

Diocese of Liverpool

Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2012

*Registered Charity Number 249740
Registered Company Number 18301*

WEDNESDAY



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COMPANIES HOUSE

CHAIRMAN'S REPORT

Chairman's Report

I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2012

First, I would like to pay tribute to the work of Mike Eastwood (Diocesan Secretary) and his team at St James House for their work in 2012. Most initiatives and all the key aspects of strategy are driven from the group working closely together with the Archdeacons to implement the Bishop's Growth Agenda. This document has guided developments with the objective of growing mission and ministry in the diocese within a financially sustainable framework. As we come towards the end of the first 3 years of the plan it is a good time to reflect on progress. I would conclude


- 1 Financial deficits have been reduced and we can now vision breakeven budgets
- 2 Parish Share receipts remain high and will be consolidated into the future through the new link between Reversing the Payment Trend and deanery mission and growth plans
- 3 Our investment fund strategy has been re-aligned and is now showing growth
- 4 All parishes are being better supported through the increasing use of statistics and information to help them plan

Specifically from the 2012 management accounts I would highlight from the numbers

- 1 Having set a budget of £90,000 (deficit) we achieved an operating loss of £250,000
- 2 The main areas of shortfall were Parish Share collection and clergy remuneration
- 3 Total gains on investment assets in 2012 totalled £278,000

The overall movement in funds was a reduction of £259k, as shown in the SOFA on page 18

We are now moving into a second phase (revised and updated Growth Plan for the period to 2015) and we have set ourselves a zero deficit for 2013. This is ambitious with the key challenges being Parish Share collection and the management of clergy numbers. I look forward to working with all members of the LDBF and would like to take this opportunity to thank them for all for their support in 2012



David Greensmith
23rd May 2013

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TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

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

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

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

The governing body of the diocese is the Diocesan Synod whose members are also members of the Diocesan Board of Finance

Although the work of the Finance Committee is the sole responsibility of those elected to serve on it, all its business is conducted under the authority of the Diocesan Bishop who presides over all the affairs of the diocese

Trustees

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

Elections to the Finance Committee take place every three years. There were elections in November 2012 for the current Finance Committee which runs from 1 January 2013 to 31 December 2015. The trustees who served in 2012 were

David Greensmith, Chair (ex-officio)
Rev Chris Jones, Deputy Chair (elected)
Bishop of Warrington (ex-officio)
Archdeacon of Liverpool (ex-officio)
Archdeacon of Warrington (ex-officio)
David Burgess (elected)
Peter Owen (elected)
Michael Pitts (elected)
Mark Stafford (elected)
Jim Taylor (elected)
Bob Timmis (elected – resigned 31/12/12)
Rev Steve Parish (elected – resigned 31/12/12)
Rev Tim Stratford (elected – resigned 28/9/12)
Cyril Barratt (Treasurer – co-opted by the Committee)

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The following additional members were elected to serve from 1/1/13

Pam Denton (elected 1/1/13)

Rev Cynthia Dowdle (elected from 1/1/13)

Rev Mark Stanford (elected from 1/1/13)

In January 2013 David Burgess replaced Rev Chris Jones as Deputy Chair

Senior staff

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

Mike Eastwood, Diocesan Secretary

Matt Elliott, Finance Manager

Stuart Haynes, Director of Communications

Linda Jones, Director of Church Growth

Steve Pierce, Director of Learning & Stewardship

Jon Richardson, Director of Education

Ultan Russell, Director of Church & Society

Bankers and professional advisers

Auditors

BWMacfarlane LLP, Castle Chambers, 43 Castle Street, Liverpool, L2 9SH

Bankers

Lloyds TSB Bank plc, Merchants Court, 2-12 Lord Street, Liverpool L2 ITS

Investment managers

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

Diocesan Registrar

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

Solicitors

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

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and objects

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

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Trustees

The Finance Committee is the trustee board. It has a mixture of ex-officio, elected and co-opted members. Elections take place every three years at the first meeting of the new diocesan synod (itself elected every three years). The trustees have the power to co-opt members according to their assessment of possible imbalances or skills gaps among the elected and co-opted members. Given the relatively large number of elected and ex-officio trustees the general approach has been to keep co-options to a minimum.

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

Organisational structure and decision-making

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

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

The Diocesan Board of Education is integrated into the Diocesan Board of Finance both legally (it is not separately constituted) and practically (the Diocesan Director of Education is a full and participating member of the senior management team). This helps organisational cohesiveness and inter-departmental working.

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

Networks and key relationships

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

- **Diocesan Synod** as the Board of Finance and governing body of the diocese
- **Bishop's Council** as the executive arm of Diocesan Synod
- The Bishop's **Core Group**, where decisions are taken about the deployment of clergy
- Other **diocesan committees**, especially the Diocesan Mission & Pastoral Committee, Lifelong Learning Committee and Board of Education
- **Deanery Synods** and **Deanery Mission & Pastoral Committees**, where local mission plans are decided and their pastoral implications worked through
- **Parishes** within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance

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- **Church schools** in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- **Liverpool Cathedral**, on whose campus we are now located and with whom there is now an established pattern of close collaborative working
- **Other dioceses**, especially in the North West of England, with whom we make joint appointments and provide services, especially to schools
- The **national church institutions** (Archbishops' Council, Church Commissioners and the Pensions Board) from whom we receive significant funding, policy directives and legal consents to transactions
- Other **Christian denominations** with and through whom we work on matters of workplace chaplaincy, child safeguarding and ecumenical relations notably through Churches Together in the Merseyside Region and Mission in the Economy
- **Interfaith bodies**, such as Merseyside Council of Faiths and Liverpool Community Spirit, as part of our cross-community work to promote good interfaith relations
- **Key infrastructural bodies** on Greater Merseyside (notably volunteer centres and councils for voluntary service) on which we represent ecumenical partners and lead on provision in rural areas. We have also been actively involved in ChangeUp, the pan Merseyside body, where we represent Churches Together in the Merseyside Region and feed back issues from faith networks to other members, notably councils for voluntary service
- **Liverpool Diocesan Council for Social Aid**, professionally advised by Church & Society, whose key roles are running Adelaide House Women's Bail Hostel and working on penal affairs and social inclusion

As at 31 December 2012 there were no subsidiary trading companies to the DBF. DBE Services Ltd continued trading, as did All Saints Centre for Mission & Ministry (previously titled the Southern North West Training Partnership). DBE Services Ltd is an inter-diocesan company for the dioceses of Liverpool, Blackburn, Carlisle, Chester, Manchester and York, providing property and other services to schools. All Saints Centre for Mission & Ministry is an inter-diocesan company for the dioceses of Liverpool, Manchester and Chester, plus partner denominations, established to provide local training for clergy and readers. In 2013 we also established a new partnership with St Mellitus (see section 4 below) and a new joint venture with the Church Urban Fund entitled Together Liverpool which seeks to support and resource parishes as they seek to serve their wider community. The Liverpool Diocesan Educational Trust was established in 2012 to enhance links with Church Academies.

The single most important relationship we have continues to be with the clergy and lay people within the churches in our diocese whose ministry is the heartbeat of the diocese. We currently have around 215 serving parish and cathedral-based stipendiary clergy, around 60 non stipendiary and ordained local clergy, over 300 readers and over 100 active retired clergy. We have c. 20 clergy serving full-time as chaplains in schools, hospitals, universities and prisons plus others serving in a part-time capacity. We also have an active committed church membership of c. 50,000.

Risk management

In addition to the financial and other risks outlined below, there are various key areas of activity where the diocese could incur financial penalties, operational failings or reputational damage. The trustees undertake an annual risk analysis exercise. The Audit Committee is the lead body in this. The analysis continues to highlight a number of risks which could impact seriously on the charity's operation and development. These range from the impact of potential parish indebtedness through to ever increasing pressures on clergy pensions, from exposure to interest rate fluctuations on borrowings to liquidity risk, from the inability of key personnel to cope with the demands of change, through to initiative overload, from the threat of increased litigation to the failure to attract enough clergy to maintain ministry. The Finance Committee oversees the implementation of the recommendations arising out of this risk

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analysis Liquidity risk is managed by ensuring sufficient liquidity to meet foreseeable needs, with an overdraft facility providing short-term flexibility and longer-term loans supporting asset acquisition

Public benefit

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

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

More information on these benefits follows throughout this report

3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. The strategic thrust of the current work is laid out in our new operational plan entitled *Supporting the Bishop's Growth Agenda*. Our aims can be summarised as follows

To see a sustainable, led and transforming Christian presence in every community in the diocese to enable all to act justly, to love mercy and to walk humbly with God

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

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

The Finance Committee is working towards the following organisational outcomes

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

Our main activities can be summarised as

- ♦ The development and implementation of mission and church growth strategies
- ♦ The provision of advisory services to bishops, parishes, schools and church bodies (mainly through employed staff)
- ♦ The support, training, payment and housing of clergy
- ♦ The support and training of lay people
- ♦ The management and development of staff members

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- Contributing to the national work of the Church of England

For more detail on individual activities see section 4, "Achievements and performance" For information on our strategic thinking into the future please see section 6, "Future plans"

Grant-making policy

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

Churches Together in the Merseyside Region – £13,806 as part of our ongoing commitment to ecumenical work

Mission in the Economy – £38,985 to support mission and chaplaincy in the world of work

We have an Ecumenical Funding Group to look at how best we work with and through our ecumenical partners This group reports annually to Bishop's Council

We also help parishes in the most deprived parishes in the diocese and gave £25,550 in Designated Priority Area grants This policy was reviewed in early 2013 and will operate differently into the future

Volunteers

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

We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church The service provided to a community through this church managed volunteering also has a significant impact, for example, on people's approaching the church at times of crisis, for baptisms, funerals and the other aspects of church life and community engagement

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

4. ACHIEVEMENTS AND PERFORMANCE

By definition much of our work continues year on year We took a particular view in 2002 that we should set new initiatives in train and stick with them, believing that they would take time to come to fruition We are determined to follow these initiatives through until either they achieve their stated goals or until it becomes clear that they will not or cannot. Much of this was captured in our operational plan *Supporting the Bishop's Growth Agenda*

In his Presidential Address to our November 2009 Diocesan Synod, Bishop James argued very strongly for the importance of numerical growth in church attendance This growth agenda is the dominant theme of our work in the coming years with annual reports to Diocesan Synod on progress 2009/11 shows numerical growth in each of the following categories adult Sunday attendance, children Sunday attendance, adult midweek attendance, children midweek attendance This goes against a national trend of decline and a long period of decline in the Diocese of Liverpool As Bishop James said in a major diocesan conference in June 2012, the Diocese of Liverpool is now once

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again a growing diocese. We remain committed to the Bishop's Growth Agenda, confident that it will outlast the Bishop of Liverpool's retirement in the summer of 2013 (see section 6 below)

In 2012 we produced our second statistical report to Diocesan Synod, based on a 'dashboard' of key data. We postponed our annual clergy survey to enable us to do more detailed work on the key issue of clergy stress. Both are available on our website. These have become our basic measures of impact and effectiveness. In 2012 our dashboard highlighted the following

We are a diocese at the forefront of developing the mixed economy church, in line with the 2004 General Synod Report *Mission-Shaped Church*. This strategy remains both a good thing in itself and fundamental to our reputational development, the latter being key to our ability to attract outstanding clergy into the diocese. An independent report by the Church Army's Sheffield Centre highlighted the growth and extent of our work on fresh expressions (available on the diocesan website)

We continue to increase the number of licensed ministers available for deployment. However, as reported last year we need both to achieve more widespread deployment of our ministry resource and to pursue vigorously the vocations initiative which began in 2008. A major new vocations strategy was agreed in 2012 and is now being rolled out. This includes a key partnership with St Mellitus in the North West as a new locally-based full-time ordination training course to complement the existing part-time All Saints course and the provision of residential colleges. We will also be appointing more Assistant Directors of Ordinands, a cohort of Examining Chaplains and a new Vocations Officer in 2013 to help drive the vocations agenda forward.

Beyond this, Bishop James has launched a major initiative on Local Missional Leadership. This will take time to interpret and implement but if we can get it right it will be transformational. We will report more fully on this in next year's report.

We remain at the leading edge of safeguarding both children and vulnerable adults. Our continuing work on the Child Friendly Church Award, our on-going training and development work on safeguarding issues and the wider work of our Disability Action Group all come together to demonstrate a serious and sustained commitment to excellence in this area. In 2013 we aim to launch the Disability Friendly Church Award.

Our Parish Share collection rate remains high, although it is the single biggest area of concern for the Diocesan Board of Finance. By October 2011 our collection rate had fallen to close to 95% from recent regular highs of 98.8%. We took a paper to Diocesan Synod called *Reversing the Payment Trend* which proposed a range of measures designed to improve collection rate. By the end of 2011 the collection rate had recovered to 97.9% and it climbed further in 2012 to 98.4%.

As reported last year, there are signs of clear financial strain. Parish Share is becoming a higher percentage of the regular giving received from church members, leaving less money available to parishes for local mission purposes – however in 2011 there was a small but welcome drop in the proportion of regular giving that Parish Share takes up. PCC charitable giving is also reducing, another sign of a financial squeeze. Quite simply these are tough times for the economy in general and the church in particular. However our diocesan dashboard showed a small increase both in the number of regular givers and in the average level of their giving. In 2013 we will be launching our re-vamped Giving in Grace website to help parishes continue to face the giving challenge head on, but fundamentally the fact that collection rates have remained this high is a tribute to the generosity and commitment to mutual support of parishes throughout our diocese.

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Levels of church attendance remain a concern, despite the improvement noted above. We are determined to continue to provide better statistics so that, in the words of the Bishop's Growth Agenda, *We want to help ensure that the decisions we make at parish, deanery and diocesan level are based on evidence rather than intuition or anecdote and that we identify what is working well, what we can build upon and develop and what may need to be challenged and changed*. We are also developing good tools for parishes to help them plan for growth. We successfully rolled out both the *Growth Planning Framework* and individual *Parish Dashboards* in 2012. These will become foundational documents and processes for parishes in the diocese for years to come.

We continue to increase our 'market share' of children attending schools. We had just under 30,000 children in Church of England schools in 2011. Our continually developing reputation for excellence in our church schools is being supplemented by the Church & School Partnership Award which aims to enhance the collaboration and relationship between local churches and their church school. Our wide-ranging review of the work of our Diocesan Board for Education (DBE) entitled *Building on Firm Foundations* was endorsed by Synod and will set the agenda for the DBE for much of the coming decade. There are also very significant implications for the DBE in the rolling back of the work of local education authorities along the increasingly stringent requirements around school standards (and their attendant implications for the government's academies agenda) and the wider drive around the establishment of free schools and academies.

Access and inclusion

The DBF's commitment to access and inclusion has continued through the work on Disability Awareness. Our policy on safeguarding vulnerable adults continues to be widely used in many other areas.

Information gathering

We now have an excellent database of information that we use to publish annual diocesan and parish **dashboards**. We will reintroduce the annual **Clergy Survey** in 2013. Information gathering and publication is fast becoming a key strength.

Asset management

Investments

2012 was a good year for our equity investments, with UK and international markets recovering from the loss made in 2011. Our cash management is still dominated by the re-working of our housing stock. 2012 continued the trend from 2011, in that we were able to achieve a number of operationally beneficial housing sales that impacted positively on the balance sheet (see below).

We continue to monitor closely our cash and broader reserve levels and think and plan on the basis of the medium rather than the short term investments. Investments policy aims for a balance of capital growth and income. We have not deemed it necessary or advantageous to change our investment policies.

In summary our CCLA investment rose in value by £278,083.

Property

We hold a lot of property (valued at £48 million). Much of this in practice takes the form of notional assets, because we have a responsibility to house clergy we have little operational freedom around disposal or re-working of the individual assets. Rather, our primary responsibility is to ensure that clergy and their families feel safe and comfortable in their homes and that it provides a suitable base for mission and ministry.

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

2012 saw some changes in our property portfolio. Four properties were sold for a total value of £979,934. These were previously valued in the balance sheet at a total of £752,020 and so resulted in gains of £227,914. Four properties were bought in the year for a total of £633,687. A further £93,589 was spent on the development of properties.

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

In early 2008 Church House was sold on advantageous terms under a 125-year lease. We anticipate the real benefits of this sale will accrue after the initial rent review in 2013.

5. FINANCIAL REVIEW

2012 was a mixed year financially. Once again we had set a close to breakeven budget with only a 1.5% increase in Parish Share, despite inflation running at more than double that for most of the year. Also the financial performances in 2010 and 2011 had been disappointing.

Performance against budget

Each year we present a budget to Synod, which summarises our financial thinking and – once approved – sets the framework for our financial decision-making. The 2012 budget was set with an operating deficit of £90,000 (up from £56,000 the previous year). Our management accounts show that overall, we fell £160,000 short of budget.

The main negatives in this financial performance were:

£108,000 shortfall in Parish Share collection (see above)

£8,000 shortfall in investment and other income

£32,000 deficit on clergy remuneration owing to there being slightly more clergy in post than we budgeted for

£12,000 deficit on the overall St James House performance largely owing to the significantly lower than budgeted contribution from DBE Services

Significantly, Clergy Housing came in on budget for the second consecutive year.

In 2012 we set a major new financial strategy taking us to operating breakeven by 2015. The 2013 budget shows a zero deficit, although we know that there will be significant challenges in the management of clergy numbers and offsetting uncollected Parish Share against the spend of the new Mission & Growth Funds. As such it may well be that we do not hit operating breakeven until 2015, but we have set a new and determined course to get there as quickly as possible.

Annual accounts

The Statement of Financial Activities on page 18 shows a net reduction in funds for the year of £258,635 (as against a net reduction in 2011 of £233,573). This is because in addition to the operating loss of £250,000 referred to above there was:

- ♦ £293,000 of additional property-related expenditure. This reflects
 - On-going expenditure to upgrade the value of our housing stock which is met from capital rather than revenue income,
 - Additional capital works associated with making newly purchased housing fit for clergy purposes,

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- Costs incurred in taking assets to market
- ◆ £222,000 on the work of River in the City, Gateway and other mission projects
- ◆ £278,000 of gains on the value of investments
- ◆ £43,000 of additional expenditure on capital projects at church schools
- ◆ £228,000 in gains on the sale of property
- ◆ £158,000 in income from the sale of land at a former school site
- ◆ £115,000 in other year-end adjustments and minor expenditure

Despite the negative variances in the year we believe that our overall financial management is good. We are continuing to develop income streams, have kept central costs under control and maintain a very impressive level of Parish Share collection. Despite the challenging economic climate in 2012, we were able to increase our Parish Share collection rate and St James' House departments spent less than in any prior year.

With the underlying improvements we have made to the management accounts position and structural changes implemented in the 2013 budget there are strong reasons to remain optimistic about the financial future.

Reserves

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

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

Early in 2011 this policy was revised and we now aim to hold a minimum of three months' operating expenditure in cash and equities in the General Fund. Over the course of 2012 the paper value of investments generally stayed above 4.0 months and were at 4.3 months by the end of the year. In the 2008 report we said:

We live in extraordinary times and the paper value of our investments has fallen significantly over the year. The trustees are seeking to take a balanced view of the current climate. We neither want to be complacent nor to overreact. Our primary focus at the moment is on the management of cash sufficient to meet our routine expenditure and necessary developments needs. As long as we are confident that we can achieve this cash flow then we are more content to give our equity investments time to recover their paper value rather than significantly cutting revenue costs.

We held to this position over the year and remain confident that it was the right thing to do.

The unrestricted reserve stands at £3m (when Designated Funds of £170k are taken into account). £2.7m representing 3 months' operating expenditure, is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining reserves at the current level will cushion the diocese from short-term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

Designated reserves amount to £170k and are to be used for the Warrington Mission Development Fund. The remaining Mission Opportunities Fund balance (£32k at 31.12.11) was spent during the year.

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Investments

The Investments Committee receive quarterly reports on investment performance. These reports are scrutinised and decisions taken accordingly. The investment managers also attend at least one meeting a year to report more fully on investment policy and review performance.

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

Our historic Glebe land portfolio is substantially managed by Fisher German, following a merger with our former managers, Denton Clark.

Housing

The housing is expressed on the balance sheet on the basis of the 2003 insurance values of each house, apart from those houses where significant development activity has taken place or which have been acquired subsequent to 2003.

Grants received

Our main source of income is Parish Share. We also receive an allocation from Archbishops' Council. These issues are discussed elsewhere in this report. We continue to be very grateful for the support of Marshall's Charity in the improvement of our housing stock. They also support a programme of CCTV installations in some of our most exposed vicarages, this is central to giving clergy and their families the security they need for ministry and home life.

6. FUTURE PLANS

We continue to work under our new operational plan *Supporting the Bishop's Growth Agenda* which covers the period 2011 – 2013. Over the course of 2013 we will need to adopt a new plan taking us through to 2016.

A hugely significant development in all of this is the forthcoming retirement of the Bishop of Liverpool, under whose leadership the growth agenda has been conceived and begun to bear fruit. It is impossible in a short report such as this to pay full and proper tribute to Bishop James' outstanding ministry and leadership in the diocese. However we are hugely grateful to God and to Bishop James for all that he has done in and beyond the Diocese of Liverpool. He leaves a lasting and powerful legacy.

Bishop Richard when speaking at the March 2013 Diocesan Synod brought the two elements of Bishop James' ministry with us and the on-going growth challenge as he proposed a vote of thanks. To quote from his speech:

What is pretty clear is that we don't expect the new Bishop of Liverpool to be in post until the autumn of 2014. That will help us to understand the time frame and the importance of keeping a sense of focus – if not urgency – if we are to secure the legacy that Bishop James leaves us.

To achieve that we must maintain momentum if we are not to stand still, which would simply result in us losing ground and, in effect, go backwards. Shortly in the resolution that I shall be moving, giving thanks to Bishop James for all he has done during his ministry amongst us, we shall pay tribute to his own powerful creativity. I am certain that he would not want us to stop nor cease to carry on being creative simply because he has retired. That would be a poor response to his legacy.

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To that end we will be sharpening our thinking around the next stage of the growth agenda and presenting it to Diocesan Synod in October

A full copy of *Supporting the Bishop's Growth Agenda* is available on the diocesan website www.liverpool.anglican.org

7. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board is Custodian Trustee for trust assets with a market value of £7.5m at 31 December 2012. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2012. Most of these trusts are held on behalf of parishes whose charitable purpose is the advancement of religion and therefore is parallel to those of the diocese. The funds are held in separate investments from those of the DBF and there is a separate bank account from which payments are made. We also hold a number of parish properties as Custodian Trustee, but we are unable to obtain a current valuation of these properties due to the complexity and substantial costs involved.

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

Further funds are held on behalf of Church of England Schools in the Diocese for the government's Devolved Formula Capital funding. At the 31 December 2012, these funds had a market value of £1.3m.

8. NOTES AND QUERIES

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

Significant changes in fixed assets

These are now explained in notes 15 and 16 to the financial statements.

Related party transactions

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

In 2008 a loan of £25k was issued to the All Saints Centre for Mission and Ministry, a related party, and a further loan of £25k was issued in 2009. During 2012, a further £5,000 was repaid leaving £37,500 due to the Diocese. This balance is included within the figure of £129,019 for parish and other loans at note 18 on page 34.

Post Balance Sheet Events

There are no significant events occurring between 31 December 2012 and the date of signing the report which have significantly affected the charity.

TRUSTEES' ANNUAL REPORT

Fundraising

There have been no significant fundraising activities at diocesan level in 2012

Insurance

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

Trustees' interest in shares

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

Taxation status

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

Contingent liability

There were no contingent liabilities on the Board other than those in note 24

9. STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- ♦ select suitable accounting policies and then apply them consistently,
- ♦ observe the methods and principles in the Charities SORP,
- ♦ make judgments and estimates that are reasonable and prudent,
- ♦ state whether applicable 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 presume that the charitable company will continue in business

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

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

The trustees also confirm that, as far as they are aware, there is no relevant audit information of which the charity's auditors are unaware and they have taken all steps that they ought to have taken as trustees in order to make

TRUSTEES' ANNUAL REPORT

themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Finance Committee

A handwritten signature in black ink, appearing to read 'Mike Eastwood', written in a cursive style.

Mike Eastwood
Diocesan Secretary
23 May 2013

AUDITORS' REPORT

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

We have audited the financial statements of the Liverpool Diocesan Board of Finance for the year ended 31 December 2012, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement (set out on pages 14-15), 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the chairman's report and the trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2012 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.

AUDITORS' REPORT

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Lesley Malkin BA F.C.A.

Senior Statutory Auditor

For and on behalf of BWMacfarlane LLP, Chartered Accountants

Statutory Auditor

Castle Chambers

43 Castle Street

Liverpool

L2 9SH

23 May 2013

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2012**

	Note	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Endowment Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary Income						
Parish Share	2	6,666,698	-	-	6,666,698	6,592,995
National Church Institutions	3	1,712,332	-	-	1,712,332	1,701,859
Grants Received	4	738,303	205,133	-	943,436	950,829
Investment income	6	331,116	170,501	-	501,617	500,442
Incoming resources from charitable activities	5	370,046	32,900	-	402,946	370,631
Other incoming resources	7	227,914	158,338	-	386,252	666,996
TOTAL INCOMING RESOURCES		10,046,409	566,872	-	10,613,281	10,783,752
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income						
Investment management costs	8	-	2,671	-	2,671	3,464
Charitable activities						
National Church responsibilities	9	294,519	-	-	294,519	285,668
Ministry in parishes	10	7,177,384	1,078,982	193,133	8,449,499	8,190,481
Support for mission & ministry in parishes	11	1,716,160	41,812	-	1,757,972	1,757,932
Education	12	451,546	42,890	-	494,436	477,671
Governance costs	13	137,991	-	-	137,991	143,192
Other outgoing resources	14	12,911	-	-	12,911	-
TOTAL RESOURCES EXPENDED		9,790,511	1,166,355	193,133	11,149,999	10,858,408
Net (Outgoing) / Incoming Resources before transfers		255,898	(599,483)	(193,133)	(536,718)	(74,656)
Realised gain on re-allocation of investment assets		12,746	5,156	4,111	22,013	-
Gross transfers between funds	28	(853,551)	660,418	193,133	-	-
Net (Outgoing) / Incoming Resources before other recognised gains and losses	21	(584,907)	66,091	4,111	(514,705)	(74,656)
Other recognised gains/losses						
Gain / (Loss) on investment assets	16	148,273	59,970	47,827	256,070	(199,334)
Gain on revaluation of fixed assets for the charity's own use		-	-	-	-	40,417
NET MOVEMENT IN FUNDS FOR THE YEAR		(436,634)	126,061	51,938	(258,635)	(233,573)
Balance brought forward 1 January 2012		3,477,004	11,908,315	36,776,952	52,162,271	52,395,844
Balance carried forward 31 December 2012		3,040,370	12,034,376	36,828,890	51,903,636	52,162,271

All of the results for both accounting periods relate to continuing activities. None of the Charity's activities were acquired or discontinued in either financial period.

BALANCE SHEET

BALANCE SHEET


AT 31 DECEMBER 2012

	Notes	2012	2011
		£	£
Fixed Assets			
Tangible Fixed Assets	15	44,473,405	44,499,922
Investments	16	8,126,660	7,848,577
Loans	17	120,000	120,000
		<u>52,720,065</u>	<u>52,468,499</u>
Current Assets			
Debtors	18		
falling due within one year		1,491,421	1,065,725
falling due after more than one year		104,505	119,648
Bank and Cash		<u>1,041,054</u>	<u>717,777</u>
		2,636,980	1,903,150
Creditors			
Amounts falling due within one year	19	(2,450,109)	(1,855,878)
Net current assets		186,871	47,272
Total assets less current liabilities		<u>52,906,936</u>	<u>52,515,771</u>
Creditors			
Amounts falling due after more than one year	20	(1,003,300)	(353,500)
Net Assets		<u>51,903,636</u>	<u>52,162,271</u>
Accumulated Funds	28		
Endowment funds		36,828,890	36,776,952
Restricted funds		12,034,376	11,908,315
Unrestricted funds		3,040,370	3,477,004
		<u>51,903,636</u>	<u>52,162,271</u>

The financial statements on pages 18 to 41 were approved by the Finance Committee on 23 May 2013 and signed on its behalf by:



Mr David Greensmith
Chairman



Mr David Burgess
Vice Chairman

RECOGNISED GAINS AND LOSSES

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012	2011
	£	£
Net expenditure for the financial year	(514,705)	(74,656)
Unrealised gain / (loss) on revaluation of assets	256,070	(158,917)
	<hr/>	<hr/>
Total losses recognised since last financial statements	(258,635)	(233,573)
	<hr/>	<hr/>

CASH FLOW STATEMENT

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2,011 £
Net Cash Flow from Operating Activities	1	(1,060,524)	(4,906)
Returns on Investments and Servicing of Finance			
Investment income		501,617	500,442
Interest on bank loans and overdrafts		(8,525)	(16,607)
		493,092	483,835
Capital Expenditure and Financial Investment			
Sale of tangible fixed assets and loan redemption		979,934	1,444,833
Purchase of tangible fixed assets		(739,025)	(1,092,314)
		240,909	352,519
Financing			
Loan from CCLA		650,000	-
Loan repaid to Charity Bank		-	(400,000)
Loans repaid to CBF		(400)	(400)
Loans from Church Commissioners		200	(200)
		649,800	(400,600)
Net Change in cash and cash equivalents		323,277	430,848
Cash and cash equivalents brought forward		717,777	286,929
Cash and cash equivalents carried forward		1,041,054	717,777

CASH FLOW STATEMENT

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

i, Reconciliation of income and expenditure to net cash outflow from operating activities

	2012	2011
	£	£
Net outgoing resources before other recognised gains and losses	(514,705)	(74,656)
Depreciation	13,523	26,140
Investment income	(501,617)	(500,442)
Interest on bank loans and overdrafts	8,525	16,607
(Gains) / Losses on disposal of property	(227,914)	(450,636)
Realised gain on reallocation of investment assets	(22,013)	-
(Increase) / Decrease in debtors	(410,553)	67,603
(Decrease) / Increase in creditors	594,231	910,478
Net cash flow from Operating Activities	(1,060,524)	(4,906)

ii, Analysis of net funds

	1 January 2012	Cash flow	Other non 31 December cash changes	2012
	£	£	£	£
Net Cash -				
Cash at bank and in hand	717,777	323,277	-	1,041,054
Bank Overdrafts	-	-	-	-
	717,777	323,277	-	1,041,054

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

	2012	2011
	£	£
Increase (decrease) in cash	323,277	430,848
Opening net funds	717,777	286,929
Closing net funds	1,041,054	717,777

NOTES TO THE ACCOUNTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

I. (a) Accounting policies

The Company has taken advantage of adapting its own arrangements of the headings and subheadings of its financial statements due to the special nature of its business in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice "Accounting by Charities" (the "SORP") issued in March 2005, except that freehold properties are not depreciated as set out below (see note k). Note is also taken of the Diocesan Accounts Guide issued August 2006.

A summary of the more important accounting policies, which have been consistently applied, is set out below.

(b) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

(c) Incoming resources

The principal source of income comes from voluntary giving in the form of parish share. Income is accounted for when receivable, where receipts are reasonably certain and the amounts receivable can be quantified. It is stated net of discounts and provisions and write offs of irrecoverable arrears.

(d) Donations and legacies

All legacies to which the Diocese has been notified of its legal entitlement are included in the Statement of Financial Activities unless incapable of financial measurement. Assets given for distribution are recognised as income only when distributed. Assets given for use by the charity are recognised as incoming resources when receivable. All such income is brought into account at either the amount actually realised, or a reasonable estimate of their value.

(e) Grants payable and receivable

Grants received for restricted purposes are accounted for as restricted funds. They are not recognised until the conditions for receipt have been complied with. Grants restricted to future accounting periods are deferred and recognised in future accounting periods. Grants payable are recognised as a liability when the obligation arises to make a transfer of value to a third party.

Grants payable to National Church institutions are shown in note 9 and grants payable to support work in the parishes in the diocese are shown in notes 10 and 11.

(f) Resources expended

Expenditure is recognised on an accruals basis as a liability when incurred and has been classified under the following categories:

- ♦ Costs of generating funds comprise the costs associated with the generation of income for the charity and include investment manager's costs.
- ♦ Charitable Expenditure comprises those costs incurred by the charity in the delivery of its activities. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

NOTES TO THE ACCOUNTS

- ◆ Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity
- ◆ All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of that resource. Indirect costs, such as DBF Central Costs and St James' House costs are allocated to the cost that they support in proportion to the time spent by St James' House staff on the relevant expenditure and as set out in notes 10 – 13

(g) Investment assets and income arising

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

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

Investment properties are included in the balance sheet at their open market value and are not depreciated. Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the trustees compliance with the accounting standard (SSAP 19) is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

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

Dividends and interest are included in the financial statements when receivable and gross of recoverable taxation.

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

(h) Major Funds

Funds held by the Company are either

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

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

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

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

Details of the major funds held by the Board are given in note 28 to the Financial Statements.

NOTES TO THE ACCOUNTS

(i) Stipends

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

(j) Staff Pensions

The Board of Finance contributes to the Church of England Funded Pension Scheme (for clergy) and the Church Workers Pension Fund for other staff. These schemes are multi-employer pension schemes and it is not possible to identify the assets and liabilities of the schemes which are attributable to the Board. Therefore, in accordance with FRS 17, payments to the schemes are accounted for as for defined contribution schemes and the Board accounts for pension costs on the basis of contributions actually payable to the schemes in the year. Details of the schemes are given in note 25 to the accounts.

(k) Fixed assets

Classes of fixtures and fittings are grouped and only those classes with a value of over £10,000 are capitalised and not expensed. Glebe and parsonage houses and other property used by the Diocese are capitalised at cost, or valuation when first capitalised or transferred to the Board. Parsonage and Glebe houses that were first capitalised during the year ended 31 December 2005 were included at an estimate of market value, based on insurance valuations made at 31 December 2003 and this valuation has not been updated.

Other Property is held in the balance sheet at cost, or valuation when the property was transferred to the Board.

Profits or losses arising on the sale of property are appropriated to the accumulated capital account, or passed to the Church Commissioners in the case of Value Linked Loan property.

Depreciation is not provided on buildings or value linked loan property as it is the company's policy to maintain the buildings in a state of good repair, and the directors consider that the life of the properties and their residual values are such that depreciation is not significant.

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

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

(l) Netting off of expenses and income

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

(m) Designated funds

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

NOTES TO THE ACCOUNTS

(n) Reserves

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

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

(o) Value Linked Loans

Value linked loans from the Church Commissioners that are administered by the DBF and the corresponding equivalent value of property to which they relate are all included in the Balance Sheet as an asset and a corresponding liability, in accordance with the recommendation of the Diocesan Accounts Guide. Such parish related loans outstanding at 31 December 2012 amounted to £120,000 (2011 - £120,000). Where the property is held in trust for Parish use, the asset is included as a Loan in note 17 to the accounts and where the property is held for Diocesan purposes it is included in DBF property in note 15 to these accounts.

(p) Irrecoverable VAT

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

(q) Operating Leases

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

NOTES TO THE ACCOUNTS

2 Parish Share

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
General Parish Share Income	6,666,698	-	-	6,666,698	6,592,995
	6,666,698	-	-	6,666,698	6,592,995

3. Income from National Church Institutions

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Church Commissioners' Allocation to Diocese	1,501,222	-	-	1,501,222	1,499,746
Parish Ministry Support Grant	185,110	-	-	185,110	176,850
Grant for Legal services	26,000	-	-	26,000	25,264
	1,712,332	-	-	1,712,332	1,701,859

4. Grants Received

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Discretionary Funds Grant	141,220	-	-	141,220	121,220
DPA Strategy Income	-	22,000	-	22,000	22,000
RITC, MOF and other projects	-	157,507	-	157,507	102,526
Marshalls Charity Grants for Parsonages	-	14,596	-	14,596	19,140
Partners in Mission Income	-	100	-	100	466
Church Growth	-	4,580	-	4,580	5,842
Stipends	19,853	-	-	19,853	11,639
DBE Services Ltd	99,615	-	-	99,615	148,250
Church & Society	-	6,350	-	6,350	37,772
Assigned Fees	477,615	-	-	477,615	481,973
	738,303	205,133	-	943,436	950,829

NOTES TO THE ACCOUNTS

5. Incoming resources from charitable activities

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Hospital Chaplaincy Income	12,000	-	-	12,000	17,863
Gift Aid Scheme	23,846	-	-	23,846	25,724
General DBF Income	59,440	-	-	59,440	59,692
Fellfield Income	5,500	-	-	5,500	6,810
Board of Education	175,746	-	-	175,746	157,995
DBE Property Income	2,891	-	-	2,891	-
Communications Office	20,560	-	-	20,560	17,963
Lifelong Learning	70,063	-	-	70,063	62,673
Clergy Housing Income	-	15,494	-	15,494	5,218
Church Inspection Fees	-	17,406	-	17,406	16,693
	370,046	32,900	-	402,946	370,631

6. Investment Income

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
DBF Investment Income	256,116	-	-	256,116	251,160
Church House Rental Income	75,000	-	-	75,000	72,300
Parsonages Rental Income	-	158,694	-	158,694	157,363
Glebe Rental Income	-	11,807	-	11,807	19,619
	331,116	170,501	-	501,617	500,442

7. Other incoming resources

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
DBE Property Income	-	158,338	-	158,338	216,360
Gains / (Losses) on Disposal of Property	227,914	-	-	227,914	450,636
	227,914	158,338	-	386,252	666,996

NOTES TO THE ACCOUNTS

8 Investment Management Costs

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Glebe Rental Management Charges	-	2,671	-	2,671	3,464
	-	2,671	-	2,671	3,464

9 National Church Responsibilities

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Archbishops' Council	294,519	-	-	294,519	285,668
	294,519	-	-	294,519	285,668

10 Mission & Ministry in Parishes

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Clergy stipends	4,598,645	-	-	4,598,645	4,593,627
Clergy pension contributions	1,655,601	-	-	1,655,601	1,630,601
National insurance	355,571	-	-	355,571	380,080
Resettlement/removal grants etc	195,408	-	-	195,408	164,678
Lay Workers	105,170	-	-	105,170	70,108
Administration and other costs	78,871	-	-	78,871	69,289
Area Dean Grants	39,375	-	-	39,375	36,551
RITC, MOF and other projects	-	215,720	-	215,720	128,830
Clergy Housing	-	863,262	193,133	1,056,395	1,000,877
Grants to Parishes from Property Sales	34,754	-	-	34,754	-
DBF Central Costs (25%)	94,130	-	-	94,130	97,046
St James' House Costs (15%)	19,859	-	-	19,859	18,794
	7,177,384	1,078,982	193,133	8,449,499	8,190,481

NOTES TO THE ACCOUNTS

11. Support for Mission & Ministry in Parishes

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Clergy Training	242,808	-	-	242,808	243,807
Lifelong Learning	290,736	-	-	290,736	294,955
Church and Society	96,272	-	-	96,272	108,148
Disability Discretionary	574	-	-	574	1,059
Church Growth & Ecumenism	117,549	-	-	117,549	115,519
Tearfund Project	-	5,569	-	5,569	1,192
Resources Department	112,305	-	-	112,305	129,147
Ordinands in Training	165,606	-	-	165,606	145,657
General Synod Members Expenses	8,479	-	-	8,479	8,094
Church Inspections	-	18,610	-	18,610	14,450
Communications Office	100,729	-	-	100,729	100,294
Legal Fees	-	-	-	-	212
Pastoral Committee	-	17,633	-	17,633	15,778
Diocesan Synod	5,734	-	-	5,734	1,374
Safeguarding and Inclusion	89,378	-	-	89,378	82,938
Diocesan Advisory Council	26,912	-	-	26,912	19,822
Ecumenical Funding	54,291	-	-	54,291	79,244
DPA Parish Housing & DPA Grants	25,550	-	-	25,550	21,400
DBF Central Costs (60%)	225,912	-	-	225,912	232,912
St James' House Costs (80%)	105,918	-	-	105,918	100,237
Other	47,407	-	-	47,407	41,695
	1,716,160	41,812	-	1,757,972	1,757,932

NOTES TO THE ACCOUNTS

12. Education

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Board of Education	451,546	-	-	451,546	427,282
Property Expenditure on Schools	-	42,890	-	42,890	50,389
	451,546	42,890	-	494,436	477,671

13. Governance Costs

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
DBF Central Costs (15%)	56,478	-	-	56,478	58,227
Diocesan Registry	59,346	-	-	59,346	65,437
Audit and accounting fees	15,548	-	-	15,548	13,263
St James' House Costs (5%)	6,619	-	-	6,619	6,265
	137,991	-	-	137,991	143,192

14 Other outgoing resources

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Pastoral Account	12,911	-	-	12,911	-
	12,911	-	-	12,911	-

NOTES TO THE ACCOUNTS

15. Tangible Fixed Assets

	DBF Property £	DBF Glebe £	DBF VLL Property £	Team Vicars Glebe £	Parsonages £	Fixtures & Fittings £	Total Fund £
Cost or Valuation							
At 1 January 2012	679,320	4,386,658	318,169	4,216,000	34,882,294	209,031	44,691,472
Additions	-	95,463	-	-	631,813	11,749	739,025
Disposals	-	(118,020)	-	-	(634,000)	-	(752,020)
At 31 December 2012	679,320	4,364,102	318,169	4,216,000	34,880,107	220,780	44,678,477
Depreciation							
At 1 January 2012	-	-	-	-	-	191,550	191,550
Charge for year	-	-	-	-	-	13,523	13,523
At 31 December 2012	-	-	-	-	-	205,073	205,073
Net book value							
At 31 December 2012	679,320	4,364,102	318,169	4,216,000	34,880,107	15,707	44,473,405
At 31 December 2011	679,320	4,386,658	318,169	4,216,000	34,882,294	17,481	44,499,922

All but one of the properties held as Tangible Fixed Assets are freehold. The sole leasehold property is valued at cost of £38,500. The trustees are of the opinion that the market value of land and buildings exceeds their carrying value by an amount which cannot be ascertained without a disproportionate cost in determining the information.

16. Fixed Asset Investments

	Investment Properties £	UK Unquoted Investments £	Total Funds 2012 £	Total Funds 2011 £
Unquoted				
Market value at 1 January 2012	3,275,000	4,573,577	7,848,577	8,047,911
Additions	-	433,350	433,350	-
Disposals	-	(411,337)	(411,337)	-
(Losses)/Gains on Investment Assets	-	256,070	256,070	(199,334)
Market value at 31 December 2012	3,275,000	4,829,647	8,126,660	7,848,577

The UK unquoted investments are pooled and have been reallocated during the year to ensure that each fund has an appropriate portion of investments allocated to it, taking into account the relative size of the fund and other assets held specifically in that fund (see note 28). All UK Unquoted Investments are with CCLA Investment Management.

NOTES TO THE ACCOUNTS

The Linnet Lane and Carsdale Road investment properties were valued through external inspection in 2007 by Thomson and Moulton Chartered Surveyors (RICS). The Stanley Road investment property was valued for insurance purposes in 2008 by St Giles Group Ltd (FSA regulated). Church House was valued by Honeybourne Kenny and Partners in 2009. The trustees have valued the investment properties at a current market value of £3,275,000 as at 31 December 2012.

Historical Cost of Investments	2012	2011
	£	£
UK Unquoted	3,273,249	3,361,682
Investment Property	2,086,955	2,086,955
	<u>5,360,204</u>	<u>5,448,637</u>

Unquoted Investments comprise	2012	2011
	£	£
CBF Fixed Interest Securities Fund Shares	674,335	667,569
CBF UK Equity Fund	1,633,265	1,877,760
CBF Property Fund	727,660	792,597
CBF Investment Fund	1,356,786	1,234,191
CBF Global Equity Fund	458,154	-
CBF Deposit Fund	1,448	1,448
DBE Services Ltd	12	12
	<u>4,851,660</u>	<u>4,573,577</u>

In 2005 the diocese purchased 12 ordinary shares of £1 each (now a 1/6th shareholding) in DBE Services Ltd. DBE Services Ltd provides services for schools. The Diocese's share of the surplus was £99,615 (see note 4).

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

In 2007 the All Saints Centre for Mission and Ministry Ltd was set up to provide the advancement of theological education in areas of Christian Faith, mission and practice. No shares have been issued as the company is limited by guarantee.

NOTES TO THE ACCOUNTS

17 Loans (amounts falling due after more than one year)

	2012	2011
	£	£
Loans to Parishes		
Value Linked Loans for Curates' properties	<u>120,000</u>	<u>120,000</u>

18. Debtors

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Amounts due from parishes	610,621	-	-	610,621	543,154
Sundry debtors	651,920	-	-	651,920	361,761
Parish and other loans	129,019	-	-	129,019	166,422
Prepayments	204,366	-	-	204,366	114,036
	<u>1,595,926</u>	<u>-</u>	<u>-</u>	<u>1,595,926</u>	<u>1,185,373</u>

Debtors include the following balances due after more than one year

	Total Funds 2012 £	Total Funds 2011 £
Parish and other loans	<u>104,505</u>	<u>119,648</u>
	<u>104,505</u>	<u>119,648</u>

NOTES TO THE ACCOUNTS

19. Creditors: amounts falling due within one year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Sundry creditors and accruals	1,173,091	-	-	1,173,091	695,446
Schools development project	239,918	-	-	239,918	1,134,462
Investment proceeds held for schools	1,011,233	-	-	1,011,233	-
Taxation and social security	25,867	-	-	25,867	25,970
	2,450,109	-	-	2,450,109	1,855,878

20 Creditors: amounts falling due after more than one year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2012 £	Total Funds 2011 £
Loans from Church Commissioners	350,900	-	-	350,900	350,700
Loans from CCLA	650,000	-	-	650,000	-
Loans from CBF	-	2,400	-	2,400	2,800
	1,000,900	2,400	-	1,003,300	353,500

Loans from Church Commissioners are secured on value-linked loan properties, included in fixed assets and are repayable on the sale of the property. There is no fixed repayment date for these.

The total interest paid during 2012 was £23,573 at a rate of 6%.

Loans in respect of curates' properties total £120,000 (2011 - £120,000) (see note 17).

Loans from CCLA are repayable on a flexible basis within ten years. Interest is payable at 0.55% above the daily declared CCLA CBF Deposit Fund interest rate.

21. Net (Outgoing) / Incoming Resources for the year

	2012 £	2011 £
This is stated after charging:-		
Auditors' remuneration		
Audit – BVMacfarlane LLP	12,300	12,000
Depreciation	13,523	26,141
VLL Loan Interest Paid	23,573	22,494
Operating Leases – Land & Buildings	72,000	72,000
Operating Leases – Plant and Equipment	9,621	7,889
Interest on bank loans and overdrafts	8,525	16,607
Interest on loans from CCLA	417	-

NOTES TO THE ACCOUNTS

22. Directors' emoluments

No emoluments have been paid from Board funds to any members of the Board of Finance. Board members are not included in the employees shown in note 23 below. Board members who are also stipendiary clergy receive remuneration including housekeeping, stipends and pension provisions based on national rates set by the central stipendiary authority.

23. Employees' information

The average number of persons employed by the company during the year was

	2012 Number	2011 Number
Full time	27	27
Part time	26	26
	<u>53</u>	<u>53</u>

Included in the above are two full time and one part time parish-based posts employed as lay alternatives to stipendiary clergy, funded from the stipends budget. Also included were five full time and two part-time posts funded externally by Service Level Agreements, ecumenical grants and Liverpool University Anglican Chaplaincy.

	2012 £	2011 £
Staff costs (for the above persons)		
Wages and salaries	1,085,258	1,083,065
Social Security costs	85,666	79,502
Other pension costs (Note 25)	316,833	290,205
	<u>1,487,757</u>	<u>1,452,772</u>

The above staff costs are allocated to the respective Boards and Committees of the Diocesan Board of Finance.

There were no employees with emoluments in excess of £60,000.

24. Guarantees

The Board has given guarantees to Lloyds TSB Bank plc of £298,264 (2011: £227,504) in respect of loans granted to parishes. These guarantees would crystallise in the event of a default. During 2012 the Board gave a repayment guarantee in relation to a loan provided to the Florence Institute from the Architectural Heritage Fund to a maximum of £253,265. The loan related solely to cash flow and the project is fully funded. This guarantee ended on 15th March 2013. At the end of the year, Capital commitments authorised but not yet contracted for totalled £856,994 (2011: nil).

NOTES TO THE ACCOUNTS

25. Pensions

(a) Clergy Pensions

The Liverpool DBF participates in the Church of England Funded Pensions Scheme and employs 205 members of the Scheme out of a total membership of approximately 9,000 active members

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Liverpool DBF is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions

- An investment strategy of
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to 2/3 by 31 December 2029, with the balance in return-seeking assets, and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets
- Investment returns of 4.4% pa on gilts and 5.9% pa on equities,
- RPI inflation of 3.8% pa (and pension increases consistent with this),
- Increase in pensionable stipends of 3.8% pa, and
- Post-retirement mortality in accordance with 80% of the SINA tables, with allowance made for improvements in mortality rates from 2003 according to the "medium cohort" projections, and subject to a minimum annual improvement of 1.5% for males and 1.0% for females

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the Liverpool DBF to account for pension costs on the basis of contributions actually payable to the Scheme in the year

Following the results of the 2009 valuation, changes were made to benefits being built up in the Scheme from 1 January 2011 and the Liverpool DBF contribution rate was set at 38.2% of pensionable stipends (of which 14.7% is in respect of the £262m shortfall in the Scheme and 23.5% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme)

Contribution rates will be reviewed at the next valuation of the Scheme, due no later than as at 31 December 2012

(b) Staff Pensions

The Liverpool DBF participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund

The Liverpool DBF 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 DBS. A valuation of the fund has been carried out as at 31st December 2010 and the Liverpool DBF's contribution rate in respect of future accruing benefits was revised to 27.5% of pensionable salaries and additional contributions in respect of the shortfall in the Employer sub-pool of £112,585 pa are payable until 31st March 2022 with effect from 1st April 2012 (previously £91,908)

NOTES TO THE ACCOUNTS

Following a consultation process the Liverpool DBF section of the DBS was revised and changes were made to scheme benefits. These changes reduced the contribution rate in respect of future accruing benefits to 20.8% of pensionable salaries.

During the year to 31st December 2012, the Liverpool DBF made contributions of £164,782 to the DBS in respect of benefits accrued in 2012. Additional contributions for the shortfall in the Employer sub-pool totalled £107,436 during the year.

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

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

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

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

A valuation of the DBS is carried out once every three years, the most recent being carried out as at 31st December 2010. In this valuation, the Life Risk Section was shown to be in deficit by £6.7m and some £5.5m was notionally transferred from the employers' sub-pools to the Life Risk Pool. Of this, £97k was deducted from the Employer sub-pool. This increased the employer's contributions that would otherwise have been payable. Other available information relating to the valuation as at 31st December 2010 is given below.

Market value of DBS	£220.7m
Market value of Employer sub-pool	£2.4m
Market value of Life Risk Pool (1,140 pensioners)	£97.4m

	Total Scheme members	Employer members
Deferred pensioners	1513	27
Active members	1134	31

NOTES TO THE ACCOUNTS

The Defined Benefits Scheme was closed to new LDBF employees from 2 January 2009. New employees are eligible to join the Church of England Defined Contributions Scheme (DCS), also part of the Church Workers Pension Fund. At 31 December 2012 the Board had 12 active members in the DCS. During the year Liverpool DBF made contributions of £31,495 to the DCS. Two DBF employees are members of the Church of England Funded Pension Scheme, for which contributions of £13,120 were payable.

26. Analysis of net assets by funds as at 31 December 2012

	Tangible Fixed Assets £	Loans/ Investments £	Net Current Assets £	Long-term Liabilities £	Total £
Unrestricted funds	1,013,196	2,843,602	186,871	(1,003,300)	3,040,370
Restricted funds	7,539,644	4,494,732	-	-	12,034,377
Endowment funds	35,920,565	908,325	-	-	36,828,890
Total	44,473,405	8,246,660	186,871	(1,003,300)	51,903,636

Further details of individual funds are given in note 28 below

27. Lease Obligations

At 31st December 2012, Liverpool DBF was committed to making the following payments under non-cancellable operating leases in the year to 31st December 2013

	2012		2011	
	Land and Buildings £	Plant and Equipment £	Land and Buildings £	Plant and Equipment £
Within 1 year	-	-	-	-
Within 2 to 5 years	-	9,621	-	9,621
After 5 years	72,000	-	72,000	-

NOTES TO THE ACCOUNTS

28. Accumulated funds

The General fund is unrestricted. In 2006, £500,000 was designated to the Mission Opportunities Fund, to give the Board flexibility to respond to fresh expressions of the church in future. In 2012, the brought forward balance of £32,000 was spent. In 2010 £170,000 was designated to the Warrington Mission Development Fund from the sale proceeds of a former vicarage. As at 31 December 2012, the total designated funds amounted to £170,000.

Pastoral Account: The Diocesan Pastoral Account represents the proceeds of redundant churches. These funds, held by the Diocesan Board of Finance, have not yet been applied to the purposes permitted by the Pastoral Measure 1983. The Pastoral Account can be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement or repair of churches once the legal obligations for redundant church buildings vested in the Board for disposal have been met. When authorised, surplus funds may be transferred to the Stipends Fund Capital Account. When these funds have been used to purchase or improve property this has been charged to the Pastoral Account in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the Board has used the funds to purchase or improve properties in its corporate capacity, these have been included as Fixed Assets in these financial statements.

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

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

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

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

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

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

- Tearfund
- C of E Stipends Fund
- Church Inspections
- Akure & Partners in Mission

NOTES TO THE ACCOUNTS

28 Accumulated Funds (continued)

	General	Specific Restricted	DBF Property Fund	Pastoral Account	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£	£
Movement in Year									
Total Funds 2011	3,477,004	894,065	10,837,201	-	177,049	1,141,350	34,882,294	753,308	52,162,271
Incoming Resources	10,046,409	207,943	200,591	-	158,338	-	-	-	10,613,281
Outgoing Resources	(9,790,511)	(239,899)	(865,933)	(17,633)	(42,890)	(193,133)	-	-	(11,149,999)
Investment Asset									
Gains/losses	161,019	54,361	-	-	10,765	6,134	-	45,804	278,083
Revaluation of property									
Gains/losses	-	-	-	-	-	-	-	-	-
Transfers	(853,551)	-	642,785	17,633	-	195,320	(2,187)	-	-
Total Funds 2012	3,040,370	916,470	10,814,644	-	303,262	1,149,671	34,880,107	799,112	51,903,636
Represented by									
Tangible Fixed Assets	1,013,196	-	7,539,644	-	-	1,040,458	34,880,107	-	44,473,405
DBF Houses & Glebe	679,320	-	3,323,644	-	-	1,040,458	-	-	5,043,422
DBF Houses VLL	318,169	-	-	-	-	-	-	-	318,169
Parsonages & TV Glebe	-	-	4,216,000	-	-	-	34,880,107	-	39,096,107
Furniture & Fittings	15,707	-	-	-	-	-	-	-	15,707
Investments	2,723,603	916,470	3,275,000	-	303,262	109,213	-	799,112	8,126,660
CCLA	2,723,591	916,470	-	-	303,262	109,213	-	799,112	4,851,648
Investment Property	-	-	3,275,000	-	-	-	-	-	3,275,000
DBE Services Ltd	12	-	-	-	-	-	-	-	12
VLL to parishes	120,000	-	-	-	-	-	-	-	120,000
Net Current Assets	186,871	-	-	-	-	-	-	-	186,871
Debtors	1,595,926	-	-	-	-	-	-	-	1,595,926
Bank and Cash	1,041,054	-	-	-	-	-	-	-	1,041,054
Taxation & Social Security	(25,867)	-	-	-	-	-	-	-	(25,867)
Sundry Creditors & Accruals	(2,424,242)	-	-	-	-	-	-	-	(2,424,242)
Liabilities	(1,003,300)	-	-	-	-	-	-	-	(1,003,300)
Loans From Charity Bank	(650,000)	-	-	-	-	-	-	-	(650,000)
Loans Church Comms	(350,900)	-	-	-	-	-	-	-	(350,900)
Loans from CBF	(2,400)	-	-	-	-	-	-	-	(2,400)
	3,040,370	916,470	10,814,644	-	303,262	1,149,671	34,880,107	799,112	51,903,636
Analysis of Reserves									
General Funds	3,040,370	-	-	-	-	-	-	-	3,040,370
Restricted Funds	-	916,470	10,814,644	-	303,262	-	-	-	12,034,376
Endowment Funds	-	-	-	-	-	1,149,671	34,880,107	799,112	36,828,890
	3,040,370	916,470	10,814,644	-	303,262	1,149,671	34,880,107	799,112	51,903,636