

174695

BRADFORD DIOCESAN BOARD OF FINANCE

2012 REPORT AND ACCOUNTS

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BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The Trustees, who are directors for the purposes of company law and who form the Bishops' Council and Standing Committee, present their combined trustees' report and directors' report together with the audited financial statements, for the year ended 31 December 2012

This report refers to the Diocese of Bradford except for section 2 and is set out as follows -

- 1 Reference and administrative details of the Diocese of Bradford
- 2 Summary information about the structure of the Church of England
- 3 Structure, governance and management
- 4 Objectives and activities
- 5 Achievements and performance
- 6 Financial review
- 7 Plans for future periods
- 8 Funds held as custodian trustee for others
- 9 Appointment of Auditor

Reference and administrative details of the Diocese of Bradford

In accordance with the Companies Act 2006 and the Statement of Recommended Practice Accounting and Reporting by Charities issued in March 2005 (SORP 2005), the trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and as at the date of signing were as follows -

President (Ex-Officio)

The Bishop of Bradford	The Rt Revd Nicholas Baines
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Elected by Members

Chairman of the Board	Mrs Sharon Arnold
Vice-Chairman of the Board	The Revd Peter Mayo-Smith

Ex-Officio

Synod Clergy Vice-President	The Revd Canon John Nowell	
Synod Lay Vice-President	Ms Sallie Bassham	Resigned 17 September 2012
	Mrs Marilyn Banister	Appointed 17 September 2012
The Dean of Bradford	The Very Revd Dr David Ison	Resigned 24 May 2012
Acting Dean of Bradford	The Revd Canon Andrew Williams	Appointed 25 May 2012
The Archdeacon of Bradford	The Ven Dr David Lee	
The Archdeacon of Craven	The Ven Paul Slater	
Chairman of the Board of Education	Mrs Diana Chambers	Resigned 31 December 2012
	Revd Barry Miller	Appointed 28 February 2013
Acting Chairman of the Board of Education	Ms Liz Roodhouse	From 1 July 2012 to 28 February 2013

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Elected

by Proctors	The Revd Paul Ayers	
by Lay Members of General Synod	Mrs Zahida Mallard	Resigned 17 September 2012
	Mr Ian Fletcher	Appointed 17 September 2012
by Bradford Archdeaconry Clergy	The Revd Paul Tudge	
Members of Diocesan Synod	The Revd Gary Hodgson	Appointed 17 September 2012
	The Revd Colin Blake	Appointed 17 September 2012
by Craven Archdeaconry Clergy	The Revd Canon George Moffatt	Resigned 17 September 2012
Members of Diocesan Synod	The Revd Peter Mott	Resigned 17 September 2012
	The Revd David Macha	Appointed 17 September 2012
by Bradford Archdeaconry Lay		
Members of Diocesan Synod	Mrs Nora Whitham	
by Craven Archdeaconry Lay		
Members of Diocesan Synod	Mr Richard Thomas	Resigned 17 September 2012
	Vacant	From 18 September 2012
by Lay Diocesan Synod Members		
from the following		
deaneries –		
Airedale	Mr Michael Moss	
Bowling & Horton	Mr David Gibson	
Calverley	Mr Roger Marks	
Otley	Vacant	
Bowland	Mr Paul Gibbons	
Ewecross	Vacant	
Skipton	Mrs Jill Wright	Resigned 17 September 2012
	Mr Stanley Jenkins	Appointed 17 September 2012
South Craven	Mr Philip Turner	Appointed 17 September 2012

Coopted by the Trustees

Up to 2 members-House of Clergy	Two vacancies	
of the Diocesan Synod	Mr Stanley Jenkins	To 17 September 2012
Up to 2 members-House of Laity	Two vacancies	From 17 September 2012
of the Diocesan Synod		

Secretary	Mrs Deborah A Child
Assistant Secretary	Vacant
Accountant	Mr Shaun Birch
Property Officer	Mr David W Meadows
Registered Office	Kadugli House Elmsley Street Steeton Keighley BD20 6SE
Telephone	01535 650555
Facsimile	01535 650550
Email	office@kadugli.org.uk

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Company registration number 174695

Charity registration number 247858

Auditor KPMG LLP
1 The Embankment, Neville Street
Leeds, LS1 4DW

Bankers Barclays Bank plc
PO Box 245, 10 Market Street
Bradford BD1 1XW

Lloyds Bank plc
45 Hustlergate
Bradford BD1 1NT

Bank of Scotland plc
BWD Rensburg Branch
11 Earl Grey Street
Edinburgh EH3 9BN

Skipton Building Society
The Bailey
Skipton
BD23 1DN

Scottish Widows Bank plc
PO Box 12757
67 Morrison Street
Edinburgh
EH3 8YJ

Diocesan Registrar Mr Peter W Foskett
c/o Gordons LLP
14 Piccadilly
Bradford
BD1 3LX

Solicitors Gordons LLP
14 Piccadilly
Bradford BD1 3LX

Investment Managers
Listed Investments CCLA Investment Management Ltd
80 Cheapside
London EC2V 6DZ

Rensburg Sheppards Investment Management Ltd
Quayside House
Canal Wharfe
Leeds LS11 5PU

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Glebe Property Agents	Rural Estate Management Ltd 21 Throstle Nest Close Otley LS21 2RR
Insurers	Ecclesiastical Insurance Group plc Beaufort House, Brunswick Road Gloucester GL1 1JZ
Insurance Brokers	Towergate Risk Solutions Towergate House Five Airport West Lancaster Way Yeadon, Leeds, LS19 7ZA

2. Summary information about the structure of the Church of England

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

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

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and most deans of cathedrals on the advice of the Prime Minister, though the Dean of Bradford is installed on the nomination of the Simeon's Trustees The two archbishops and 24 senior bishops sit in the House of Lords

The Church of England is episcopally-led There are in excess of 100 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops) It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches General Synod passes measures which, if accepted by Parliament, have the effect of acts of Parliament It is made up of three groups or houses of members the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church

The three National Church Institutions

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

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

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

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

2. Summary information about the structure of the Church of England (continued)

have served in that ministry, and to administer pension schemes for lay employees of Church organisations

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

The Diocese

Diocesan Synod

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

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

Its membership also makes up the Diocesan Board of Finance

Deanery Synod

The Diocese is divided into two Archdeaconries (Bradford and Craven) each Archdeaconry comprising 4 Deaneries. Each Deanery has its own Synod which comprises two houses, laity and clergy, and its role is to

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

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council, as a Standing Committee of the Synod has the following functions

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

BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

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2. Its membership also makes up the Board of Directors of the Diocesan Board of Finance
Summary information about the structure of the Church of England (continued)

Parishes

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

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

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

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently excepted from registration with the Charity Commission, subject to the Charities Act 2011 under which those above £100,000 gross income for the year are required to register. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

3. Structure, governance and management

The Diocese of Bradford was created on 25 November 1919 and took broadly its present form. It covers an area of 840 square miles in Bradford Metropolitan District, the western quarter of North Yorkshire, areas of East Lancashire and Leeds, with an overall population of 637,000 people. The Diocese is arranged as two archdeaconries, Bradford covering the south-eastern part with four deaneries and Craven the north-western part, also, with four deaneries. In total there are some 125 parishes. On 2 December 2012 the benefices of Sedburgh, Cautley & Garsdale, Dent & Cowgill and Firkbank, Howgill & Killington transferred to Carlisle Diocese.

In November 2010 The Dioceses Commission issued a draft report on its review of the dioceses of Bradford, Ripon & Leeds and Wakefield, the aims of which were to establish whether the shape and boundaries of the existing dioceses facilitated the Church's mission to the people of those dioceses. After a period of consultation, and in response to comments, the Commission made some amendments and, a further draft report was published in July 2011, with a consultation period beginning November 2011 and ending on 30 April 2012. At the end of this consultation period, the Commission decided to put forward a revised re-organisation scheme, was published in September 2012 for consideration by the relevant diocesan synods. On 2 March 2013 the diocesan synods of Bradford and Ripon & Leeds voted in favour of the scheme, Wakefield Diocesan Synod voted against. The Archbishop of York must now consider whether the final scheme should be submitted to General Synod in July 2013. If this was so, and it was approved, it would then need to be confirmed by an Order in Council. For all practical purposes the earliest a scheme could come into effect is January 2014.

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3. Structure, governance and management (continued)

Diocesan governance

The Diocese is governed by Standing Orders, which were revised and implemented on 1 August 2009. The Diocesan Synod is the statutory governing body, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishop, the Chancellor, the Dean, the Archdeacons, the Chairman of the Diocesan Board of Finance, the Chairman of the Diocesan Advisory Committee, the Chairman of the Diocesan Board of Education, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, up to five clergy and five lay persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets at least three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee and Bishop's Council.

The members of the Standing Committee comprise

Ex Officio members

The President of Synod

The Vice-Presidents of Synod

Any bishop for the time being acting as suffragan or full time assistant bishop in the diocese

The Archdeacons

The Dean

The Chairman of the Diocesan Board of Finance

The Vice-Chairman of the Diocesan Board of Finance

One Proctor elected by the Proctors

One lay member of the General Synod

elected by the diocesan lay representatives on the General Synod from among themselves

Elected

Three clerical diocesan synod members from each archdeaconry,

one lay diocesan synod member from each deanery

and

one additional lay diocesan synod member from each archdeaconry

Co-opted

Up to two members of the house of clergy of the diocesan synod and

up to two members of the house of laity of the diocesan synod

Company status

The company, Bradford Diocesan Board of Finance (DBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 13 May 1921 as a charitable company limited by membership guarantees (No. 174695) and its governing documents are the Memorandum and Articles of Association. DBF is registered with the Charity Commission (No. 247858).

Every member of Diocesan Synod is a member of DBF for company law purposes and has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up. In accordance with the DBF Articles of Association, the members of the Standing Committee of Diocesan Synod and Bishop's Council comprise the Board of Trustees of DBF – they are its Directors under company law.

BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

3. Structure, governance and management (continued)

The Chairman of the DBF is elected at the first meeting of the Board after each triennial election of members of the Synod upon nomination by the Directors. A retiring Chairman may offer himself/herself for re-election. The Chairman continues in office as Chairman until a new Chairman is appointed. The DBF members elect a Vice-Chairman from amongst the Directors.

Decision-making structure

Diocesan Synod has delegated the following functions to the Board of Directors:

- Initiation of proposals for action by the Diocesan Synod and provision of policy advice as regards financial matters
- Advising the President on any matters which he may refer to it
- Preparation of annual estimates of expenditure
- Other matters delegated to it by the Diocesan Synod

The Board of Directors' main functions are:

- Management of the funds and property of the Diocese, including glebe
- Advising the President and the Diocesan Synod on the determination of priorities in the allocation of funds at the disposal of Synod
- Advising on action needed to raise the income necessary to finance expenditure
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it

The Board of Directors has delegated responsibility for the day-to-day management of the company to its Secretary (the Diocesan Secretary) who is the principal executive and administrative officer of the Diocese and is supported by other senior officers and staff.

Committee structure

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

The following are statutory committees: -

The Parsonage Board, which is the Board of Finance, is responsible for determining policy and making major decisions concerning the management of glebe property, parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage, team vicarages and houses owned by the DBF.

Diocesan Mission and Pastoral Committee, which is responsible for the task of approving pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry and having regard to their financial implications and endeavouring to find suitable alternatives for the use of redundant churches. It ensures that appropriate conditions of service are enjoyed by those holding office in the Diocese.

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.

BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

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Bradford 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

3. **Structure, governance and management (continued)**

Vacancy in See Committee, which is convened during a vacancy in the Episcopal See of Bradford to carry out the functions specified for such a body by regulations laid down by the National Church from time to time.

In addition to the statutory committees there are also a number of committees which include -

The Finance Committee, which as a subcommittee of the Board of Directors (Bishop's Council) has executive responsibility for such financial business as is delegated to it and for reporting on the financial position of the Diocese and making any recommendations considered necessary. It is supported in this role by the Property Committee for advice on property matters as laid down in the requirements of the Parsonage Board and the Assets Advisory Committee also on property matters and investment advice.

Audit Committee which reviews the annual financial statements with the external Auditor and also reviews internal controls, financial reporting and risk assessment.

Human Resources and Safeguarding Committee which provides advice and guidance on personnel matters in respect of staff who have contracts with the DBF and clergy who hold terms of service issued by the Bishop of Bradford and personnel matters relating to Parochial Church Councils and other church groups in respect of their employment and personnel responsibilities.

Church in the World explores the Diocesan Mission in relation to the world beyond the Church of England's formal structures.

Ministry and Mission supports clergy, lay and ordinand training, mission and evangelical development and supporting activities in the promotion of the Christian faith.

Appointment of trustees

Members of Bishop's Council are the Trustees, and also the Directors, (see above for details of the appointment process). The remuneration policy for Directors is detailed in note 20 of the accounts.

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

Statement of Trustees' responsibilities in respect of the trustees' annual report and the financial statements

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 affairs of the charitable company and of the excess of expenditure over income for that period. In preparing these financial statements, the trustees are required to

BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of Trustees' responsibilities in respect of the trustees' annual report and the financial statements (continued)

3. Structure, governance and management (continued)

- select suitable accounting policies and then apply them consistently,
- 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to Auditor

So far as each trustee is aware, there is no relevant audit information of which the charity's Auditor is unaware. Relevant information is defined as "information needed by the charity's Auditor in connection with preparing their report". Each trustee has taken all steps (such as making enquiries of other trustees and the Auditor and in any other steps required by the trustee's duty to exercise due care, skill and diligence) that ought to have been taken in their duty as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's Auditor is aware of that information.

Related parties

General Synod, Church Commissioners and Archbishops' Council

The DBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipend and the costs of the Bishop's Office, other than accommodation for his Chaplain, are borne by the Church Commissioners and are reflected in the financial statements as costs funded by grants received from the Church Commissioners. The stipend, pension and accommodation costs of the Bishop of Bradford are met directly by the Church Commissioners and are excluded from these financial statements.

Parochial Church Councils (PCCs)

The DBF is required by Measure to be custodian trustee in relation to PCC property, but the Company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements. PCCs are able to influence the decision-making within DBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

3. Structure, governance and management (continued)

Subsidiary undertakings

The DBF has no subsidiary undertakings

Connected charities

The trustees consider the following to be connected charities

Bradford Diocesan Board of Education - a registered charity, which has responsibility for 58 Church schools and 1 academy across the Diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils. The DBF acts as manager of the finances of this charity.

The Bradford Diocesan Board of Education has a joint arrangement with the Diocese of Ripon and Leeds who jointly own Educational Developments Limited which provides a service to schools in both the Dioceses of Bradford and Ripon and Leeds.

Educational Developments Limited - a limited company registered in England (No 5529752). The issued share capital of 100 £1 ordinary shares is jointly and equally owned with the Diocese of Ripon & Leeds.

The principal activity of Educational Developments Limited is the provision of services to advance, improve and encourage teaching in Church of England schools within the Dioceses of Bradford and Ripon & Leeds.

The surplus for the year ended 31 December 2012 was £128k (2011 £64k). A gift aid donation of £64k is receivable in respect of the year ended 31 December 2012 (2011 £32k).

Other connected charities with which DBF co-operates in pursuit of its charitable objectives are

Bradford Churches for Dialogue and Diversity,
11 Broad Street, Manor Row, Bradford, BD1 4QT
(Charity number 1110761, Company number 5401165)

Bradford Diocesan Council for Social Aid,
Kadugli House, Elmsley Street, Steeton, Keighley, BD20 6SE
(Charity number 226436)

Diocese of Bradford Church Buildings Fund,
Kadugli House, Elmsley Street, Steeton, Keighley, BD20 6SE
(Charity number 519986) ceased to operate at the end of
December 2012 and was de-registered in January 2013.

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TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

3. Structure, governance and management (continued)

Pension Scheme

Bradford Diocesan Board of Finance is the sponsoring employer for the various staff retirement benefit schemes. These pension funds are for the benefit of employees of Bradford Diocesan Board of Finance. Further details relating to these schemes are contained in note 22b and c in the financial statements on pages 33 and 34.

Risk management

The trustees confirm that the major risks, to which DBF is exposed, as identified by the Trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. Bishop's Council is responsible for ensuring that the risks are reviewed and managed as part of the risk management strategy. This process is also reviewed by the Audit Committee which meets bi-annually. The Trustees believe that all major risks are being mitigated.

4. Objectives and activities

Aims and objectives

The DBF aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Bradford and elsewhere. During recent years income and expenditure have been kept under constant review to provide options to meet a range of possible share receipts. The aim is to provide medium to long-term indications of the realistic levels of share required to deliver an overall plan for future expenditure which takes account of areas of work identified by the Trustees as being of the greatest benefit to the Church's mission to the people of the diocese.

The DBF's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to pay stipends and pensions, manage the Diocesan housing portfolio and provide other facilities and resources in support of the ministry of both clergy and lay people in parishes across the Diocese. It also seeks to fund areas of ministry less territorially based known as "fresh expressions".

The key activities may be summarised as

- Mission and ministry in the parishes (includes all clergy training, housing, stipends, pension and all other expenditure supporting parish based ministry)
- Contributions for national church institutions (mainly by grant support)
- Funding for a share of the payroll of an education staff team for schools shared with the Diocese of Ripon and Leeds
- Specific diocesan projects
- Provision of a diocesan retreat house

Risks and Uncertainties

- It is likely that share collection will continue during 2013 at a similar level to that achieved in 2012 and that will ensure the continued viability of the Diocese during the period of the Yorkshire Diocesan Review referred to in paragraph 3.
- In order to carry out the mission of the Church of England, the Diocese is required to provide housing for all incumbents in post. As these assets are held for this purpose and not

TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

for commercial gain it is considered that variations in value will have no long term effect on the Diocese

4. Objectives and activities (continued)

Public Benefit

The directors and trustees of the Board are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit*. The Trustees and Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the Charity's aims and objectives and in planning future activities.

The trustees believe that, by promoting the work of the Church of England in the Diocese of Bradford, it helps 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 in doing so it provides a benefit to the public by

- Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its 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

Grant-making (beneficiary-selection) policy

Contributions are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (See note 11 to the financial statements). Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of the DBF's objects (See note 14 designated and restricted funds to the financial statements).

5. Achievements and performance

Plans and achievements in 2012

During 2012, the DBF planned to

- Sustain a small deficit before property transactions in order to continue to increase clergy stipends so as to restore stipend levels to their historic value in line with "average earnings"
- Maintain the share requested from parishes at the same amount as in the previous 3 years, in the expectation that this would enable parishes to meet a greater percentage of the share requested
- Budget for 100 full-time parochial clergy posts for the year, creating a stipend cost including national insurance and pensions of £3 623m

During the year, the DBF

- Decreased general unrestricted funds by £52k (see note 6 to the Trustees Report)
- Increased stipends for clergy paid at incumbent rate by £571 to £23,436 (2011 £22,865)

BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

5. Achievements and performance (continued)

- Made grants from existing balance held in the Deanery Devolved funding and the Mission Grant Fund of £140k. Grants from restricted funds of £170k were made for their specific purposes
- Received from parishes a sum of £3 960m which was 90.2% of the share requested
- Funded parochial clergy totalling 102 (full and part-time) including clergy with diocesan responsibilities. The stipend cost was £2.498m (inclusive of National Insurance) and the total stipend cost (including pensions) amounted to £3 274m (see note 21)

Operational performance

The DBF received £3 960m i.e. 90.2% of the Parish Share requested, inclusive of £14k of share arrears, which was an increase of £77k over 2011. Share Support grants were awarded to a number of parishes to the value of £19k, and if these are taken into account the share collection rate would be 90.5%. These grants have been recorded on a net basis in these financial statements and do not impact on the SOFA.

Investment performance

Overall performance

Investments are held in both glebe (including land and Glebe property on which rental income is receivable) and general funds. The total value of investments excluding short-term cash deposits at 31 December 2012 was £3 134m (2011 £2 896m), (see note 24b in the financial statements). The total return on investments based on market value at the end of the year was 4.8% (2011 4.7%) i.e. an increase for the year. The increase in investment value is due to an increase in the market value.

Glebe investments

The DBF's Glebe investments are primarily held in order to generate a sustainable income to continue to support the funding of clergy stipends.

Agricultural, commercial, residential land and property (including school land) were valued at 31 December 2012 at £748k (2011 £712k) inclusive of investment in land and buildings at a value of £416k, (2011 £413k). Rents receivable amounted to £59k (2011 £55k). The net return at the current value based on end of the year valuations was 8.2% (2011 7.8%).

General fund investments

The majority of the Board's investments are held with CCLA Investment Management Ltd on behalf of a number of endowments, restricted and general funds. The policy with these investments is to safeguard capital and to achieve capital growth. Investments in equity and fixed interest funds were valued at £2 386m at 31 December 2012 (2011 £2 184m). Dividends receivable amounted to £62k – a yield of 2.8% (2011 £61k – a yield of 3.7%), based on market value. Yield based on original cost at 31 December 2012 was 7.32% (2011 7.23%).

5. Achievements and performance (continued)

External factors affecting performance

Every effort is made by the Diocese to hold down increases in the Parish Share and in 2012 parishes were asked to contribute £4 4m, being the same as the request for 2009 to 2011. Parishes recognised that the share requested did not meet the full cost of parochial clergy, including their housing, but nevertheless were unable to pay all that was asked of them.

6. Financial review

Investment policies

The majority of the DBF's investments are held with the Central Board of Finance and managed by CCLA whose policies are ethically based in line with decisions of the General Synod.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

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

Glebe investments

Glebe properties include investments which are held in agricultural land, commercial and residential land and buildings. Consideration continues to be given to the use of glebe land for social housing development in rural areas. A review continues of glebe assets with the aim of identifying development potential.

Unrestricted fund investments

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance and Scottish Widows, a subsidiary of Lloyds TSB Bank.

Financial sustainability

The Diocesan Secretary, together with the Finance Committee, carried out a thorough review of all expenditure in the year in order to establish a base for request of share for 2013 onwards. The Directors consider that the reserves held by the DBF are sufficient to cover anticipated deficits for more than two years but will consider priorities for expenditure when reviewing the budget for 2014 and Synod will be asked to consider these in order to minimize the need to draw upon reserves when approving the budget for 2014.

Going concern

After making enquiries, the Trustees are satisfied that the DBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

6. Financial review (continued)

Reserves policy

The DBF has considerable responsibilities including the remuneration of over 100 stipendiary clergy, the upkeep of approximately 135 houses and the employment of some 40 full or part time staff. Following a decision by Bishop's Council in 2010, the target free reserves (net current assets less freehold properties held for sale) is currently set at an amount equivalent to 3 months' gross expenditure from unrestricted funds estimated at £1.63m. At 31 December 2012, the DBF's free reserves were £3.04m (2011 £2.01m).

The excess currently held is considered necessary to cover expected future deficits and any shortfall in provisions for clergy pensions which is not accounted for in these financial statements.

Designated Funds are held by the Board and details are explained in note 30 to the accounts.

Review of the financial position

The Diocese made an operating surplus of £127k (2011 £103k). However, after taking into account the transfer of three benefices, and their vicarage properties to Carlisle Diocese, and certain property revaluations and property depreciation, reserves decreased by £1.627m. As a result of the Diocese operating at a surplus during 2012, the liquid reserves remain in a healthy position.

Principal sources of income

Around 63.7% of the income used for general funds of the DBF was generated by Parish Share and 19.7% was provided by the National Church Selective Allocations (2011 65.1% and 19.9% respectively).

Review of the statement of financial activities

Statutory accounts require the Diocese to show income and expenditure for the year, excluding any inter departmental transfers.

The following figures are a reconciliation of the management accounts to the unrestricted general funds in the SOFA. The management accounts are used to monitor how well the Diocese managed its activities in 2012. The net movement in funds in the following schedule are the same as the net movement in general unrestricted funds on page 20.

BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

6. Financial review (continued)

	Actual £'000	Budget £'000	Prior Year £'000
Income			
Parish share (including support grants)	3,979	4,400	3933
National church	1,225	1,225	1184
Fees, investment income & other income	792	670	659
Stipends recharged to third parties	123	101	104
Parcevall Hall	249	250	266
Total income	6,368	6,646	6,146
Expenditure			
Clergy stipends, housing & other support	4,237	4,503	4,169
Support salaries	540	539	475
Resourcing ministry (incl training)	327	344	273
National church	105	111	108
Education	222	214	211
Administration	321	322	314
Lay pension arrears	73	72	72
Stipends recharged to third parties	123	101	104
Grants to third parties	10	10	10
Parcevall Hall	264	250	256
Grants to parishes re share	19	100	51
Transfer to mission grants	0	100	-
Total expenditure	6,241	6,666	6,043
Operating surplus for the year	127	(20)	103
Net loss disposal of Fixed Assets	(4)	-	-
Depreciation on properties owned by the diocese	(109)	-	(115)
Adjustments relating to prior years (a)	(97)	-	(87)
Transfer from endowed funds (b)	-	-	32
Unrealised gains/(losses) on investments (c)	31	-	(7)
Net movement in funds	(52)	(20)	(74)

- (a) This represents adjustments in relation to certain loans to parishes, and proceeds of the sale of assets from redundant churches
- (b) This represents the release of capital from the benefice pastoral scheme as a result of the purchase of a new vicarage
- (c) This is the increase in value of investments during 2012 which does not affect cash reserves as there is no intention to sell them in the short term

BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

TRUSTEES ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

6. Financial review (continued)

After revaluation adjustments, the net movement in funds amounted to a decrease of £1 625m (2011 a reduction of £855k) Of this £1,003m related to the transfer of benefice properties to Carlisle Diocese

During the year, total fund balances decreased from £39 266m to £37 639m There was an overall net cash outflow of £645k (2011 outflow £828k)

Reserve transfers

Transfers between general, restricted and endowment funds in 2011 related to the release of capital from the benefice pastoral scheme as a result of the purchase of a new vicarage for the parish of Hellfield

7. Plans for future periods

The trustees will continue to set annual budgets with a view to breaking even while minimising Parish Share increases, maintaining adequate parochial ministry to all areas of the Diocese and allowing funds to be spent on mission activity The ongoing objective is to resource diocesan needs, as determined by Synod and informed by local and national Church institutions

8. Funds held as custodian trustee for others

The Board is custodian trustee for trust investment assets held on their behalf with a market value of £1 50m at 31 December 2012 (2011 £1 43m) Detailed certificates of holdings were sent to managing trustees of the respective charities at that date The Board also holds PCC properties as custodian trustee Each PCC is a separate charity The assets are held separately from those of DBF

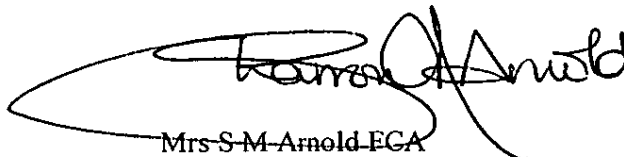
9. Appointment of Auditor

A resolution to reappoint KPMG LLP as Auditor to the company will be proposed at the Annual General Meeting

By Order of the Board



Mrs D A Child
Diocesan Secretary



Mrs S M Arnold ECA
Chairman

Keighley 16 May 2013



KPMG LLP
1 The Embankment

Neville Street
Leeds
LS1 4DW

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

We have audited the financial statements of Bradford Diocesan Board of Finance for the year ended 31 December 2012 set out on pages 21 to 44. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

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 UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.



KPMG LLP
1 The Embankment

Neville Street
Leeds
LS1 4DW

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information 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

- the charitable company has not kept adequate accounting records 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

Malcolm C Harding (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Leeds

16 May 2013

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 DECEMBER 2012
(including the Income and Expenditure Account)

	Note	Unrestricted Funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Incoming resources							
Incoming resources from generated funds:							
Voluntary income							
Parish contributions	2	3,960	-	-	-	3,960	3,883
Archbishops' Council	3	1,225	98	-	-	1,323	1,277
Other	4	106	-	80	-	186	196
Activities for generating funds	5	135	-	-	-	135	122
Investment income	6	174	-	30	-	204	165
Incoming resources from charitable activities:							
Statutory fees and other income	7	369	-	-	-	369	294
Diocesan Retreat House		248	-	-	-	248	257
Other incoming resources	8	-	-	-	-	-	53
Total Incoming resources		6,217	98	110	0	6,425	6,247
Resources expended							
Cost of generating funds							
Costs of generating voluntary income	9	22	-	-	-	22	21
Investment management costs	10	73	-	-	2	75	12
Charitable activities							
Contribution to Archbishops' Council	11	228	-	-	-	228	204
Resourcing ministry and mission	12	5,456	76	170	656	6,358	6,154
Education	13	222	-	-	-	222	211
Diocesan projects	14	-	144	-	-	144	73
Diocesan Retreat House		264	-	-	-	264	256
Other resources expended	15	4	-	-	-	4	16
Governance costs	16	31	-	-	-	31	29
Total resources expended		6,300	220	170	658	7,348	6,976
Net incoming / (outgoing) resources before transfers		(83)	(122)	(60)	(658)	(923)	(729)
Gross transfers between funds	30	-	-	-	-	-	-
Net outgoing resources before other recognised gains and losses		(83)	(122)	(60)	(658)	(923)	(729)
Realised gains/(losses) on investment assets		-	-	-	10	10	6
Realised gains/(losses) on sale of land		-	-	-	45	45	-
Transfer of benefice properties to Carlisle Diocese		-	-	-	(1,003)	(1,003)	-
Unrealised gains/(losses) on investment assets		31	-	46	167	244	(132)
Net movements in funds		(52)	(122)	(14)	(1,439)	(1,627)	(855)
Total Funds brought forward at 1 January 2012		5,283	299	972	32,712	39,266	40,121
Total funds carried forward at 31 December 2012		5,231	177	958	31,273	37,639	39,266

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible Assets	23	33,294	35,742
Investments	24	<u>2,329</u>	<u>2,156</u>
		35,623	37,898
Current Assets			
Debtors	25	842	858
Freehold properties held for sale	26	1,182	350
Investments	27	2,519	2,995
Cash at bank and in hand		<u>355</u>	<u>445</u>
		4,898	4,648
Creditors: Amounts falling due within one year	28	<u>(769)</u>	<u>(1,062)</u>
Net current assets		4,129	3,586
Total assets less current liabilities		<u>39,752</u>	<u>41,484</u>
Creditors: Amounts falling due after more than one year	29	(2,113)	(2,218)
Net assets		<u>37,639</u>	<u>39,266</u>
The funds of the charity:			
Endowment funds			
Capital funds	30	31,273	32,712
Restricted income funds	30	958	972
Unrestricted income funds			
General funds	30	5,231	5,283
Designated funds	30	<u>177</u>	<u>299</u>
		5,408	5,582
Total funds	30	<u>37,639</u>	<u>39,266</u>

Note: Revaluation reserves

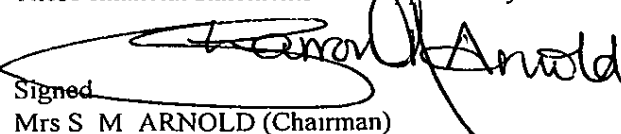
Within the endowment capital fund is a revaluation reserve of £1,467k

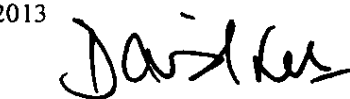
Within the general fund are revaluations of -

On investments a revaluation surplus of £31k

On Board property a revaluation surplus of £370k

These financial statements were approved by the Directors on 16 May 2013


Signed
Mrs S M ARNOLD (Chairman)


Signed
The Ven D LEE (Director)

Company Registered number 174695

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £'000	2011 £'000
Net outgoing resources before transfers	(923)	(726)
Cash flows from operating activities		
Depreciation of tangible fixed assets	668	808
Interest and dividends receivable	(202)	(167)
Interest payable	41	41
Profit on the disposal of fixed assets	54	0
(Increase)/decrease in debtors (excluding loans)	21	142
Increase/ (decrease) in creditors (excluding loans)	155	280
Net cash outflow from operating activities	<u>(186)</u>	<u>378</u>
Returns on investments and servicing of finance		
Interest and dividends receivable	202	167
Interest payable	(41)	(41)
	<u>161</u>	<u>126</u>
Capital expenditure & financial investment		
Purchase of tangible fixed assets	(601)	(914)
Purchase of fixed asset investments	-	(211)
Purchase of current investments	-	(202)
Sale of tangible fixed assets	54	-
Sale of current investments	(1)	33
Loans advanced to parishes	(52)	(55)
Loans repaid by parishes	60	124
Other loans repaid / advanced	25	(4)
Net cash inflow / (outflow) from investing activities	<u>(515)</u>	<u>(1,229)</u>
Net cash inflow / (outflow) before financing	(540)	(725)
Financing		
Loans repaid to Church Commissioners	(105)	(103)
Net cash (outflow) / inflows from financing activities	<u>(105)</u>	<u>(103)</u>
Net (Decrease) / increase in cash and cash equivalents	<u>(645)</u>	<u>(828)</u>

Being made up of

	At 1 Jan 2012	Cash Flow	At 31 Dec 2012
In hand and at bank	445	(90)	355
Deposits on demand	<u>2,245</u>	<u>(555)</u>	<u>1,690</u>
	<u>2,690</u>	<u>(645)</u>	<u>2,045</u>

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS

1. Principal Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards and legislation. The accounts have been prepared in accordance with the Statement of Recommended Practice (SORP 2005), "Accounting and Reporting by Charities" as interpreted by the Diocesan Annual Report and Financial Statements Guide (except where otherwise disclosed and explained by reference to the DBF's own particular circumstances). A summary of the material accounting policies and estimation techniques adopted are as follows:

Basis of preparation

The Board prepares its annual financial statements on the basis of historical cost (adjusted for the revaluation of land and buildings) and the carrying of investments at market value. The financial statements are drawn up in accordance with the requirements of the Companies Act 2006 except where the special nature of the company's operation has required adaptation of the required formats or allowed by section 408 of the Act. The accounts have been prepared on a going concern basis.

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

- **General funds** are the company's corporate funds. Undesignated general funds are freely available for any purpose within the company's objects, at the discretion of the board.
- **Designated funds** are those funds set aside out of general funds by the Board for a specific purpose over which the Board has total discretion.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches, subject to the Charity Commission's determination of their accounting status.

In taking the above into consideration the following have been included within restricted funds - The Bradford West Riding Charitable Society Trust, Shipley cum Heaton District C of E School Trust, Keighley St Peter Educational Trust, Friends of Parcevall Hall, North Wing Mission and Burley in Wharfedale Trust.

- **Endowment funds** are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the board (Stipends Fund Capital, Parsonages Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.
- **Transfer between funds** see note 30 page 40.

Parochial trusts

The Board acts as Custodian Trustee for a number of parochial and other ecclesiastical trusts. The assets comprise freehold property, Government Stocks, investments in the Central Board of Finance Funds and deposits. No amounts are incorporated in these financial statements in respect of assets held by or liabilities of the Board in connection with these trusts which are shown in separate financial statements. Those trusts which exist solely for the provision of a stipend have been absorbed into the capital of the Board. A comprehensive register is maintained of all such trusts.

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

1 Principal Accounting policies - (continued)

Incoming resources

All incoming resources, including gifts, donations and legacies are shown in the Statement of Financial Activities (SOFA) when the Board is legally entitled to them as income or capital respectively, ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy

Parish Share income - Credit is only taken for parish share income which was received within the time scales laid down by the Board

Grants from the Church Commissioners towards stipends, housing and other items have been included in the Income for the year and the appropriate Expenditure is shown gross

The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended and the use of the income is restricted to clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting

Resources expended

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category

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 Board, 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

Governance costs are those incurred in the governance arrangement of the charity which relate to the general running of the charity as opposed to those costs associated with generating funds or charitable activities and its assets and are primarily associated with constitutional and statutory requirements

Where costs cannot be directly attributed to particular headings they have been allocated or apportioned to activities on a basis consistent with the use of the resources. Central support costs are apportioned on the basis of the estimated usage of resources at Kadugli House. The apportionment in 2012 can be summarised as follows -

98.5% - Resourcing ministry and mission

0.6% - Education

0.9% Governance

Pensions

The Board participates in the Church Workers Pension Fund. Regular premiums are paid over to the Fund. The amount charged in the financial statements represents the amount of contributions payable over the year. Contributions are made to the Church of England Funded Pension Scheme in respect of clergy paid through the Diocesan Stipends Fund. The amount charged in the financial statements represents the contributions payable in the year, because for these defined benefit schemes, the Board is unable to identify its share of the underlying assets and liabilities of these schemes

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

1. Principal Accounting policies - (continued)

Investments

Investments, including investment properties, have been incorporated at current market value. Managed fund investments are valued at the average of the bid and offer prices at the accounting date. The change in value has been adjusted in a revaluation reserve. Other assets have been valued at historical cost or estimated market value if lower. Properties held as custodian and managing trustee as investments, including Glebe properties are valued at 12.5 times current rental income, as an approximation of market value.

The Board has a 50% shareholding in a joint venture company and the results of that company to 31 December 2012 are shown in note 24 page 37. The Board's interest in the joint venture is treated as a fixed asset investment and is held at cost.

Depreciation on freehold properties and tangible fixed assets

Depreciation continues to be charged on Board and Glebe properties for the charity's own property assets. Tangible fixed assets less than £100 are written off. Other assets are capitalised.

Depreciation is charged as follows -

Office equipment	20% straight line
Computer equipment	33% straight line
Board freehold properties	2% straight line
Benefice properties	2% straight line
Endowment properties	2% straight line
Glebe properties	2% straight line

Depreciation on Board of Finance own properties

Depreciation is based on original cost or impairment value where this is considered more representative of the properties true original value being deemed consistent and in accord with FRS 15.

Parsonage houses

The Board has followed the requirements of Financial Reporting Standard No 5 in its accounting treatment for benefice houses (parsonages). FRS 5 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if declared redundant, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Directors therefore consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at their deemed value at 31 December 2005, the date at which they were brought onto the balance sheet.

This valuation was calculated using the mid point of the applicable council tax banding index, adjusted for house price movements based on the council tax revaluation carried out in April 1991, which is considered an acceptable basis for this purpose. The Halifax house price indices for the Yorkshire and Humberside districts were used to calculate the estimated value up to and including 2005, this representing the balance brought forward on 1 January 2006 being the date applicable to comply with the new SORP. This valuation will be carried forward as the deemed cost in accordance with FRS 15.

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

1. Principal Accounting policies - (continued)

Gains and losses on fixed assets

Realised gains and losses on non-investment properties are included within incoming resources for the year. Unrealised gains and losses on properties are included as part of other recognised gains and losses together with both realised and unrealised gains and losses on investment assets.

Diocesan Board of Education

The financial statements do not incorporate the assets and liabilities of the Bradford Diocesan Board of Education for which the Board of Finance acts as Custodian Trustee, due to this being a separately registered charity. Separate financial statements of the Board of Education have been prepared.

Redundant church buildings

The Board is responsible for the maintenance of redundant churches and adjacent land from the issue of a Pastoral Order confirming the redundancy and the determination of a future use or its demolition. Any costs incurred during the year are written off in that year. Proceeds from the sale of redundant churches are now allocated to a designated reserve in order to be available for any repairs to other redundant churches prior to their disposal.

Taxation

Bradford Diocesan Board of Finance is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds 2012	Total Funds 2011
	General	Designated				
	£'000	£'000	£'000	£'000	£'000	£'000
INCOMING RESOURCES						
2 Parish contributions						
Parish share						
Current year's allocation	4,389	-	-	-	4,389	4,403
Shortfall in contributions	(443)	-	-	-	(443)	(534)
	3,946	-	-	-	3,946	3,869
Arrears from previous years	14	-	-	-	14	14
	3,960	-	-	-	3,960	3,883
Total parish share receipts represents 90.2% of the allocation (2011 -88.1%)						
3. Voluntary Income from						
Archbishops' Council						
Parish Mission Fund	-	98	-	-	98	93
Selective allocation	1,225	-	-	-	1,225	1,184
	1,225	98	-	-	1,323	1,277
4 Other voluntary income						
Grants - Allchurches Trust	89	-	-	-	89	72
Property	4	-	-	-	4	-
Miscellaneous	3	-	-	-	3	8
Restricted Funds	-	-	10	-	10	10
Donations - Miscellaneous	5	-	70	-	75	104
Legacies	5	-	-	-	5	2
	106	-	80	-	186	196
5 Income from activities for generating funds						
Board of Finance property rental income	66	-	-	-	66	53
Benefice property rental income	69	-	-	-	69	69
	135	-	-	-	135	122
6 Investment Income						
Dividends receivable - General Funds	62	-	-	-	62	61
Dividends receivable Restricted Funds	-	-	22	-	22	19
Deposit interest Pastoral Account	-	-	3	-	3	3
Deposit interest - General Funds	51	-	-	-	51	20
Deposit interest Restricted	-	-	5	-	5	4
Interest on Parish Loans	2	-	-	-	2	4
Glebe rental income	59	-	-	-	59	54
	174	-	30	-	204	165

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

Incoming Resources (continued)	Unrestricted Funds		Restricted Funds	Endowment Funds	Total Funds	
	General	Designated			2012	2011
	£'000	£'000	£'000	£'000	£'000	£'000
7. Incoming resources from charitable activities:						
Statutory fees - assigned	192	-	-	-	192	184
Statutory fees non assigned	8	-	-	-	8	10
Contribution to stipends	6	-	-	-	6	8
Contribution to Registrar's fees	29	-	-	-	29	23
	<u>235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235</u>	<u>225</u>
Other operating activities -						
Education support	62	-	-	-	62	32
Publication sales	10	-	-	-	10	12
Resources income	2	-	-	-	2	3
Training income	5	-	-	-	5	8
Miscellaneous income	55	-	-	-	55	14
	<u>369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369</u>	<u>294</u>
8 Other incoming resources						
Gains on disposal of properties and land	-	-	-	-	-	53
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53</u>
RESOURCES EXPENDED						
9 Costs related to other voluntary income						
Rented property expenditure	22	-	-	-	22	21
10 Investment management costs						
Glebe Agent's fees	6	-	-	-	6	5
Maintenance costs related to Glebe income	67	-	-	-	67	5
Investment Management fees	-	-	-	2	2	2
	<u>73</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>75</u>	<u>12</u>
11 Contribution to the National Church						
Training for the ministry	94	-	-	-	94	68
Support of the National Church	83	-	-	-	83	83
Contribution to grants and provisions	11	-	-	-	11	13
Pensions for mission agencies	6	-	-	-	6	7
Retired clergy housing costs (CHARM)	29	-	-	-	29	28
General Synod representation	5	-	-	-	5	5
	<u>228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228</u>	<u>204</u>

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

Resources expended (continued)	Unrestricted Funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
12. Expenditure on resourcing ministry and mission						
Support of the Clergy						
Stipends and national insurance	2,638	-	-	-	2,638	2,678
Pension contributions	721	-	-	-	721	727
Housing costs	824	30	-	-	854	799
Depreciation of housing stock	110	-	-	656	766	789
Removal, resettlement and other grants	96	-	-	-	96	67
	4,389	30	-	656	5,075	5,060
Church in Mission	839	16	10	-	865	785
The World Church	131	-	-	-	131	144
Grants awarded	97	30	160	-	287	165
	5,456	76	170	656	6,358	6,154
13. Expenditure on Education						
Church schools						
Joint Education Office with Diocese of Ripon & Leeds	221	-	-	-	221	211
Bradford Diocesan Board of Education	1	-	-	-	1	-
	222	-	-	-	222	211
14. Expenditure on Diocesan Projects						
Mission Grant fund	-	140	-	-	140	68
Mission Expenses Fund	-	4	-	-	4	5
	-	144	-	-	144	73
15. Other resources expended						
Loss on sale of fixed assets	4	-	-	-	4	-
Expenditure on Redundant Churches	-	-	-	-	-	16
	4	-	-	-	4	16
16. Governance costs						
Diocesan Synod & Bishop's Council expenses	4	-	-	-	4	4
Audit	22	-	-	-	22	19
Trustees Indemnity insurance	-	-	-	-	-	-
Statutory returns and compliance issues	5	-	-	-	5	6
	31	-	-	-	31	29
17. Analysis of resources expended including allocation of support costs						
	Activities undertaken directly	Grant funding of activities	Support costs	TOTAL 2012	TOTAL 2011	
Cost of generating voluntary income	22	-	-	22	21	
Investment management costs	73	-	2	75	12	
Contribution to Archbishop's Council	228	-	-	228	204	
Resourcing Ministry and Mission	5,456	76	826	6,358	6,154	
Education	222	-	-	222	211	
Diocesan projects	-	144	-	144	73	
Other charitable activities	264	-	-	264	256	
Governance costs	31	-	-	31	29	
Other resources expended (see note 15)	4	-	-	4	16	
	6,300	220	828	7,348	6,976	

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

18. Authorised Expenditure and Commitments

There were no commitments at the year end which had not been reserved for (2011 nil) other than those properties under construction included in note 23

19. Net Outgoing Resources

The net outgoing resources for the year has been arrived at after crediting or charging the following amounts -

Auditors' remuneration (audit of these financial statements), including irrecoverable value added tax, of £21k (2011 £19k)

Interest payable as follows

	2012	2011
	£'000	£'000
Parsonage Loans with the Church Commissioners	9	10
Commercial loans on Board houses	30	31
	<u>39</u>	<u>41</u>

20. Directors Emoluments

None of the Directors has received any emoluments from the Board of Finance in respect of services performed (2011 nil) Certain Directors of the Board have received stipends from the Church Commissioners to which a contribution has been made by the Board These amounts are included within expenditure as a result of their duties as clergy Expenses reimbursed to 9 (2011 9) Directors during the year for travel and subsistence amounted to £16k (2011 £10k)

21. Employee Information

The average number of persons employed by the Board during the year was -

	2012	2011
Diocesan Office	10	10
Parochial Ministry	11	6
Deanery posts	5	6
Parcevall Hall	9	10
	<u>35</u>	<u>32</u>

The above include a number of part time posts

The Deanery posts are included within salary numbers as the Board of Finance holds the contracts of employment on behalf of the Deaneries but the salary costs are excluded as these are funded by grants and contributions from the relevant parishes

Board employment costs	2012	2011
	£'000	£'000
Aggregate gross wages and salaries paid to the Board's Employees	498	494
Employer's National Insurance Contributions	37	33
Employer's Pension Contributions (see note 22)	106	99
	<u>641</u>	<u>626</u>
	2012	2011
	£'000	£'000
Contribution to the Church of England Defined Benefits Scheme deficit (year 2 of 5 payments)	72	72
	<u>72</u>	<u>72</u>

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

21 Employee Information (continued)

The Board shares a joint education office with the Ripon & Leeds Diocese which bears the costs and recharges the portion attributable to the Bradford Diocese. Salaries charged are as follows -

	2012 £'000	2011 £'000
Salaries and national insurance	129	135
Employers Pension Contributions (see note 22)	45	39
	<u>174</u>	<u>174</u>

Clergy and licensed worker employments costs

	2012 £'000	2011 £'000
Aggregate gross stipends paid to Diocesan Clergy	2,316	2,354
Employer's National Insurance Contributions	182	186
Employer's Pension Contributions (see note 22)	776	781
	<u>3,274</u>	<u>3,321</u>

The average number of stipendiary clergy employed by the Diocese were -

	2012	2011
Full time	89	91
Part time	13	14
	<u>102</u>	<u>105</u>

No employee was paid in excess of £60,000

22. Diocesan Pension schemes

a. Stipendiary Clergy Pension Fund

The Bradford Diocese participates in the Church of England Funded Pensions Scheme and employs 103 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 Bradford Diocese 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 31st 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 2/3rds 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 3.8% pa, and
- Post-retirement mortality in accordance with 80% of the SINA tables with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates 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 Bradford Diocese to account for pension costs on the basis of contributions actually payable to the Scheme in the year

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

22 Employee Pensions (continued)

a Stipendiary Clergy Pension Fund (continued)

Following the valuation of the scheme as at 31 December 2009, and some agreed changes to benefits, the contribution rate has been set at 38.2% with effect from 1 January 2011.

The next valuation of the scheme is carried out as at 31 December 2012 but the outcome of this valuation is not expected until later in 2013.

b. Church Workers Pension Fund

The Bradford DBF participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund. During the year to 31 December 2012, the Bradford DBF made annual pension contributions of £106k on behalf of lay staff (see note 21).

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-pool, 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.

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

22. Diocesan Pension schemes (continued)

A valuation of the DBS is carried out once every three years, the most recent available being as at 31 December 2010. In the 2010 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, £54K was deducted from the Bradford DBF sub-pool. This increased the employer's contributions that would otherwise have been payable. Other available information relating to the valuation as at 31 December 2010 is given below.

Market Value	£220.7m
Market value of Bradford DBF sub-pool	£1.952m
Market value of Life Risk Pool (1,140 pensioners)	£97.4m

	Total Scheme members	Bradford DBF members
Deferred pensioners	1,517	15
Active members	1,190	20

c. Bradford and Ripon and Leeds Joint Education Team

The Joint Bradford and Ripon and Leeds Diocesan Education team participate in the Church of England Defined Benefits Scheme (DBS) part of the Church Workers Pension Fund.

The two Dioceses are 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 was carried out as 31 December 2010, the contribution rate being variable for each employee in the scheme.

At 31 December 2012 the Joint Bradford and Ripon and Leeds Diocesan Education team had 6 active members and no deferred pensioner members in the Fund.

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

23. Tangible Fixed Assets

The changes in tangible fixed assets during the year were as follows

	Freehold properties £'000	Properties under construction £'000	Office equipment £'000	Benefice properties £'000	Endowment properties £'000	Glebe properties £'000	Total £'000
Cost, valuation or nominal value							
At 1 January 2012	5,715	506	246	32,756	111	1,039	40,373
Additions	135		12	29	-	-	176
Transfer from properties under construction	-	(503)	-	503	-	-	-
Disposals	-	-	(9)	-	-	-	(9)
Transfer of Benefice properties to Carlisle Diocese	-	-	-	(1,070)	-	-	(1,070)
Transfer to/from property for resale	(350)		-	(556)	-	-	(906)
At 31 December 2012	5,500	3	249	31,662	111	1,039	38,564
Accumulated depreciation							
At 1 January 2012	507	-	213	3,719	17	176	4,632
Charge for the year	110	-	18	633	3	21	785
Disposals	-	-	(6)	-	-	-	(6)
Transfer to Carlisle Diocese	-	-	-	(67)	-	-	(67)
Transfer to/from property for resale	(7)	-	-	(67)	-	-	(74)
At 31 December 2012	610	-	225	4,218	20	197	5,270
Net Book Value at 31 December 2012	4,890	3	24	27,444	91	842	33,294
Net Book Value at 31 December 2011	5,209	506	33	29,037	94	863	35,742

The freehold properties are used for direct charitable purposes. The office equipment is used for both direct charitable and management purposes.

Benefice properties represents 98 (2011 - 102) benefice parsonages.

Board freehold properties represents 29 (2011 - 29) properties, two being held at a book value of £1.

Glebe properties represent 9 (2011 - 9), two being held at a book value of £1.

Permanent endowed properties represent 2 (2011 - 2) properties.

Some of the properties are financed in part by Church Commissioners Permanent Loans and Commercial Mortgages.

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

24. Fixed Assets Investments

a These investments comprise -

	2012 Cost £'000	2012 Market Value £'000	2011 Cost £'000	2011 Market Value £'000
General Board Investments				
Central Board of Finance Investment Fund 12,621 30 shares (2011 126,211 30)	232	1,433	232	1,303
Central Board of Finance Fixed Interest Securities Fund 17,414 shares (2011 17,414)	23	29	23	29
Central Board of Finance Investment Fund - Pool 3,301 shares (2011 3,301)	16	37	16	34
Central Board of Finance Deposit Fund	1	1	1	1
COIF Charity Funds 1,005 shares (2011 1,005)	1	10	1	10
£1,156 7¼% Treasury Stock 2012/15	-	-	1	1
M & G Charifund 1,125 shares (2011 1,125)	18	14	18	12
Managed Equities and Unit Trusts	138	155	138	151
Nationwide Bonds	208	233	208	201
Sub Total	637	1,912	638	1,742
Glebe freehold properties used as Investments	-	417	-	414
	637	2,329	638	2,156

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

24 Fixed Assets Investments (continued)

a (continued)

All investments are held within the UK

Movements in investments	Board £'000	Glebe £'000	Total £'000
Opening value	1,742	414	2,156
Additions	63	-	63
Disposals	(57)	-	(57)
Revaluation	164	3	167
Closing value	<u>1,912</u>	<u>417</u>	<u>2,329</u>

The Board has a 50% shareholding in a joint venture company. The company, Educational Development Limited, was incorporated on 5 August 2005 with an issued share capital of £100 represented by 100 ordinary shares of £1 each. At 31 December 2012 the company had, before any distribution of profit, aggregate reserves and capital of £128k and a trading surplus for the year ended 31 December 2012 of £128k (2011 £64k). The trading surplus of £128k is to be distributed by way of gift aid to the two charitable company shareholders and the distribution of £64k (2011 £34k) is included in debtors as at 31 December 2012.

On 18 July 2012 the Board became a member of a joint venture company, Wellsprings Together Bradford Ltd. This is a company limited by guarantee, and has as its other member the Church Urban Fund. The Board is entitled to appoint 3 directors to the board of this company.

The latest accounts for this company, to 30 June 2012, show a deficit in the year of £706 and total funds of £37,996. The charitable objects of the company include relief of need in the community, with a view to promoting social inclusion and the promotion of religious harmony.

- b Within Glebe property in fixed assets (note 23) a number of properties provide an income that is included in Glebe rental income (note 6). To provide a true investment return these have been included in the total value of investments for this purpose. The following figures represent a total of fixed asset investments and current investment assets (note 27 excluding deposit balances) and the Pastoral Account investment with this being invested in accumulation shares and consequently the dividend portion is not identifiable.

	2012 £'000	2011 £'000
General Board Investments	2,386	2,184
Glebe investments	417	414
Value of Glebe property used for investment purposes	<u>331</u>	<u>298</u>
	<u>3,134</u>	<u>2,896</u>

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

25. Debtors

	2012 £'000	2011 £'000
Debtors due within one year comprise:		
Share receivable	240	190
Prepayments	243	159
Other debtors	238	192
	<u>721</u>	<u>541</u>
 Debtors due after one year comprise:		
Other debtors	<u>121</u>	<u>317</u>
 Total Debtors	<u><u>842</u></u>	<u><u>858</u></u>

Loans to parishes were charged at the CCLA loan rate of 1.4% applicable during 2012 subject to the provision of a loan subsidy where applicable

£53k (2011 £73k) is normally subject to interest at 3% below the CCLA rate, However in the event of interest rates being below 3% a minimum rate of 1% becomes applicable

26. Freehold Properties offered for sale

This comprises of 3 properties (2011 - 1)	<u><u>1,182</u></u>	<u><u>350</u></u>
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27 Current Asset Investments

Investments		
Managed unit trusts	249	232
Co-operative bonds	215	200
Equities held	10	11
	<u>474</u>	<u>443</u>
 Short term cash deposits		
Central Board of Finance	771	927
Church Commissioners	648	1,049
	<u>1,419</u>	<u>1,976</u>
 Pastoral account		
Investments	355	308
Cash deposits	271	268
	<u>626</u>	<u>576</u>
 Total current asset investments	<u><u>2,519</u></u>	<u><u>2,995</u></u>

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

28. Creditors

	2012 £'000	2011 £'000
Creditors - amounts falling due within one year		
Creditors and accruals	667	960
Church Commissioners loans & Commercial Mortgages		
Clergy Housing replacement (note 29)	102	102
	<u>769</u>	<u>1,062</u>

29. Creditors - amounts falling due after more than one year

Advance fees	1	1
Other loans	200	200
Church Commissioners loans & Commercial Mortgages		
Clergy Housing replacement (see (a) below)	1,912	2,017
	<u>2,113</u>	<u>2,218</u>

(a) Church Commissioners loans & Commercial Mortgages

Clergy housing replacement repayable as follows

In one year or less	102	102
Between one and two years	159	159
Between two and five years	475	475
In five years or more	1,278	1,383
	<u>2,014</u>	<u>2,119</u>
Less Amounts falling due within one year	(102)	(102)
	<u>1,912</u>	<u>2,017</u>

Church Commissioners loans made for parsonage and other clergy housing replacement are unsecured and are repayable by instalments over periods of up to 25 years. The average interest rate during 2012 on all properties was 1.88% p.a.

The Board of Finance arranged a borrowing facility with Skipton Building Society in order to provide finance for the building of three parsonages. Existing Board houses were used as collateral. The balance outstanding at the year end on these mortgages was £1.521m.

Future lease commitments

At 31 December 2012 there were annual commitments under non-cancellable leases as follows -

	2012 £'000	2011 £'000
Amounts falling due		
Over five years	21	21
	<u>21</u>	<u>21</u>

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
FOR THE YEAR ENDED 31 DECEMBER 2012
NOTES TO THE ACCOUNTS (continued)

30 Summary of fund movements

		Balances at 1 January 2012 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	Balances at 31 December 2012 £'000
Endowment funds							
Permanent investment		2,235	-	(2)	-	179	2,412
Permanent property		957	-	(23)	-	-	934
Expendable		29,520	-	(633)	-	(960)	27,927
		32,712	-	(658)	-	(781)	31,273
Restricted Funds:							
Confirmation Collections	a	9	-	-	-	-	9
Clergy Stipend Trust	b	41	7	(7)	-	-	41
Bradford Summer Camps Bursary		6	-	-	-	-	6
Clergy Widows & Dependents	b	20	2	0	-	-	22
Queen Victoria Trust	b	19	2	(13)	-	-	8
Bradford West Riding Charitable Society Trust	b	83	9	(6)	-	-	86
Shipley cum Heaton District C of E School Trust		17	-	-	-	-	17
Keighley St Peter Educational Trust	c	2	-	-	-	-	2
Friends of Parcevall Hall	d	14	3	(5)	-	-	12
Parcevall Hall Bursary	d	5	-	-	-	-	5
North Wing Mission	e	5	-	-	-	-	5
Burley in Wharfedale	e	1	-	-	-	-	1
Guiseley St Peter	e	-	2	(2)	-	-	-
McNish - Keighley All Saints		3	10	(7)	-	-	6
Interfaith fund		3	-	-	-	-	3
J Hudson deceased	f	35	-	(35)	-	-	-
G Martin Trust		4	-	-	-	-	4
Youth evangelism		27	1	(12)	-	-	16
Special appeals		33	6	(24)	-	-	15
Northern Sudan		24	2	(2)	-	-	24
The First Lord Grimthorpe's Charity	g	10	2	-	-	-	12
Pastoral account	h	576	4	-	-	46	626
City Kids		1	-	(1)	-	-	-
Kiddle Bequest	i	10	-	(2)	-	-	8
St Martin in the Field	j	4	5	(6)	-	-	3
Kadugli appeal		20	55	(48)	-	-	27
		972	110	(170)	-	46	958

The funds represent income for specific purposes from endowment, grants and donations

Objects

- a Funds available solely at the discretion of the Bishop
- b Relief of clergy and their dependants in financial hardship
- c For educational purposes in the location named
- d Support towards the Diocesan Retreat House
- e For general parochial purposes in the area named
- f For maintenance of cathedral fabric and / or evangelism
- g For repairs to churches of the Evangelical tradition in the Church of England within the Diocese
- h This fund includes the proceeds of redundant churches, parsonages and land sales
The purpose for which this account may be used are laid down in Section 78 of the
Pastoral Measure 1983
- i Funds to support the provision of loans to assist major works to be carried out on
church buildings
- j For the support of the destitute

THE BRADFORD DIOCESAN BOARD OF FINANCE (INCORPORATED)
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NOTES TO THE ACCOUNTS (continued)

30. Summary of fund movements (continued)

	Balances at 1 January 2012 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	Balances at 31 December 2012 £'000
Unrestricted						
General	5,283	6,217	(6,300)		31	5,231
Designated						
Training	52	-	(30)	-	-	22
Clergy & Lay Conferences	23	-	(17)	-	-	6
Deanery Devolution	9	-	-	-	-	9
Property Reserve	130		(30)	-	-	100
Mission Grant Fund	46	98	(140)	-	-	4
Mission Expenses Fund	33	-	(3)	-	-	30
Redundant Churches	-	-	-	-	-	-
Youth evangelism	6	-	-	-	-	6
	299	98	(220)	-	-	177
Total funds	39,266	6,425	(7,348)	-	(704)	37,639

Training Reserve has been created due to uncertainty in future levels of expenditure and represents savings in support of ordinands and in-service training. If the entitlement of parochial clergy & employees of the Board to annual training grants is greater than the annual amount budgeted then the reserve may be utilised in those years when expenditure exceeds the lower level included in future budgets.

Clergy and Lay Conference Reserve represents annual sums collected through share towards the cost of clergy and lay conferences.

Deanery Devolution Reserve represents budgeted amounts not spent by individual Deaneries. The sums may be spent by Deanery Standing Committees within five years of the year in which the budget provision is made.

Property Reserve Due to the large property portfolio there is uncertainty about when significant expenditure will be incurred. Major work on individual houses is carried out during vacancies. The reserve is earmarked to allow the Property Committee to commit expenditure in excess of the budget in order to carry out improvements as the opportunity arises.

Mission Grant Fund represents a similar fund to the previous New Initiatives Fund but with different criteria. The fund is financed from grants received from the Archbishops Council for this purpose.

Mission Expenses Fund represents funds set aside to pay expenses for clergy appointed by the Bishop to specific mission posts which fall outside parish boundaries and responsibilities.

Redundant Churches This represents likely costs that may be incurred on an open churchyard attached to a redundant church that has been sold.

30. Summary of fund movements (continued)

Endowment comprises the following objectives

	Original cost b/f £'000	Revaluation reserve b/f £'000	Revaluation balance b/f £'000	Income gains/(losses) & transfers £'000	Expenditure losses & transfers £'000	Original cost c/f £'000	Revaluation for year 2012 £'000	Revaluation reserve c/f £'000	Revaluation balance c/f £'000
Permanent investments									
Administration	9	113	122	-	-	9	12	125	13
Church Building Fund	1	12	13	-	-	1	1	14	1
Schools	1	18	19	-	-	1	2	19	2
Maintenance of the Ministry	65	498	563	-	-	65	52	550	61
Parsonages-investments	21	17	38	-	-	21	4	21	4
Pensions	14	193	207	-	-	14	21	214	22
Training for the Ministry	5	67	72	-	-	5	7	74	7
Widows and Dependents	4	48	52	-	-	4	5	53	4
Church in the World	-	1	1	-	-	-	-	1	-
Loan Fund	20	5	25	-	-	20	1	6	2
General Purposes	4	-	4	-	-	4	-	-	-
T McNish Bequest for the benefit of Keighley									
All Saints	186	66	252	10	(2)	196	10	76	27
Keighley St Peter Educational Trust	9	-	9	-	-	9	-	1	1
Stipends Capital - investments	444	208	652	-	-	444	38	246	69
Bradford West Riding Charitable Society Trust									
- for relief of clergy & their dependants	61	61	122	-	-	61	10	71	1
The First Lord Grimthorpe Charity Fund	42	(6)	36	-	-	42	3	(3)	-
T M Wright Bequest - For relief in Sudan	48	-	48	-	-	48	-	-	4
	934	1,301	2,235	10	(2)	944	166	1,468	2,41
Permanent property									
Parsonages-property	35	(9)	26	-	-	35	(1)	(9)	2
North Wing Mission for community work	76	(9)	67	-	-	76	(2)	(11)	6
Stipends Capital	1,039	(175)	864	-	-	1,039	(20)	(197)	84
	1,150	(193)	957	-	-	1,150	(23)	(217)	93
Expendable									
Benefice Property	32,756	(3,719)	29,037	(960)	-	31,796	(633)	(4,352)	27,4
Guiseley - Carlton Mission - for ecclesiastical purposes (a)	9	-	9	-	-	9	-	-	-
Guiseley St Peter (b)	258	-	258	(15)	-	243	-	-	24
Kiddle Bequest (c)	216	-	216	-	-	216	-	-	21
	33,239	(3,719)	29,520	(975)	-	32,264	(633)	(4,352)	27,9
As at 31 December 2012	35,323	(2,611)	32,712	(965)	(2)	34,358	(490)	(3,101)	31,2

Permanent Endowment Funds comprise gifts and legacies given for specific purposes where the capital may not be expended

Expendable Endowment Funds represents benefice property, the sale of ecclesiastical and school property The proceeds are available at the discretion in a) and b) of

- The Bishop, the Diocesan Board of Finance and the incumbent and wardens of Guiseley Parish Church
- The Vicar and Churchwardens to support the general purposes of the parish currently held on their behalf by the Board of Finance And for -
- Funds to support the provision of loans to assist major works to be carried out on church buildings

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NOTES TO THE ACCOUNTS (continued)

31. Related party transactions

Under charity law the Directors, as trustees, are prohibited from acquiring any financial benefit from the Board or its associates.

The Board enters into transactions, on a regular basis, with other autonomous organisations within the Church of England - e.g. Parishes, (including the Cathedral), the Central Board of Finance, the Archbishops Council of the Church of England and the Church Commissioners. From time to time Directors and key managers of the Board may serve on committees of other bodies, or the General Synod. It is not considered appropriate to report the detail of such transactions since no person or group of people so serving have any significant influences over any material transactions.

There are no unusual transactions with such bodies reflected in these financial statements.

Mr C Wright (the husband of Mrs Jill Wright, a director and trustee) received £4,408 (2011 £4,408) in respect of work in connection with the diocesan website.

The Ven Paul Slater, a director and trustee received £4,500 (2011 £3,500) in respect of rent on a property he owns and is used to provide curates housing.

Bradford Diocesan Board of Education paid £37,500 to Bradford Diocesan Board of Finance as a reimbursement for management time relating to the sale of a former school site. The following directors and trustees are also directors and trustees of Bradford Diocesan Board of Education - The Ven David Lee, Mrs Sharron Arnold, Mr Roger Marks, The Revd Peter Mott and The Revd Canon Andrew Williams.

Bradford Churches for Dialogue & Diversity paid £3,188 (2011 £7,650) to Bradford Diocesan Board of Finance as a reimbursement towards stipend costs. The following directors and trustees are also directors and trustees of Bradford Churches for Dialogue & Diversity - The Ven David Lee and Mr Ian Fletcher.

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NOTES TO THE ACCOUNTS (continued)

32 Summary of assets per fund

	Unrestricted £'000	Designated £'000	Restricted £'000	Endowed Capital £'000	Fund Transfers £'000	Total £'000
Fixed assets						
Tangible Assets	4,917	-	-	28,377	-	33,294
Investments	-	-	-	2,329	-	2,329
	<u>4,917</u>	<u>-</u>	<u>-</u>	<u>30,706</u>	<u>-</u>	<u>35,623</u>
Current assets						
Debtors	633	-	-	209	-	842
Freehold properties held for sale	1,182	-	-	-	-	1,182
Investments	1,340	6	847	326	-	2,519
Cash at bank and in hand	(143)	355	111	32	-	355
	<u>3,012</u>	<u>361</u>	<u>958</u>	<u>567</u>	<u>-</u>	<u>4,898</u>
Creditors: Amounts falling due within one year						
Creditors and accruals	(483)	(184)	-	-	-	(667)
Loans						
Benefice housing replacement	(102)	-	-	-	-	(102)
	<u>(585)</u>	<u>(184)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(769)</u>
Creditors: Amounts falling due after more than one year						
Creditors and accruals	-	-	-	-	-	0
Loans						
Other	(200)	-	-	-	-	(200)
Benefice housing replacement	(1,913)	-	-	-	-	(1,913)
	<u>(2,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,113)</u>
Transfers between funds	-	-	-	-	-	-
Net assets	<u>5,231</u>	<u>177</u>	<u>958</u>	<u>31,273</u>	<u>-</u>	<u>37,639</u>

Transfers between funds relate to notional debtors and creditors