Parsonage Houses £000's	Church House £000's	DBF properties £000's	Office equipment £000's	TOTAL £000's
Cost or valuation					
At 1 January 2007	19,702	750	4,782	365	25,599
Additions	492	-	686	2	1,180
Transfers	(88)	-	-	-	(88)
Disposals	(224)	-	(272)	-	(496)
Revaluation Adjustment	-	50	-	-	50
At 31 December 2007	19,882	800	5,196	367	26,245
Depreciation					
At 1 January 2007	-	-	-	324	324
Charge for the year	-	-	-	33	33
At 31 December 2007	-	-	-	357	357
Net book value					
At 31 December 2007	19,882	800	5,196	10	25,888
At 31 December 2006	19,702	750	4,782	41	25,275

Cost or valuation at 31 December 2007 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 2007. 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.

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 2007 such expenditure on the properties charged to revenue amounted to £435,756 (2006: £426,037).

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

12	Fixed Asset Investments	Glebe properties £000's	Listed £000's	Unlisted £000's	Other £000's	Total £000's
	Market Value at 1 st January 2007	9,388	7,114	5,886	110	22,498
	Additions at cost	-	415	-	-	415
	Transfers	88	-	-	-	88
	Disposals at opening market value	(288)	(203)	-	-	(491)
	Net gain/(loss) on revaluation	1,999	(646)	(9)	(60)	1,284
	Market value at 31 December 2007	11,187	6,680	5,877	50	23,794
	Historical cost at 31 December 2007	Not available	5,271	3,953	13	9,237

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 2007 was carried out, in respect of the listed investments, by the Board's stockbrokers, Messrs Gerrard Investment Management Limited, Nottingham and in respect of the unlisted investments, other than the holding in Cafedirect plc. by CCLA Investment Management Limited, London. 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 2007.

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 2007:

Investment	As at 31 December 2007		
	Cost £000's	Market Value £000's	%
CBF Investment Fund Income Shares	2,606	3,954	31.49
CBF Property Fund Income Shares	1,072	1,561	12.43

13	Debtors	2007 £000's	2006 £000's
	Amounts falling due within one year		
	Parish Share and other trade debtors	409	360
	Loans	325	173
	Other debtors	350	226
	Prepayments and accrued income	93	113
		1,177	872
	Amounts falling due after more than one year		
	Loans	500	186
		1,677	1,058

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

13 Debtors (continued)

The Loans shown above are represented by:-

	Due within 1 year £000's	Due after 1 year £000's	TOTAL £000's
Unsecured Loans:			
Loans to Parishes	30	264	294
Other Loans	134	109	243
	164	373	537
Secured Loans:			
Countesthorpe PCC	8	17	25
Oadby PCC	3	105	108
Grange Park equity loan	150	-	150
Value linked loan on retired clergy housing	-	5	5
	161	127	288
TOTAL LOANS OUTSTANDING	325	500	825

Unsecured Loans:

Included in Unsecured Loans are:

A loan of £126,456 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 £150,000 to the PCC of Holy Trinity with St John's, Hinckley in respect of the provision of a new church building. This amount is part of a loan that will finally total £200,000 and is repayable over 5 years, £100,000 being repayable after 2 years and the balance after 5 years. The loan bears an interest rate of 3%. The whole of this loan is included in loans due after 1 year.

A loan of £100,333 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 £100,000. This is the first instalment of a loan that will amount to £500,000. 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 £60,073.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

13 Debtors (continued)

Secured Loans (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. However the need for the loan has been deferred and the funds were repaid in full in 2008.

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 £24,000 (2006: £19,800) to the Leicester Diocesan Board of Education for accounting and related services.

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:

	2007 £000's	2006 £000's
Amounts receivable by the Board:		
Leicester Diocesan Board of Education	52	49

All the amounts receivable were paid after the year-end.

15 Creditors: amounts falling due within one year

	2007 £000's	2006 £000's
Trade creditors	175	181
Taxation and social security	44	43
Other creditors	495	120
Accruals	38	65
Deferred Income	34	51
	786	460

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

LEICESTER DIOCESAN BOARD OF FINANCE
NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

16 Creditors: amounts falling due after more than one year

Loans		
Value-linked (see note below) – 51, Laurel Road, Blaby, Leicester	36	36
	<u> </u>	<u> </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 2007 the estimated value of the property and amount repayable if the property were sold were £173,000 and £164,000 respectively.

17 Analysis of Transfers between funds

	Unrestricted funds £000's	Designated funds £000's	Restricted funds £000's	Endowment funds £000's	TOTAL 2007 £000's
Church Commissioners' Restricted Fund Income used to fund payment of stipends	911	-	(911)	-	-
Cost of Parsonage House additions from Pastoral Fund	-	-	(492)	492	-
Parsonage House Sale proceeds to Pastoral Fund	-	-	1,528	(1,528)	-
Glebe Income used to fund payment of stipends	284	-	-	(284)	-
Diocesan Stipends Capital Fund income used to fund payment of stipends	315	-	-	(315)	-
Endowment Income used to fund payment of stipends	46	-	(46)	-	-
Other transfers	(12)	22	(10)	-	-
	1,544	22	69	(1,635)	-

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

18 Statement of funds

	Balance 31/12/06	Income	Expenditure	Transfers	Revaluation Gains/(losses)	Balance 31/12/07
	£000's	£000's	£000's	£000's	£000's	£000's
UNRESTRICTED FUNDS						
General fund						
General Fund Capital	10,443	392	-	-	(347)	10,488
General Fund Income	2,428	5,810	(7,224)	1,544	-	2,558
Total Unrestricted funds	12,871	6,202	(7,224)	1,544	(347)	13,046
DESIGNATED FUNDS						
Retired Clergy Fund	119	5	(15)	10	1	120
Church Extension Fund	516	25	(35)	-	-	506
Archdeacons' Discretionary	84	6	(4)	-	(5)	81
Eyres Monsell Church Fund	1	-	(1)	-	-	-
Diocesan CUF Fund	18	-	(4)	12	-	26
Total Designated funds	738	36	(59)	22	(4)	733
Total All Unrestricted Funds	13,609	6,238	(7,283)	1,566	(351)	13,779
RESTRICTED FUNDS						
Pastoral Account	1,902	125	(664)	1,036	-	2,399
CCs Restricted Income	-	911	-	(911)	-	-
Endowment Income	70	64	(5)	(56)	-	73
CCs Mission Funding	330	117	(71)	-	-	376
Bishop Jeune Ordinands	2	-	-	-	-	2
Total Restricted funds	2,304	1,217	(740)	69	-	2,850
ENDOWMENT FUNDS						
<i>Expendable:</i>						
Parsonage Houses	19,702	1,304	-	(1,124)	-	19,882
<i>Permanent:</i>						
Stipends Glebe	16,890	680	(81)	(511)	1,984	18,962
Other Endowment Capital	1,655	-	-	-	(15)	1,640
Total Endowment funds	38,247	1,984	(81)	(1,635)	1,969	40,484
TOTAL FUNDS	54,160	9,439	(8,104)	-	1,618	57,113

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

18 Statement of funds (continued)

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.

Designated Funds

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

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

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

The Eyres Monsell Church Fund arose from the proceeds of the sale of land owned by the Board of Finance in that parish, the proceeds of which the Board designated to be used for renovation and improvement of the Church buildings in the parish. The fund was fully expended during the year.

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 2007 this fund stood at £294,654 including accumulated interest 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.

LEICESTER DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

18 Statement of funds (continued)

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

Endowment Funds

Parsonage Houses

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

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's	Designated funds £000's	Restricted funds £000's	Endowment funds £000's	Total 2007 £000's
Fund balances at 31 December 2007 are represented by:					
Tangible fixed assets	6,006	-	-	19,882	25,888
Investments	4,082	190	-	19,522	23,794
Net current assets	2,994	543	2,850	1,080	7,467
Long term liabilities	(36)	-	-	-	(36)
Total Net Assets	13,046	733	2,850	40,484	57,113

20 Cash flow statement

	2007 £000's	2006 £000's
Reconciliation of changes in resources to net cash outflow from operating activities		
Net Incoming Resources before realised and unrealised gains & losses	1,335	1,780
Depreciation	33	38
Surplus on disposal of tangible fixed assets	(1,696)	(1,307)
Increase in debtors	(619)	(38)
Increase in creditors due within 1 year	326	8
Net cash (outflow) / inflow from operating activities	(621)	481

21 Post balance sheet event

In March 2008 land included in glebe investments previously valued at £1.14 million was sold for £2.50 million after a developer agreed to purchase and develop the site.

LEICESTER DIOCESAN BOARD OF FINANCE
MANAGEMENT FINANCIAL STATEMENTS
31 December 2007

RECONCILIATION OF SURPLUS ON MANAGEMENT FINANCIAL STATEMENTS TO NET MOVEMENT IN FUNDS

	2007		2006	
	£000's	£000's	£000's	£000's
Surplus per Income and Expenditure Account		130		395
Add				
Realised surplus on sales of Tangible Fixed Assets		1,696		1,307
		<hr/> 1,826		<hr/> 1,702
Net incoming resources from other funds		(491)		78
Net Incoming resources		<hr/> 1,335		<hr/> 1,780
Gain on Revaluation of Fixed Assets		50		39
Gains on Investment Assets:				
Realised	284		358	
Unrealised	1,284	1,568	1,179	1,537
		<hr/> 1,284		<hr/> 1,537
Net movement in funds per Statement of Financial Activities (see page 15 of the Financial Statements)		<hr/> 2,953		<hr/> 3,356

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on page 14 of the financial statements.

LEICESTER DIOCESAN BOARD OF FINANCE
MANAGEMENT FINANCIAL STATEMENTS
31 December 2007

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 December 2007

	2007	2006
	£000's	£000's
INCOME		
From the Central Church	911	968
From the Parishes – Parish Share	4,859	4,794
From the parishes – Fees and other income	285	310
Parish Funding contributions	28	26
Other Stipend Support Income	87	71
Glebe Income	366	397
Investment Income and Deposit Interest	647	592
Rents & other property income	100	59
Grants	89	76
Board of Ministry	18	10
Board of Mission and Social Responsibility	9	4
Retired Clergy, Widows & Dependants Committee	5	4
Church Extension Fund	26	21
Income from publications	21	18
Other Income	26	24
TOTAL INCOME	7,477	7,374
EXPENDITURE		
Central Church Costs	357	325
Parochial Stipends inc. NI and Pensions	3,752	3,761
Other clergy costs	304	258
Grants to Diocesan and other associated bodies	393	326
Glebe Costs	81	81
Housing and Property Costs	1,051	841
Board of Ministry	410	370
Board of Mission and Social Responsibility	108	118
Retired Clergy, Widows and Dependants Committee	15	14
Church Extension Fund	35	5
Communications including publications	88	74
Partnerships	73	76
Parish Funding costs	83	109
Central Administration including Synodical costs	432	405
Legal and other professional fees	88	87
Depreciation	33	38
TOTAL EXPENDITURE	7,303	6,888
Surplus before exceptional items and transfers	174	486
Less: Exceptional items		
– Celebrate 80	(4)	(41)
– Shaped by God (Mission Partnerships)	(48)	(32)
Surplus after exceptional items	122	413
Add: Transfers from other board funds	20	9
Less: Transfers to other board funds	(12)	(27)
GENERAL FUND SURPLUS FOR THE YEAR	130	395

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on page 14 of the financial statements.