

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

LEICESTER DIOCESAN BOARD OF FINANCE (THE)

Company number - 00227087

Registered charity number – 249100

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CHAIRMAN'S REPORT

I am pleased to report that the Leicester Diocesan Board of Finance ("LDBF") accounts, whilst more complicated than usual, for the reasons stated below, continue to show a healthy balance sheet. Core annual operating expenditure was in line with budgets, but income and Parish Contribution in particular, fell some way short of that required and has led to a significant deficit. These budgetary challenges will need to be addressed in the coming months. It is notable that over the last 10 years the DBF has increased its support for parish ministry through investment income growth whilst, despite the generous giving of many, parish contributions in real terms (after inflation) have declined. At the same time the DBF has deployed capital in new ways, for example purchasing St Martins House, part funding the refurbishment of Launde Abbey and the Cathedral reordering for the re-interment of the remains of Richard III as well as funding the Growth and Capital funds. At the same time our capital assets have grown significantly.

During 2017 and in future years we have, and will continue to benefit from Strategic Development Funding ("SDF") from the Church Commissioners, in particular to develop pioneer ministry and fresh expressions of church, to explore ways of reaching out to minority ethnic communities and to initiate our Resource Church project for which six parish churches have been nominated.

We remain committed to providing finances to support the Growth and Capital funds for mission led projects in parishes. At the time of writing, the refurbishment of St Martins Lodge is proceeding on time and within budget for opening in the autumn of 2018. This Glebe property investment opposite the Cathedral, providing overnight accommodation, will enhance the returns of the Glebe estate which provides for clergy stipends. Contracts have been exchanged on the building next door which will become the Community of the Tree of Life; capital works are scheduled for completion early in 2019.

The total returns capital release, available each year, as a result of our capital growth over many years will be drawn down for the first time during 2018 and will be used to support our work in church schools, the Community of the Tree of Life and the Growth and Capital funds.

Launde Abbey and St Martins House continue to flourish both in financial and missional terms. The capital investments in St Martins Lodge, the Community of the Tree of Life and housing for additional clergy for Resource Churches, has resulted in the sale of shares and shortly will necessitate further loan funding; the combined returns of the first two projects and the Strategic Development Funding grant for the latter more than cover the financing costs.

As part of the budget review process for 2019, we will be examining how our capital resources are deployed and whether our current portfolio of investments is appropriate for the period post 2020. We will also need to take account of the recommendations of the Rural Commission.

Many people have contributed to the affairs of the Diocesan Board of Finance in 2017, both as volunteers, clergy and remunerated staff. Bishop Martyn and I hope that all who make their individual contributions feel that they are recognised and valued.

**S G Barney
16 May 2018**

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ANNUAL REPORT

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2017.

The Directors / Trustees are one and the same and in signing as Trustees they are also signing the strategic report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:
a Directors' Report of a charitable company,
a Strategic Report under the Companies Act 2006 and
a Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The Objects of the Diocese of Leicester covers the entire county of Leicestershire.

The Leicester Diocesan Board of Finance (The)'s ("LDBF") principal object is to promote, assist and advance the work of the Church of England in the Diocese of Leicester by acting as the financial executive of the Leicester Diocesan Synod.

The LDBF has the following statutory responsibilities:-

- i. the management of Glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- iii. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils ("PCC's") as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Leicester (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally; including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments arising from the Diocesan Synod including the Diocesan budget.

STRATEGIC REPORT

Strategic aims

The main role of the LDBF is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities in the Diocese.

In November 2014, the Diocesan Synod unanimously recommitted to the "Shaped by God" vision and strategy for the next 10 years, which seeks to grow the kingdom of God in depth of discipleship, number of disciples of Jesus and the loving service of the world.

The Diocese of Leicester has identified ten 'marks of mission' which are in effect a statement of our values. We have articulated these values in the hope that they will shape our culture (the way we do things here) and infuse all our actions:

- noticing God at work among us, and continually asking: what are we learning, and how do we join in with God's activity? **(discerning)**
- lives and communities transformed, through the good news of Jesus Christ; **(transformational)**
- worship in a way that renews and inspires, echoing the praise of heaven; **(inspirational)**
- self-giving service to the community, because the Church is called to be local and outward looking; **(self-giving)**
- being rooted in prayer, because prayer is part of our loving response to the needs of the world; **(prayerful)**
- confident and sensitive evangelism, responding to Jesus' call to share our faith in word and deed; **(confident)**
- lifelong Christian nurture, because our mission overflows from our own discipleship; **(nurturing)**
- the welcome of newcomers, helping those who come close to the church to feel cherished by God; **(hospitable)**
- becoming child friendly, following our Lord's example of putting children at a central place in His ministry; **(child-like)**
- celebration of people and places, because godly celebration is at the heart of the gospel; **(celebratory)**

Overall objectives for the year

In response to the above strategic priorities determined by the Diocesan Synod, several groups, including the Bishop's Council, Bishop's Staff and Deanery Synods, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- To promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Leicester.
- To maintain a sound financial structure required to support the clergy in the payment of stipends, managing parsonages and other ministerial housing and providing other facilities in support of the clergy and lay people in parishes across the Diocese.

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- To support the National Church institutions through an annual grant, including a contribution to the cost of training ordinands and for providing retirement housing for clergy.
- To support The Leicester Diocesan Board of Education (“LDBE”) by way of grant towards staffing costs and the provision of office accommodation.

Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that LDBF delivers public benefit through community engagement, resourcing education and supporting those in need both spiritually and physically.

Activities and achievements in the year

The Christian Presence

Clergy form a central part in the life of churches in the Leicester Diocese and carry out important roles in communities. As well as engaging in a wide variety of community and church projects, clergy carried out 739 weddings (including marriage blessings), 1,964 funerals and 1,229 baptisms during 2017. Whilst the LDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops’ Council, a charity which the LDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 95 trained stipendiary clergy and 23 training curates we had at the end of 2017 in the diocese is a priority of the LDBF and represents by far its largest financial commitment. Although the LDBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of continual professional development and ministerial development review. It also gives clergy access to tribunals and other useful services.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The LDBF recognises the importance of a safe, secure and well maintained house and strives to continue with this work as well as carrying out programmed refurbishments and improvements, as available money allows.

During all interregnums, the area deans worked closely with the churchwardens of the relevant parishes and ensured that in every case scheduled services continued and, with very few exceptions, other activities within the community continued uninterrupted. This was largely made possible by the increasing pool of both retired and self-supporting ministers in the diocese together with the administrative support for the area deans being funded by the LDBF.

Other related parties include:

- The Archbishops’ Council to which it pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.
- The Church Commissioners from which the LDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board, to which the LDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement.

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- Parochial Church Councils (“PCC’s”), to which LDBF is required to be custodian trustee in relation to PCC property. LDBF has no control over PCC’s, which are independent charities. The accounts of PCC’s and deaneries do not form part of these financial statements.
- Leicester Diocesan Board of Education (charity number 1151692), to which LDBF provides grant support.
- Leicester Cathedral Chapter, to which LDBF provides certain accounting services.
- Launde Abbey Trustees, to which LDBF provides long term loans used to refurbish the abbey (which is the Diocesan Retreat house) and to cover compensation and legal fees. At 31 December 2017, the loans plus interest totalled £865,138. All loans have been fully provided for.
- Coventry Diocesan Board of Finance (The) (company no. 00319482; charity no. 247828), with which LDBF has a joint working arrangement for several staff.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in note 27 to the financial statements.

Volunteers

LDBF is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people’s relationship to the church particularly at times of crisis. Within this context, the LDBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the mission of the LDBF.

Future plans

A central priority within Jesus’ ministry was his calling of twelve disciples - “appointed... to be with him and to be sent out” Mark 3:15. He devoted much time to teaching and mentoring them. He sent them out to continue his work of announcing and giving signs of the kingdom.

The Diocese of Leicester has similarly chosen to focus on this priority of discipleship. Shaped by God in our lives and communities we seek the growth of His Kingdom in:

- the depth of discipleship,
- the number of disciples of Jesus,
- loving service of the world.

We have therefore asked our parish churches, our fresh expressions of church, our chaplaincies, and our schools to work to these priorities. Each Christian community must discern for themselves how to act on these priorities in their own context. It is not for the Board of Finance or the Bishop to dictate how individuals and communities should interpret these priorities. Rather the work of our central support staff is focused on enabling this discernment in each context and helping each community to channel their resources to these priorities. It is for the Bishop to hold each individual minister and each community to account for how they are doing this (“low control, high accountability”).

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The major budget element continues to be directed towards the maintenance of a ministerial presence in every parish and the training and development of lay members of the church to support the work of the clergy will be a priority.

We continue to review the central diocesan structure which is designed to support the vision and priorities of the Diocese.

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 during 2018, the Trustees plan to:

- Achieve a Parish Contribution of £4.724m
- Maintain a break even position on operational activities
- Implement a total return investment strategy
- Continue to develop strategic plans concerning ministry deployment on new housing developments
- Create a new monastic community
- Develop further our safeguarding policies and procedures
- Achieve a surplus of circa £50,000 within the St Martins House (“SMH”) division
- Continue to develop the conference and events business
- Complete the development of St Martins Lodge, a top quality 28 bed overnight accommodation facility with breakfast
- Implement the Resource Church strategy, subject to Church Commissioner’s grant funding

Financial review

Financial Performance

Parish Contribution, the money given by parishes to the Diocese to fund its mission and ministry, is the main incoming resource for the Diocese. This reduced by £134k to £4.39m (2016: £4.53m).

The Trustees are grateful to all the parishes for their contributions during the year, and especially to those parishes that make regular contributions by instalments, which is essential in keeping the Diocese’s need to maintain a cash flow reserve to a minimum.

LDBF had a net £1.72m increase in total funds in 2017 (2016: £2.99m). The 2017 result was boosted by a profit on the sale of investments of £0.8m, a £1.29m increase in the value of Glebe properties, and a £0.42m gain on the sale of parsonages.

Overall, the value of fixed asset investments decreased – Glebe properties are £29.19m (2016: £27.96m), and other investments are £16.70m (2016: £19.67m) – resulting in a decrease in investment funds of £1.74m.

The Trustees have prepared a 2018 budget that has a small net operational deficit. The key financial challenge will be receiving parish contributions as budgeted.

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Significant Property Transactions

Land and building additions during the year (included in tangible fixed assets and investment properties) totalled £2.14m (2016: £1.06m) which included £275k of work carried out on the development of St Martins Lodge (the 28 bed accommodation facility), £119k of work and deposit on the new Monastic Community property being purchased and three other LDBF properties (one being the new Suffragan's accommodation). Our policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the Diocese;
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

Balance sheet position

The Trustees consider that the balance sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £80.06m (2016: £78.34m) it must be remembered that included in this total are land & buildings, whose value amounted to £64.14m (2016: £61.26m). Additionally, some of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the LDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 3 months budgeted unrestricted expenditure for 2018. At 31 December 2017 the amount required under this policy totalled £2.53m (2016: £2.16m). Actual free reserves as at 31 December 2017 totalled £10.29m (2016: £10.97m).

Reserves tied up in fixed assets

The general fund has tangible fixed assets of £14.17m, investments of £2.93m and net liabilities of £7.60m.

Designated funds

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2017 total designated reserves were £0.79m (2016: £0.78m)

Restricted and endowment funds

As set out in note 22, LDBF holds and administers a large number of restricted and endowment funds. As at 31 December 2017 restricted funds totalled £1.85m (2016: £1.54m) and endowment funds totalled £67.92m (2016: £65.83m). Neither fund category is available for the general purposes of the LDBF.

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Grant making policy

The Memorandum of Association of the LDBF explicitly permits the LDBF to make grants in pursuance of its objects. The LDBF predominantly achieves this via the Capital and Growth funds. Grants from these funds are disclosed in note 12.

Investment policy

The LDBF is empowered by its Memorandum of Association to invest monies not immediately required for its purposes. In addition, the LDBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides detail of the assets of each fund, together with the related purposes, and note 16 summarises the movements in investments during the year.

The Trustees' investment policy is to hold investments in a balanced mix of a charity property fund with Savills Investment Management Limited (Savills) and equities with two portfolio managers (Brewin Dolphin and Charles Stanley). Both Brewin Dolphin and Charles Stanley have been instructed to apply an ethical screen to the portfolio which precludes direct investment in companies which have more than 10% of their turnover in armaments, pornography or tobacco. The investments held, and their return during the year, are set out in the following table:

	Funds at 31 December 2017 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
Brewin Dolphin listed investments	5,927	38.2%	5.0%	+9.9%
Charles Stanley listed investments	4,318	27.9%	5.6%	+16.3%
Savills Investment Management Property Fund	5,174	33.4%	4.3%	+9.6%
CCLA funds	33	0.2%	3.8%	+11.4%
Other investments	50	0.3%	0.0%	0.0%
	<hr/>	<hr/>		
	15,502	100.0%		

The Investment Committee regularly reviews the performance of the funds and makes recommendations to the Trustees on investments.

Principal risks and uncertainties

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Chief Executive and the Director of Finance.

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The risk register identifies three broad areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

External risk:

- **Reputational risk from scandals and theological disagreements;** Incidents would be managed through Archdeacon reviews and/or the Communications department
- **Economic risk from a fall in parish contributions;** Continued close analysis and review of budgets and treasury / investment management
- **Demographic changes;** There is a "Shaped by God" strategic plan (see page 5 above) to diversify the Church via Fresh Expressions

Operational risk:

- **Personnel risk;** There are processes for performance development and for replacing key personnel who leave. There is also a contract with an external HR consultant
- **Property;** There is a fully resourced Property department with an independent review of property transactions and management by the appropriate committee (Glebe, etc)
- **IT;** Systems are off the shelf and easily replaceable. Data is backed up daily and can be restored within 24 hours. There are rules for internet usage monitored by the IT Manager. The IT Manager ensures compliance with The Data Protection Act. The Diocese is working to be compliant with the General Data Protection Regulations that become law on 25 May 2018
- **Safeguarding and health & safety;** A health & safety policy has been issued to all staff. DBF has a department of 3 staff dedicated to safeguarding who report to the Director of Operations and Governance
- **Insurance;** Policies are reviewed annually with a suitably qualified broker
- **Finance;** Financial processes have been implemented and are periodically reviewed. Changes in the amount of a particular income stream are analysed and appropriate corrective action implemented

Governance risk:

- **Trustees;** Procedures exist to appoint and retain suitable Trustees
- **Staff structure;** Staff structures are periodically reviewed and set to ensure best practice is adhered to
- **National network;** There is engagement with all national initiatives whilst liaising with other Dioceses to ensure best practice is maintained.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representations from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall

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leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod. The Diocese is itself divided into 10 deaneries, each with its own Synod. Within each parish there is a Parochial Church Council which shares with the parish priest responsibility for the mission of the church in that place in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

Organisational structure

The Leicester Diocesan Board of Finance (The) (“LDBF”) is a company limited by guarantee (No. 00227087) and a registered charity (No. 249100) governed by its Memorandum and Articles of Association.

The company’s principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Leicester. It was established in its present form in 1927 and is successor in title to the Leicester Diocesan Trustees.

Governance and policy of Leicester Diocesan Board of Finance (The) (“LDBF”) is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. The Trustees are The Bishop of Leicester, who is the ex-officio president of LDBF, The Archdeacons of Leicester and Loughborough (also ex-officio) along with eight people elected from and by the members of Diocesan Synod every three years (with the most recent elections held in 2015), up to three members co-opted by the Board of Trustees, and up to two members nominated by the Bishop. The chairman is nominated by the Bishop and approved by the Diocesan Synod every three years (with the most recent nomination and approval being in 2015). The details of Trustees who served during the year are set out on pages 16 and 17.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the Bishop’s Staff Team. The Synod membership is elected every three years, the last elections having been in 2015. The Synod elects eight of the possible seventeen Trustees of the Diocesan Board of Finance. Whilst the LDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association, by virtue of the National Institutions Measure 2000, the LDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Leicester are set by the Diocesan Synod, and the LDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Chief Executive. The company meets once a year in general meeting to receive and approve the annual report and financial statements and to appoint the auditors. The Diocesan Synod each year receives and agrees the annual budget, prepared and approved by the LDBF. The Trustees hold up to 6 meetings during the year.

The Bishop’s Council consists of 11 ex-officio members, including the Diocesan Bishop, the Bishop of

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Loughborough 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, a Lay chair and an Area Dean and a maximum of 2 members nominated by the Diocesan Bishop.

The Bishop's Council and Standing Committee meet to formulate and coordinate policies on mission, ministry and finance by:-

- Initiating proposals for action by the Synod and advising it on matters of policy
- Transacting business of the Synod when it is not in session subject to the directions of the Synod and in accordance with Synod Standing Orders
- Planning the business of the Synod, preparing the agenda for its session, and circulating to members information about matters for discussion
- Advising the Bishop on any matters he may refer to the committee
- Initiating consideration of any restructuring of Synod Committees and Departments which may appear necessary and for the establishment of ad hoc review groups, their terms of reference and membership
- Carrying out such other functions as the Synod delegates to it
- Appointing members to committees and representatives to external bodies, subject to the direction of the Synod

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

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

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

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

Closed Church Buildings Committee; which is responsible for finding appropriate alternative uses for churches that have been declared redundant.

Vacancy in See Committee; which is responsible for representing the Diocese in the appointment process of a Diocesan Bishop.

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The Trustees, who also meet during the year as **The Finance Committee**, whose members are the Directors of the Company and Trustees of the Charity, are responsible for considering the financial affairs of the Diocese. The Committee reviews the management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the LDBF's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 2011 (with regard to redundant churches). They also advise Bishop's Council on the financial aspects of strategic matters. They are also supported by:-

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

The Audit Committee (a sub-committee of the Finance Committee); is responsible for assisting the Trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

Trustee recruitment, selection and induction

Trustees are given induction when first appointed. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff possess the title 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to maintain their entry in the record of declarations of interest.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Chief Executive and his colleagues for the delivery of the day to day activities of the company. The Diocesan Chief Executive is given specific and general delegated authority to deliver the business of the LDBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The LDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDBF does not control them, and they are segregated from the LDBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £2.393m at 31 December 2017 (2016: £2.308m), are available from the LDBF on request, and are summarised in note 28. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the LDBF's solicitor, Latham & Co.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors of LDBF for the purposes of Company Law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of the income and expenditure of the Charitable Company for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP FRS 102
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information, and to establish that the Charitable Company's auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Annual Reports, may differ from legislation in other jurisdictions.

APPOINTMENT OF AUDITORS

The re-appointment of Grant Thornton UK LLP as auditors to LDBF will be proposed at the Annual General Meeting.

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

ANNUAL REPORT

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the Charitable Company during 2017. The following Trustees were in post during the year and at the date of this report:

President (ex-officio):	The Right Reverend M J Snow – Lord Bishop of Leicester
Chairman:	Mr S G Barney
Archdeacons (ex officio):	The Venerable Dr T R Stratford - Archdeacon of Leicester The Venerable D M F Newman - Archdeacon of Loughborough (resigned 1 March 2017) Reverend Canon S E Field – Acting Archdeacon of Loughborough (appointed 1 March 2017, resigned 7 October 2017) The Venerable C Wood – Archdeacon of Loughborough (appointed 8 October 2017)
Elected by: Synod House of Clergy	The Reverend A R Leighton The Reverend Canon M F Rusk (resigned 2 April 2017) The Reverend J Whittaker (resigned 18 April 2018)
Synod House of Laity	Mr M J Alexander (resigned 21 August 2017) Mr D B Beeson Mr G W Newbury Mrs S A L Newbury Mr J C F Roberson
Bishop's Nominee	Mrs M V Wang Mr D J Palmer (appointed 6 September 2017)
Co-opted by the Board	Mr C J Sheldon Mr G Brown (appointed 8 March 2017)

Senior staff and advisers

Diocesan Chief Executive:	Jonathan Kerry
Director of Operations and Governance:	Andrew Brockbank
Director of Finance and Support Services:	John Orridge

Registered Office: St Martins House,
7 Peacock Lane,
Leicester LE1 5PZ

Bankers: Barclays Bank plc,
Dominus Way,
Meridian Business Park,
Leicester LE19 1RP

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

ANNUAL REPORT

Auditors:	Grant Thornton UK LLP, Statutory Auditor, Regent House, 80 Regent Road, Leicester LE1 7NH	
Solicitors:	Latham & Co., Charnwood House, 2&4 Forest Road, Loughborough, Leicestershire LE11 3NP	Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham B3 2ES
Investment Advisers:	Savills Investment Management Limited, 33 Margaret Street, London W1G 0JD	Charles Stanley & Co. Limited, 25 Luke Street, London EC2A 4AR
	Brewin Dolphin, 1 st Floor, Waterfront House, Waterfront Plaza, 35 Station Street, Nottingham NG32 3DQ	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ
Glebe Agents and Valuers:	Andrew Granger & Co LLP, 2 High Street, Loughborough, Leicestershire LE11 2PY	
Insurance brokers:	Cornerstone Business Insurance Limited, 8 Princess Road West, Leicester LE1 6TP	

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 - 11 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

S G Barney
Chairman

J W Kerry
Diocesan Chief Executive

16 May 2018

16 May 2018

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

Opinion

We have audited the financial statements of Leicester Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Chairman's Report and the Trustees' Annual Report, set out on pages 4 to 17, and does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Trustees' Annual Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Christopher Frostwick

Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Leicester

16 May 2018

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
STATEMENT OF THE FINANCIAL ACTIVITIES
For the year ended 31 December 2017**

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2017	Total funds 2016
		General £'000	Designated £'000	£'000	£'000	£'000	£'000
Income and endowments from							(Note 29)
Donations							
Parish contributions	2a	4,393	-	-	-	4,393	4,526
Archbishops' Council	2b	-	-	1,690	-	1,690	1,736
Other donations	2c	20	-	-	-	20	16
Charitable activities	3	460	3	-	-	463	536
Other activities	4	784	-	-	-	784	767
Investments	5	298	13	192	1,147	1,650	1,694
Other	6	5	-	3	425	433	370
Total income and endowments		5,960	16	1,885	1,572	9,433	9,645
Expenditure on							
Raising funds	7	11	-	-	238	249	276
Charitable activities	8	8,393	23	657	-	9,073	8,272
Other	9	1,166	-	-	-	1,166	1,178
Total expenditure		9,570	23	657	238	10,488	9,726
Net (expenditure) / income before losses and gains on investments		(3,610)	(7)	1,228	1,334	(1,055)	(81)
Gain on investments		127	11	-	2,572	2,710	2,860
Net (expenditure) / income		(3,483)	4	1,228	3,906	1,655	2,779
Transfers between funds	14	2,729	9	(918)	(1,820)	-	-
Other recognised gains:							
Gain on revaluation of fixed assets		63	-	-	-	63	216
Net movement in funds		(691)	13	310	2,086	1,718	2,995
Total funds brought forward		10,189	777	1,544	65,833	78,343	75,348
Total funds carried forward	20	9,498	790	1,854	67,919	80,061	78,343

All activities derive from continuing activities. The notes on pages 25 to 47 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2017**

	Total 2017 £'000	Total 2016 £'000
Income before losses and gains on investments	7,861	8,293
Expenditure	(10,250)	(9,462)
Operating deficit for the year	(2,389)	(1,169)
Net gain on investments	138	365
Net transfer from endowment funds	1,820	525
Net expenditure for the year	(431)	(279)
Other comprehensive income:		
Revaluation of fixed assets	63	216
Total comprehensive expenditure	(368)	(63)

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities. The notes on pages 25 to 47 form part of the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
BALANCE SHEET
At 31 December 2017**

Company Number – 00227087

	Note	2017		2016	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	15		34,987		33,341
Investments	16		45,890		47,629
			80,877		80,970
CURRENT ASSETS					
Stock		33		39	
Debtors	17	1,356		1,325	
Cash on deposit, at bank and in hand		2,062		491	
		3,451		1,855	
CREDITORS: amounts falling due within one year					
	18	(1,826)		(1,730)	
NET CURRENT ASSETS					
			1,625		125
TOTAL ASSETS LESS CURRENT LIABILITIES					
			82,502		81,095
CREDITORS: amounts falling due after more than one year					
Pension scheme liabilities	19		(2,405)		(2,716)
Other creditors	19		(36)		(36)
NET ASSETS					
			80,061		78,343
FUNDS					
Endowment funds					
(Including investment revaluation reserve of £24,762k (2016: £23,378k))			67,919		65,833
Restricted income funds					
(Including investment revaluation reserve of £Nil (2016: £Nil))			1,854		1,544
Unrestricted income funds:					
General funds					
(Including revaluation reserve of £871k (2016: £937k))			9,498		10,189
Designated funds					
(Including investment revaluation reserve of £34k (2016: £23k))			790		777
TOTAL FUNDS					
	20		80,061		78,343

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 16 May 2018 and signed on behalf of the Board by:

S G Barney - Chairman

LEICESTER DIOCESAN BOARD OF FINANCE (THE)
CASH FLOW STATEMENT
For the year ended 31 December 2017

	2017		2016	
	£'000	£'000	£'000	£'000
Net cash outflow from operating activities		(2,786)		(1,682)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,650		1,694	
Proceeds from the sale of tangible fixed assets	520		315	
Proceeds from the sale of fixed asset investments - shares	7,642		1,802	
Proceeds from the sale of fixed asset investments - Glebe	589		-	
Purchase of tangible fixed assets	(1,867)		(982)	
Purchase of fixed asset investments	(3,783)		(1,412)	
Net cash provided by investing activities		4,751		1,417
Cash flows from financing activities				
Contributions to Clergy and Lay staff pension plans	(394)		(389)	
Net cash used in financing activities		(394)		(389)
Change in cash and cash equivalents in the period		1,571		(654)
Cash and cash equivalents at 1 January		491		1,145
Cash and cash equivalents at 31 December		2,062		491
Reconciliation of net movements in funds to net cashflow from operating activities				
Net movement in funds for the year ended 31 December		1,718		2,995
Adjustments for:				
Depreciation charges		189		169
Dividends, interest and rent from investments		(1,650)		(1,694)
Repayment of Parish loans		104		42
Advancement of Parish loans		(71)		(7)
Profit on sale of fixed assets		(425)		(210)
Gain on revaluation of fixed assets		(63)		(216)
Profit on sale of fixed asset investments - shares		(224)		(142)
Profit on sale of fixed asset investments - Glebe		(257)		-
Gain on revaluation of fixed asset investments		(2,228)		(2,719)
Decrease in stock		6		9
(Increase) / decrease in debtors		(64)		41
Clergy & Lay pension interest and liability adjustments		83		(77)
Increase in creditors		96		127
Net cash used in operating activities		(2,786)		(1,682)
Analysis of cash and cash equivalents				
Cash at bank and in hand		37		195
Notice deposits (less than 3 months)		2,025		296
		2,062		491

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017**

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of fixed asset investments which, in the main, are included at their market value at the balance sheet date, and certain tangible fixed assets which are included at fair value. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS 102).

The principal accounting policies are as follows;

a) Income

All income is included in the Statement of Financial Activities (SOFA) when the LDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Contribution** is recognised as income of the year in respect of which it is receivable, and up to 31 January of the following year.
- ii) **Income from other trading activities;**
Housing rental receivable is recognised as income in the period to which it relates.
Bookshop and Café sales represent goods sold and are recognised on the date of sale, over the counter. Internet sales are recognised on the date of notification.
Conferencing and events income is recognised on the date of the associated event. Cancellation charges are recognised on the date of notification.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received, which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end, are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations**, other than grants, are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt (as the expenditure is greater) and the legal restrictions, therefore, are satisfied. It is on this basis that the expenditure is shown in the unrestricted column of the Statement of Financial Activities and is offset by the income which, initially, is shown in the restricted column, but then transferred to the unrestricted column.

b) Expenditure

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

- i) **Costs of raising funds** are costs relating to the temporary renting out of parsonages, agent's costs for Glebe investment properties and management fees on investment assets.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the Diocese, and expenditure supporting the education within Church of England schools in the Diocese.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

1. ACCOUNTING POLICIES (continued)

b) Expenditure (continued)

- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated based on the proportion of the net amount spent on resourcing and support of mission and ministry.
- v) **SMH trading and letting costs** consist of staff, cost of goods sold, and building costs charged on an accruals basis.
- vi) **Pension contributions.** LDBF staff are members of the Church Workers Pension Fund. Clergy are members of the Church of England Funded Pensions Scheme (see note 26). The pension costs charged as resources expended represent the LDBF's contribution payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes is accrued at current value in creditors distinguished between contributions falling due within one year and after one year.

c) Tangible fixed assets and depreciation

Freehold properties

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

Cathedral Gardens was transferred from St Martins Cathedral Properties Limited to LDBF during 2015. Depreciation is provided to write off the asset over the 10 year maintenance period as from April 2016.

SMH

SMH is St Martins House which is valued at open market value at 31 December. SMH is divided into a fixed asset and a fixed asset investment property. 2% straight line annual depreciation on cost is provided on the fixed asset.

Properties subject to value linked loans

There is one property which has been bought with the assistance of a value-linked loan from the Church Commissioners. The property and loan are carried at original cost. However, the Church Commissioners are entitled to be repaid the appropriate proportion of the value of the property when disposed. The appropriate proportion being the proportion of the loan supplied compared to the original cost of the property.

Investment properties

Glebe properties which are held for investment purposes and rented out are subject to annual revaluations and hence the properties are included at their year end market value with the exception of St Martins Lodge which is held at purchase cost plus development costs.

Parsonage houses

The LDBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than strict legal form. The LDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house but, in the meantime, legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

1. ACCOUNTING POLICIES (continued)

d) Other tangible fixed assets

All capital expenditure over £500 is depreciated. Depreciation is provided in order to write off the cost (less any ultimate disposal proceeds at prices ruling at the time of the asset's acquisition) of other fixed assets over their currently expected useful economic lives at the following initial rates:-

Computer equipment - 50% per annum on a straight line basis

Fixtures and fittings - 50% per annum on a straight line basis

e) Other accounting policies

i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

ii) **Stock** is included at the lower of cost and net realisable value and relates to books purchased for resale to the general public.

iii) **Leases.** The LDBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates.

f) Fund balances

Fund balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the LDBF's corporate funds and are freely available for any purpose within the Charitable Company's objects, at the discretion of the LDBF. There are two types of unrestricted funds:
 - **General funds** which the LDBF intends to use for the general purposes of the LDBF and
 - **Designated funds** set aside out of unrestricted funds by the LDBF for a purpose specified by the Trustees
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the Charitable Company as a capital fund. In the case of the endowment funds administered by the LDBF (Stipends Glebe Fund and Endowment Capital Funds), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. The Parsonage Houses Fund, where there is no provision for expenditure of capital, is classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the Charitable Company acts as Trustee and controls the management and use of the funds, are included in the Charitable Company's own financial statements as charity branches. Trusts where the Charitable Company acts merely as Custodian Trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

2. DONATIONS

2a. Parish Contributions

All donations are collected from the parishes of the Diocese.

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
Current year	4,333	-	-	-	4,333	4,368
Receipts for previous years	60	-	-	-	60	158
	<u>4,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,393</u>	<u>4,526</u>

2b. Archbishops' Council

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
Selective Allocation	-	-	1,383	-	1,383	1,413
Ordinand grants	-	-	48	-	48	-
Special payments	-	-	-	-	-	1
Pioneer Workers' grant	-	-	159	-	159	155
BAME grant	-	-	22	-	22	-
Resource Churches grant	-	-	35	-	35	-
Youth Workers' grant	-	-	12	-	12	-
Growth fund	-	-	-	-	-	139
Legal costs contribution	-	-	31	-	31	28
	<u>-</u>	<u>-</u>	<u>1,690</u>	<u>-</u>	<u>1,690</u>	<u>1,736</u>

The Selective Allocation is the annual grant from the Archbishops' Council for a low income Diocese. This grant has been replaced with new grants under the Church of England Renewal and Reform Strategy. The Pioneer Workers' grant is a grant to enable the employment of staff to develop fresh expressions of the church in the Diocese.

2c. Other donations

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
Donations	20	-	-	-	20	16
	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>16</u>

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
Statutory fees	289	-	-	-	289	358
All Churches Trust grant	131	-	-	-	131	132
Player Trust grant	8	-	-	-	8	-
Course fees	21	-	-	-	21	9
Other	11	3	-	-	14	37
	<u>460</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>463</u>	<u>536</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
Housing rental income	245	-	-	-	245	254
Royal visit income	40	-	-	-	40	-
Bookshop, café and conferencing income	499	-	-	-	499	513
	<u>784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>784</u>	<u>767</u>

5. INVESTMENT INCOME

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
Glebe rents	-	-	-	615	615	641
Listed securities	84	-	-	532	616	601
Unlisted securities	20	8	191	-	219	242
SMH rental income	194	-	-	-	194	191
Bank and other interest	-	5	1	-	6	19
	<u>298</u>	<u>13</u>	<u>192</u>	<u>1,147</u>	<u>1,650</u>	<u>1,694</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
Gain on sale of parsonages	-	-	-	425	425	209
Remeasurement of pension liability	-	-	-	-	-	161
Other income	5	-	3	-	8	-
	<u>5</u>	<u>-</u>	<u>3</u>	<u>425</u>	<u>433</u>	<u>370</u>

7. FUND RAISING COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
Glebe agent's fees	-	-	-	67	67	105
Other Glebe costs	-	-	-	117	117	109
Investment management fees	11	-	-	54	65	62
	<u>11</u>	<u>-</u>	<u>-</u>	<u>238</u>	<u>249</u>	<u>276</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

8. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
8a Contributions to Archbishops' Council						
Training for Ministry	180	-	-	-	180	171
National Church Responsibilities	145	-	-	-	145	171
Retired clergy housing costs	59	-	-	-	59	56
Other	1	-	-	-	1	1
	<u>385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385</u>	<u>399</u>
8b Resourcing Mission and Ministry						
Parish Ministry stipends and National Insurance (NI)	3,323	-	-	-	3,323	3,203
Pension contributions	691	-	-	-	691	702
Housing costs	799	-	-	-	799	763
Removal & resettlement grants	359	-	-	-	359	212
Interregna costs	27	-	-	-	27	23
Other expenses	372	-	-	-	372	286
Support costs	649	-	-	-	649	681
	<u>6,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,220</u>	<u>5,870</u>
8c Support for Mission and Ministry						
Salaries, NI and pension costs	703	-	20	-	723	578
Growth fund grants	-	-	281	-	281	325
Capital fund grants	-	-	234	-	234	217
Other grants	184	1	6	-	191	88
Pioneer Development worker costs	153	-	-	-	153	158
Redundant church costs	-	-	18	-	18	15
Other costs	321	22	98	-	441	312
Support costs	239	-	-	-	239	224
	<u>1,600</u>	<u>23</u>	<u>657</u>	<u>-</u>	<u>2,280</u>	<u>1,917</u>
8d Support for education						
Support for church schools	188	-	-	-	188	86
	<u>188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188</u>	<u>86</u>
TOTAL CHARITABLE ACTIVITIES	<u>8,393</u>	<u>23</u>	<u>657</u>	<u>-</u>	<u>9,073</u>	<u>8,272</u>

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

9. OTHER RESOURCES EXPENDED

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000	Total funds 2016 £'000
	General £'000	Designated £'000				
Related parties' loans / interest	-	-	-	-	-	49
Pension liability remeasurement	39	-	-	-	39	-
Interest on pension liabilities	44	-	-	-	44	84
Consideration for SMCP transfer	-	-	-	-	-	105
SMH trading and letting costs	1,083	-	-	-	1,083	940
	<u>1,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,166</u>	<u>1,178</u>

On 26 April 2017, LDBF and LCAT agreed to increase the consideration for the transfer of SMCP assets, which took place on 31 March 2015, by £105,430. The increase in consideration was included in the 2016 accounts.

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2017 £'000
Raising funds	249	-	-	249
Charitable activities:				
Contributions to Archbishops' Council	-	385	-	385
Resourcing Mission and Ministry	5,231	340	649	6,220
Supporting Mission and Ministry	1,335	707	238	2,280
Support for education	188	-	-	188
Other resources expended	1,166	-	-	1,166
	<u>8,169</u>	<u>1,432</u>	<u>887</u>	<u>10,488</u>

11. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2017 £'000
	General £'000	Designated £'000			
Central administration	769	-	-	-	769
Governance:					
Registrar and Chancellor	74	-	-	-	74
Audit costs:					
- External audit	22	-	-	-	22
- Other services	13	-	-	-	13
Synodical costs	9	-	-	-	9
	<u>887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>887</u>

External audit costs in 2017 were £22,400 (2016: £21,425). Other auditor service costs in 2017 were £13,485 (2016: £6,511).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

12. ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	2017 Total £'000	2016 Total £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishops' Council	1	-	385	385	399
From unrestricted funds:					
Resettlement and first appointment grants	45	174	-	174	109
Maintenance grants to Ordinands	17	172	-	172	89
University Chaplaincies	3	-	154	154	156
Diocesan Board of Education support grant	1	-	188	188	86
St Philip's Centre	1	-	62	62	42
Diocesan Board of Education office move	1	-	47	47	-
Leicester Cathedral share of SMH profits	1	-	24	24	25
Curates' study trip to International Link Diocese	23	19	-	19	-
Clergy for training	56	13	-	13	15
St Peter's Church grant for Premises Officer	1	-	10	10	10
FareShare grant	1	-	10	10	10
Ecumenical support (Churches Together)	1	-	9	9	9
Holy Apostles project	1	-	8	8	-
International Link grants	1	-	7	7	7
Launde Abbey	1	-	6	6	-
Other grants and grant write backs	9	1	5	6	(12)
Vacancy in See costs	-	-	-	-	16
One Roof project grant	-	-	-	-	1
Richard III grant (write back) / costs	-	-	-	-	(1)
Total	163	379	530	909	562
From restricted funds for various purposes within resourcing parish ministry:					
Growth fund grants	104	-	281	281	325
Capital fund grants	9	-	234	234	217
Other restricted fund grants	16	8	-	8	2
Total	129	8	515	523	544
Total	293	387	1,430	1,817	1,505

Leicester Cathedral (LCAT) is entitled to a proportion of the surpluses made by St Martins House (SMH). The amount of the payment is calculated based on SMH surpluses as follows;

- Up to £100k – LCAT 50%, SMH refurbishment fund 50% and LDBF general fund 0%
- Between £100k and £200k – LCAT 50%, SMH refurbishment fund 25% and LDBF general fund 25%
- Sums in excess of £200k – LCAT 25%, SMH refurbishment fund 25% and LDBF general fund 50%

No provision for this grant has been made in these financial statements for 2017 as LDBF are not able to calculate the grant until after the year end. It is expected that any grant payable to LCAT would be in the region of £20k to £25k. A £24k cost has been included in the 2017 results which relates to LCAT's share of SMH's 2016 profit.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

13. STAFF COSTS

	2017	2016
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	1,521	1,394
National Insurance contributions	131	123
Pension costs	155	133
	<u>1,807</u>	<u>1,650</u>

	2017	2016
	Number	Number
The average number of persons employed by LDBF during the year:		
SMH Conference Centre	21.5	21.7
Administration and financial management	12.8	15.1
Property	3.0	3.0
Discipleship, Ministry & Stewardship	20.8	15.6
Safeguarding & inclusion	3.0	3.0
Parochial lay staff	3.4	4.9
	<u>64.5</u>	<u>63.3</u>

	2017	2016
	Number	Number
The average number of persons employed by LDBF during the year based on full-time equivalents:		
SMH Conference Centre	16.2	15.3
Administration and financial management	11.0	11.2
Property	1.5	1.5
Discipleship & Ministry, Stewardship	18.8	15.0
Safeguarding and inclusion	2.6	2.6
Parochial lay staff	2.9	3.7
	<u>53.0</u>	<u>49.3</u>

	2017	2016
	Number	Number
The numbers of staff whose emoluments amounted to more than £60,000 (including benefits in kind but excluding pension contributions and NIC's) were as follows:		
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

Pension payments of £12,896 (2016: £7,220) were made for these employees.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the diocese. During 2017 they were:

Diocesan Chief Executive	Jonathan Kerry
Director of Operations and Governance	Andrew Brockbank
Director of Finance and Support Services	John Orridge

Remuneration (excluding NIC's), pensions and expenses for these 3 employees amounted to £202,068 (2016: £194,588).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

13. STAFF COSTS (continued)

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £9,846 (2016: £6,795) in respect of General Synod duties, duties as Archdeacon or Area / Rural Dean, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the LDBF during the year:

	Stipend	Housing
The Venerable D Newman	Yes	Yes
The Venerable Dr T Stratford	Yes	Yes
The Venerable C Wood	Yes	Yes
The Reverend Canon M F Rusk	Yes	Yes
The Reverend J Whittaker	Yes	Yes

The LDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The LDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese but excluding the Diocesan Bishop and cathedral staff.

The LDBF paid an average of 127 (2016: 121) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and their costs were as follows:

	2017	2016
	£'000	£'000
Stipends	3,173	3,101
National Insurance contributions	266	258
Pension costs	695	726
Housing costs	23	36
	4,157	4,121

The annual rate of stipend, funded by the LDBF, paid to the two Archdeacons in 2017 was in the range £30,000 - £35,000 (2016: range £30,000 – £35,000) and other clergy who were Trustees were paid in the range £0 - £25,000 (2016 range: £0 – £30,000). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2017 at £13,601 (2016: £13,207).

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

14. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
Church Commissioners' grant income	1,642	-	(1,642)	-
Glebe rental income, net of costs, used for general purposes	431	-	-	(431)
Stipend investment income used to fund stipends	479	-	-	(479)
Endowment income used to fund stipends	177	-	(177)	-
Restricted income used to fund retired clergy grants	-	9	(9)	-
Property fund transfers	-	-	910	(910)
	<u>2,729</u>	<u>9</u>	<u>(918)</u>	<u>(1,820)</u>

Church Commissioners' Restricted Grant income - Within restricted funds there is income received from The Archbishops' Council of £1.383m to fund the payment of stipends from unrestricted funds and £159k as a grant to fund Pioneer Development from unrestricted funds.

Stipends Glebe income - This income is rental income from endowment properties. The income is used to fund the payment of stipends from unrestricted funds.

Property fund transfers – relates to capital spend on parsonages of £432k offset by the proceeds of sale of a parsonage for £521k from unrestricted funds. There was also a net transfer of £821k of properties from Parsonages to DBF properties held as Glebe.

15. TANGIBLE FIXED ASSETS

	SMH £'000	Parsonage houses £'000	DBF properties £'000	Other equipment £'000	Total £'000
Cost or valuation					
At 1 January 2017	3,010	20,483	9,876	662	34,031
Additions	-	431	1,408	28	1,867
Disposals	-	(95)	-	-	(95)
Transfers	-	(821)	821	-	-
At 31 December 2017	3,010	19,998	12,105	690	35,803
Depreciation					
At 1 January 2017	-	-	68	622	690
Disposals	-	-	-	-	-
Charge for the year	63	-	91	35	189
Revaluation	(63)	-	-	-	(63)
At 31 December 2017	-	-	159	657	816
Net Book Value					
At 31 December 2017	3,010	19,998	11,946	33	34,987
At 1 January 2017	3,010	20,483	9,808	40	33,341

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

15. TANGIBLE FIXED ASSETS (continued)

All of the properties in the balance sheet are freehold and are vested in the LDBF. One property has been purchased with the help of a value-linked loan from the Church Commissioners. When the property is disposed, the appropriate share of the net sale proceeds will be remitted to the Commissioners, and the related loan liability extinguished. The value of the property included above is £36,323 (2016: £36,323). All properties at 31 December 2017 and 31 December 2016 are valued at cost. All property repairs are charged as expenditure.

As at 31 December 2017, St Martins House (SMH) has been valued by Andrew Granger & Co. LLP, Chartered Surveyors. The property was valued at £4,210,000 (2016: £4,210,000) on an open market basis. £3,010,000 (2016: £3,010,000) of the SMH value was deemed to represent a fixed asset, the balance of £1,200,000 (2016: £1,200,000) was deemed to represent a fixed asset investment (see note 16 below). If SMH had not been revalued, the fixed asset element would have been included at its historical cost of £2,760,000 less accumulated depreciation of £165,902.

16. FIXED ASSETS INVESTMENTS

	At 1 January 2017 £'000	Additions £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2017 £'000
Unrestricted funds					
Listed investments	2,055	39	(920)	90	1,264
Unlisted investments	444	-	-	24	468
Other	1,200	-	-	-	1,200
Total	<u>3,699</u>	<u>39</u>	<u>(920)</u>	<u>114</u>	<u>2,932</u>
Designated funds					
Unlisted investments	191	-	-	11	202
Endowment funds					
Investment properties	27,957	275	(332)	1,288	29,188
Listed investments	11,430	3,469	(6,498)	580	8,981
Unlisted investments	4,352	-	-	235	4,587
	<u>43,739</u>	<u>3,744</u>	<u>(6,830)</u>	<u>2,103</u>	<u>42,756</u>
Total	<u><u>47,629</u></u>	<u><u>3,783</u></u>	<u><u>(7,750)</u></u>	<u><u>2,228</u></u>	<u><u>45,890</u></u>

The valuation of investments at 31 December 2017 was carried out by the Board's Investment Advisors as shown in the Administrative Details on page 17.

Included in investment properties is St Martins Lodge, which is a property purchased during 2015 and which is being developed as a high quality 28 bed overnight accommodation facility. This property has been included in investment properties at its purchase cost plus additional development expenditure up to 31 December 2017.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

17. DEBTORS

	2017	2016
	£'000	£'000
Due within one year		
Trade debtors	43	69
Parish contribution	386	294
Loans to parishes	236	246
Taxation & social security	21	-
Other debtors	265	254
Prepayments and accrued income	288	322
	<u>1,239</u>	<u>1,185</u>
Due after more than one year		
Loans to parishes	117	140
	<u>117</u>	<u>140</u>
Total debtors	<u><u>1,356</u></u>	<u><u>1,325</u></u>

The loans to parishes above are represented by:

	Due within one year £'000	Due after one year £'000	Total £'000
Unsecured loans			
Trustees of Launde Abbey	-	865	865
Provision on Launde Abbey loan	-	(865)	(865)
	<u>-</u>	<u>-</u>	<u>-</u>
Other loans to parishes	86	112	198
	<u>86</u>	<u>112</u>	<u>198</u>
Total unsecured loans	<u><u>86</u></u>	<u><u>112</u></u>	<u><u>198</u></u>
Secured loans			
Grange Park equity loan	150	-	150
Value linked loan on retired clergy housing	-	5	5
	<u>150</u>	<u>5</u>	<u>155</u>
Total secured loans	<u><u>150</u></u>	<u><u>5</u></u>	<u><u>155</u></u>
Total loans outstanding	<u><u><u>236</u></u></u>	<u><u><u>117</u></u></u>	<u><u><u>353</u></u></u>

Unsecured loans

There is a loan of £200,530 (which includes accrued interest) to the PCC of Holy Trinity with St. John's, Hinckley in respect of the provision of a new church building. £100,000 of this loan was repayable in 2011 and £100,530 was repayable in 2012. No repayments have been made. The loan has been fully provided for, although repayment in the future remains a possibility.

There is a loan to the Trustees of Launde Abbey for £865,138 (which includes accrued interest). £281,369 of the loan (2016: £281,369), which has been fully provided for in these accounts, relates to the payment of legal fees and agreed compensation. The balance of £583,769 will be repaid by annual instalments of not less than £1 each year until 2031, when the balance becomes repayable, together with interest thereon at a rate of 2% compounded with annual rests from 2007. The whole loan is fully provided for. No loan interest was charged during 2017 (2016: £9,643). LDBF is the Custodian Trustee of Launde Abbey which is the Diocesan retreat house.

Repayment terms vary across the different loans to PCC's. Interest is charged at 3% per annum.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

17. DEBTORS (continued)

Secured loans

The £150,000 Grange Park equity loan was to purchase a property for a Methodist minister working in Loughborough. The loan was repayable in September 2012 when 56.18% of the disposal value plus interest at a rate of 2% above the base rate of HSBC was to be paid to LDBF. The property was sold on 9th February 2018 with the DBF receiving £163,173, hence the loan has been repaid.

18. CREDITORS: amounts falling due within one year	2017	2016
	£'000	£'000
Trade creditors	201	242
Taxation and social security	74	93
Other creditors	235	254
Accruals	208	133
Deferred income	40	40
Clergy Pension Scheme liabilities (see note 26)	390	390
Amount owed to a related party	678	578
Total	1,826	1,730

19. CREDITORS: amounts falling due after more than one year	2017	2016
	£'000	£'000
Loan repayment instalments due after more than one year		
Church Commissioners' value-linked loans	36	36
Clergy Pension Scheme liabilities (see note 26)	2,405	2,716
Total	2,441	2,752

The value-linked loan (VLL) is secured by guarantee against the property. The loan is repayable, when the property is sold, in proportion to the sale value to the original percentage of the cost of the house originally loaned. The proportion of the loan on this property is 94.74%. At 31 December 2017, the estimated value of the property was £147,987 which is itself a 15% discount to the Nationwide House Price Index. The amount repayable to the Church Commissioners based on the discounted valuation would be £140,199. At 31 December 2017 the Board had no intention of disposing of the property.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

20. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2017 £'000
UNRESTRICTED FUNDS						
General Funds	10,189	5,960	(9,570)	2,729	190	9,498
Designated funds						
Retired Clergy Fund	133	6	(14)	9	8	142
Church Extension Fund	546	5	(4)	-	-	547
Workplace Chaplaincy Fund	2	-	-	-	-	2
Archdeacons' Discretionary Fund	96	5	(5)	-	3	99
Total Designated Funds	777	16	(23)	9	11	790
Total unrestricted funds	10,966	5,976	(9,593)	2,738	201	10,288
RESTRICTED FUNDS						
Pastoral Fund	428	2	(22)	910	-	1,318
Church Commissioners' Grant Income	-	1,642	-	(1,642)	-	-
Endowment Fund	164	192	-	(186)	-	170
Growth Fund	518	1	(328)	-	-	191
Bishop Jeune Ordinands' Fund	1	-	-	-	-	1
The Alan Everitt Fund	2	-	-	-	-	2
Diocesan Capital Fund	431	-	(234)	-	-	197
Ordinand Training Fund	-	48	(73)	-	-	(25)
CofE Stipend Trust Reserve	-	-	-	-	-	-
Total Restricted Funds	1,544	1,885	(657)	(918)	-	1,854
ENDOWMENT FUNDS						
Permanent						
Parsonage Houses	20,482	425	-	(909)	-	19,998
Expendable						
Stipends Glebe	43,783	1,147	(238)	(911)	2,489	46,270
Other Endowment Capital	1,568	-	-	-	83	1,651
Total Endowment Funds	65,833	1,572	(238)	(1,820)	2,572	67,919
Total funds	78,343	9,433	(10,488)	-	2,773	80,061

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

21. SUMMARY OF ASSETS BY FUND	Fixed assets Tangible £'000	Investments £'000	Net Current Assets / (Liabilities) £'000	Total Assets £'000
Unrestricted funds – General	14,989	2,932	(8,423)	9,498
Unrestricted - Designated				
Retired Clergy / Clergy widows	-	140	2	142
Church Extension Fund	-	-	547	547
Workplace Chaplaincy	-	-	2	2
Archdeacons' Discretionary Fund	-	62	37	99
	-	202	588	790
Restricted				
Pastoral Fund	-	-	1,318	1,318
Church Commissioners' Fund	-	-	-	-
Endowment Funds:				
Drew Trust Income Fund	-	-	45	45
Horwood Robinson Income Fund	-	-	-	-
CE Huston Income Fund	-	-	2	2
D Huston Income Fund	-	-	110	110
Clarke Income Fund	-	-	-	-
Fry Income Fund	-	-	(2)	(2)
Chippington Income Fund	-	-	1	1
Clergy Stipend Endowment Income	-	-	-	-
Clergy Stipend Income	-	-	14	14
Diocesan Growth Fund	-	-	191	191
Bishop Jeune Ordinands' Fund	-	-	1	1
Alan Everitt Memorial Fund	-	-	2	2
Diocesan Capital Fund	-	-	197	197
Ordinand Training Fund	-	-	(25)	(25)
CofE Stipend Trust Reserve	-	-	-	-
	-	-	1,854	1,854
Endowment Expendable				
Stipends Glebe Fund	-	41,105	5,165	46,270
Endowment Capital Funds:				
Drew Trust Investment Fund	-	262	-	262
Horwood Robinson Investment Fund	-	256	-	256
CE Huston Investment Fund	-	762	-	762
D Huston Investment Fund	-	191	-	191
Clarke Investment Fund	-	1	-	1
Fry Investment Fund	-	16	-	16
Chippington Investment Fund	-	137	-	137
Clergy Stipend Investment Fund	-	26	-	26
Permanent				
Parsonage Houses Fund	19,998	-	-	19,998
	19,998	42,756	5,165	67,919
Total funds	34,987	45,890	(816)	80,061

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

22. DESCRIPTION OF FUNDS

GENERAL FUNDS	General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.
DESIGNATED FUNDS	Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes below.
RESTRICTED FUNDS	Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.
ENDOWMENT FUNDS	Endowment funds are funds held on trust to be retained for the Charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

Designated funds

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

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

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

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

Restricted funds

The Pastoral Fund is a capital and income fund where both may be expended. It may be used for a variety of purposes except for employment costs. It is the Board's policy to use these funds primarily for the purchase of and improvement 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 2017 this fund stood at £313,288 (2016: £313,285) and is included in the Pastoral Fund balance.

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

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

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

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

22. DESCRIPTION OF FUNDS (continued)

Restricted funds (continued)

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

The Alan Everitt Memorial Fund, which commenced in 2010, is specifically for drama and dance based projects that promote the self esteem of young people in a Christian environment.

The Diocesan Capital Fund was set up in 2013 to support churches in the Diocese with grants for capital projects.

The CofE Stipend Trust Reserve provides discretionary grants to Ordinands.

The Ordinand Training Fund provides discretionary training grants to Ordinands.

Endowment funds

The Stipends Glebe Fund represents the value of property and investments held under the Endowments and Glebe Measure 1976, invested to produce income to be applied for the augmentation of stipends.

Endowment Capital Funds are funds, the majority of which are, for the augmentation of stipends.

The Parsonage Houses Fund represents the deemed value of the parsonage houses calculated as set out in note 1c to these financial statements.

23. CAPITAL COMMITMENTS

At 31 December 2017 the LDBF had capital expenditure commitments authorised but not contracted for of £1,975,108 (2016: nil), and contracted for but not yet due of £2,811,060 (2016: nil).

Part of the £2,811,060 balance related to the completion of the purchase of 6 - 8 St Martins. Completion for this property occurred on 18th April 2018, with £742,500 of funds (excluding fees) being paid on that date.

24. OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

	2017	2016
	£'000	£'000
Non land & buildings operating leases where the lease expires:		
Within one year of the balance sheet date	-	6
In the second to fifth years inclusive of the balance sheet date	12	11
	<u> </u>	<u> </u>

25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

Notes 17 and 23 describe significant events that have occurred since the year end. There were no other post balance sheet events or contingent liabilities.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

26. PENSIONS

The LDBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the LDBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pension Fund ("CWPF")**. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

These schemes are multi-employer last man standing defined benefit pension schemes, for which the LDBF is unable to identify its share of the underlying assets and liabilities, as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the LDBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the LDBF. A valuation of each scheme is carried out once every three years.

Church of England Funded Pension Scheme

With effect from 1 January 1998, diocesan clergy became members of the Church of England Funded Pensions Scheme. This defined benefit scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement and provides for that part of the benefit that relates to pensionable service after 1 January 1998. Benefits are currently being accrued on the basis of half of the National Minimum Stipend being paid as the normal pension on reaching the age of 68 on completion of maximum service of 41.5 years, or 1.25 times this amount for archdeacons, plus a lump sum of three times the pension based on the previous year's National Minimum Stipend payable from the scheme. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

LDBF participates in the Church of England Funded Pensions Scheme and at the end of the year was paying contributions for 127 members (2016: 125) of the scheme out of a total membership of approximately 8,500 active members. This scheme is administered by the Church of England Pensions Board which holds the assets of the schemes separately from those of the employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

This scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers, and this means that contribution are accounted for as if the Scheme were a defined contribution scheme. There were pension costs charged to the Statement of Financial Activities in the year of £694,885 (2016: £726,126) which were contributions payable towards benefits and expenses accrued in that year, plus the figures highlighted in the table below as being recognised in the Statement of Financial Activities, giving a total charge of £777,885 for 2017 (2016: £649,126).

A valuation of the Scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2015. The 2015 valuation revealed a deficit of £236m based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until December 2019 and, thereafter, increasing linearly to 70% by 31 December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for future improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 with deficit recovery contributions (as a percentage of pensionable stipends) of 14.1% for 2016 and 2017, and 11.9% for each year from 2018 to 2025.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

26. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. A reconciliation of the balance sheet liability is set out in the table below.

	2017	2016
	£'000	£'000
Balance sheet liability as at 1 January	3,106	3,572
Contributions paid	(394)	(389)
Interest cost (recognised in the SOFA)	44	84
Remaining change to the balance sheet liability (recognised in SOFA)	39	(161)
	<u>2,795</u>	<u>3,106</u>

The remaining change to the balance sheet liability comprises changes in the agreed recovery plan and changes in discount rates and assumptions between year ends.

The remaining change to the balance sheet liability represents the present value of the deficit contributions agreed as at 31 December 2017, and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments.

	December 2017	December 2016	December 2015
Discount rate (p.a.)	1.4%	1.5%	2.5%
Price inflation (p.a.)	3.0%	3.1%	2.4%
Increase to pensionable payroll (p.a.)	1.5%	1.6%	0.9%

The legal structure of the Scheme is such that if another employer fails, LDBF may become responsible for paying a share of that employer's pension liabilities.

Church Workers Pension Fund – Defined Benefits Scheme

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

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

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

It is not possible to attribute the Scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The Scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and, as such, contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities (SOFA) are the contributions payable for the year towards benefits and expenses accrued in that year being £42,174 for 2017 (2016: £41,213) plus the

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

26. PENSIONS (continued)

Church Workers Pension Fund – Defined Benefits Scheme (continued)

impact of any deficit contributions, giving a total charge of £42,174 for 2017 (2016: £41,213).

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 having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, LDBF has entered into an agreement with the CWPF to pay a contribution rate of 22% of pensionable salary and expenses of £6,400 per year.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability within the LDBF's financial statements. By the end of 2015, the liability on this scheme had been extinguished.

The legal structure of the Scheme is such that if another employer fails, LDBF may become responsible for paying a share of that employer's pension liabilities. The next valuation is being carried out as at December 2016.

Church Workers Pension Fund – Pension Builder Scheme

LDBF participates in the Pension Builder Scheme section of the Church Workers Pension Fund for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of LDBF and the other participating employers.

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections;

- A deferred annuity section known as Pension Builder Classic, and
- a cash balance section known as Pension Builder 2014

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' normal pension age.

There is no subdivision of assets between employers in either section of the Pension Builder Scheme. The Scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are the contributions payable and were £80,274 (2016: £79,922).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next Church Workers Pension Fund valuation date, 31 December 2016.

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

27. RELATED PARTY TRANSACTIONS

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education (LDBE), The Diocese of Leicester Academies Trust (DLAT), the University Chaplaincies at the three universities in the Diocese of Leicester, Leicester Cathedral Chapter (LCC), Launde Abbey Trustees (LAT), and Coventry Diocesan Board of Finance (The) (CDBF). Details of grants made to these bodies are given in note 12 of the financial statements.

During 2017, LDBF recharged LCC £88,622 (2016: £76,169), of which £12,244 (2016: £7,636) were salaries or a stipend.

During 2017, LDBF recharged LDBE £122,372 (2016: £115,166), of which £96,836 (2016: £100,713) were salaries or consultancy costs.

During 2017, LDBF recharged DLAT £218,413 (2016: £281,052), of which £206,469 (2016: £271,465) were salaries or consultancy costs.

During 2017, LDBF recharged LAT £104 (2016: £4), of which nil (2016: nil) were salaries or consultancy costs. Conversely, LAT recharged LDBF £60,165 (2016: £90,221) of which £18,838 (2016: £21,076) were salaries.

During 2017, LDBF recharged CDBF £116,900 (2016: £113,317), of which £103,932 (2016: £104,243) were salaries or consultancy costs. Conversely, CDBF recharged LDBF £19,611 (2016: £30,027).

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

	2017	2016
	£'000	£'000
Amounts receivable / (payable) by the Board		
Diocese of Leicester Academies Trust	18	24
Leicester Diocesan Board of Education	(194)	12
Coventry Diocesan Board of Finance (The)	8	11
Leicester Cathedral Chapter	(579)	(575)
Launde Abbey Trustees	(3)	(4)

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDBF acts as Diocesan Authority or Custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held in this way are not aggregated in these financial statements as the LDBF does not control them. The financial assets held in this way may be summarised as follows:

	2017	2016
	£'000	£'000
CBF Church of England Deposit Fund	729	733
CBF Church of England Investment Fund - income shares	849	779
Other common investment fund holdings	476	460
Direct holdings in UK equities	274	230
CBF Church of England Fixed Interest Securities Fund – income shares	51	51
Cash at bank	14	55
	2,393	2,308
Total assets held as Custodian Trustee	2,393	2,308

**LEICESTER DIOCESAN BOARD OF FINANCE (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017**

29. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted Funds £'000	Endowment Funds £'000	Total funds 2016 £'000
	General £'000	Designated £'000			
Income and endowments from					
Donations					
Parish Contributions	4,526	-	-	-	4,526
Archbishops' Council	-	-	1,736	-	1,736
Other donations	13	3	-	-	16
Charitable activities	534	2	-	-	536
Other activities	767	-	-	-	767
Investments	323	16	212	1,143	1,694
Other	161	-	-	209	370
Transfer of assets from St Martins Cathedral Properties	-	-	-	-	-
Total income and endowments	6,324	21	1,948	1,352	9,645
Expenditure on					
Raising funds	12	-	-	264	276
Charitable activities	7,571	16	685	-	8,272
Other	1,178	-	-	-	1,178
Total expenditure	8,761	16	685	264	9,726
Net (expenditure) / income before losses and gains on investments	(2,437)	5	1,263	1,088	(81)
Gain on investments	361	4	-	2,495	2,860
Net(expenditure) / income	(2,076)	9	1,263	3,583	2,779
Transfers between funds	2,685	(2)	(2,158)	(525)	-
Gain on revaluation of fixed assets	216	-	-	-	216
Net movement in funds	825	7	(895)	3,058	2,995
Total funds brought forward	9,364	770	2,439	62,775	75,348
Total funds carried forward	10,189	777	1,544	65,833	78,343