

Wakefield Diocesan Board of Finance
Financial statements
For the year ended 31 December 2012



Company no 245111
Charity no 249315

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Legal and administrative details

Company registration number: 245111

Charity registration number: 249315

Registered office:
Church House
1 South Parade
WAKEFIELD
WF1 1LP

Directors and trustees:

President: The Rt Revd S G Platten

Suffragan Bishop: The Rt Revd A W Robinson

Archdeacons: The Ven Dr A Dawtry (Archdeacon of Halifax)
The Ven P K Townley (Archdeacon of Pontefract)

Diocesan Secretary: Mr A W Ellis

Elected: Revd M Macdonald (Chair)
Mr D O Cowling
Revd J I Hadjioannou
Mr J Haigh
Mrs J Jackson
Miss P Jessop
Mrs P M Johnson
Mr G A Mowbray (deceased 12 March 2012)
Revd D Nicholson
Mr P Skuse
Mrs L Sowray
Mr A Stears

Co-opted: Mr J A Hanson (Vice-Chairman)
Mr R C Scholes

Legal and administrative details

Bankers:	Yorkshire Bank plc 6 – 10 Northgate WAKEFIELD WF1 1TA
Solicitors:	Dixon Coles & Gill Bank House Burton Street WAKEFIELD WF1 2DA
Investment managers:	CCLA Investment Management Ltd Senator House 85 Queen Victoria Street LONDON EC4V 4ET Stephenson Wroe 25 Ledgate Lane Burton Salmon LEEDS LS25 5JY
Auditor:	Grant Thornton UK LLP Chartered Accountants Statutory Auditor No 1 Whitehall Riverside LEEDS LS1 4BN

Report of the Trustees

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

This report refers to the Diocese of Wakefield except for Section 2 and is set out as follows

- 1 Reference and administrative details of the Wakefield Diocesan Board of Finance (WDBF)
- 2 Summary information about the structure of the Church of England
- 3 Structure, governance and management
- 4 Objectives and activities
- 5 Public Benefit
- 6 Achievements and performance
- 7 Financial review
- 8 Plans for future periods
- 9 Appointment of auditors
- 10 Approval of the Trustees Annual Report

Reference and administrative details of the Wakefield Diocesan Board of Finance

These are set out on pages 1 to 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 deans of cathedrals on the advice of the Prime Minister. The two Archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are 108 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 have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

Report of the Trustees

The Pensions 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 Cathedral

The Cathedral is the mother church of the Diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, Wakefield Cathedral, Northgate, Wakefield, WF1 1HG.

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

The Diocese

Diocesan Synod

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

Deanery Synod

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

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

The Bishop's Council

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

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

Report of the Trustees

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 with the Charity Commission from October 2008. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

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

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

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

Structure, governance and management

The Diocese of Wakefield was created in 1888 and took broadly its present form in 1926. It covers an area of 557 square miles.

The Diocese is arranged as two Archdeaconries, Halifax covering the western part with 6 deaneries and Pontefract the eastern part with 5 deaneries. In total there are 186 parishes.

Diocesan governance

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 Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, up to six 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 three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee, Bishop's Council.

Company status

The company, Wakefield Diocesan Board of Finance (WDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 15 January 1930 as a company limited by membership guarantees (No. 245111) and its governing documents are the Memorandum and Articles of Association. WDBF was registered with the Charity Commission (No. 249315) on 26 September 1966.

The directors of the WDBF under company law have a personal liability limited to £1 under their guarantee as company trustees in the event of it being wound up.

Decision-making structure

Diocesan Synod has delegated the following functions to the Bishops Council:

- Planning the business of Synod including the preparation of agendas and papers,
- Initiation of proposals for action by the Diocesan Synod and provision of policy advice,
- Transacting the business of the Diocesan Synod when not in session,
- Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod,
- To carry out such functions as the Diocesan Synod may delegate to it.

Report of the Trustees

Diocesan Synod has delegated the following functions to the WDBF

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

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

Committee structure

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

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 houses, team vicarages and houses owned by WDBF

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

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

Wakefield 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

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

Safeguarding advises and initiates training in relation to Child Protection and Vulnerable Adults matters for clergy and laity. In this respect it works closely with the Family Life and Marriage Education officers and Parish Education officers

Church in Society seeks to help in the exploration of faith relation to daily life. In so doing it believes communities should be served in the name of the Lord

Bishop's Council

Bishop's Council consists of nine ex officio members, including the Diocesan and Suffragan Bishops and the two Archdeacons, six clergy elected by the house of clergy from among their number and nine lay persons elected by the members of the house of laity

Wakefield Diocesan Board of Finance

The current membership of the Wakefield Diocesan Board of Finance is set out on page 1

The membership consists of five ex officio members, including the Diocesan and Suffragan Bishops, the two Archdeacons and the Diocesan Secretary. In addition there are eleven elected lay representatives (one from each deanery), four clergy to be elected from membership of the Diocesan Synod (on an Archdeaconry basis, two per Archdeaconry) and six co-opted members appointed by members of the Board. With the exception of the ex officio members, all are elected or re-appointed triennially

Report of the Trustees

The WDBF has the following sub-committees

Budget Sub-Committee, which is responsible for drafting and drawing up draft budgets for approval by the trustees prior to submission to Diocesan Synod and monitors expenditure and income

Common Fund Sub-Committee, which is responsible for reviewing and monitoring all aspects of the common fund

Risk Management Sub-Committee, which is responsible for assisting the trustees in the discharge of their responsibilities in respect of risk management, internal control and financial reporting

Property Management Sub-Committee, which is responsible for assisting the trustees in the discharge of their responsibilities concerning the management of globe property parsonage houses in each benefice, including buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by WDBF

Appointment of trustees

Trustees are provided with induction training when first appointed and receive ongoing training, as appropriate. Some senior staff have job titles incorporating the title 'Director' but they are not directors of the company for the purposes of company law.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of Wakefield Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Report of the Trustees 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, the Trustees have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)). 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 incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period.

In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

The Trustees are responsible for keeping 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 are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Trustees is aware

- there is no relevant audit information of which the Charitable Company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Report of the Trustees

Disclosure to the auditors

At the date of making this report each of the Charity's trustees as set out in page 1 confirm the following

- So far as each trustee is aware there is no relevant information needed by the Charity's auditors in connection with preparing their report of which the Charity's auditors are unaware, and
- Each trustee has taken all the steps they ought to have taken as a trustee in order to make themselves aware of any relevant information needed by the Charity's auditors in connection with preparing their report and to establish that the Charity's auditors are aware of that information

Related parties

General Synod, Church Commissioners and Archbishops' Council

WDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

Parochial Church Councils (PCCs)

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 WDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

Connected charities

The trustees consider the following to be connected charities:

Wakefield Diocesan Board of Education - a registered charity, which has responsibility for 102 Church schools 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.

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

Wakefield Diocesan Church Organization Society is a registered charity, which administers trust funds on behalf of parishes within the Diocese of Wakefield.

Wakefield West Riding Charitable Society Trust is a registered charity, which applies money in supplementary relief or assistance to qualifying persons who are resident or have served within the Diocese of Wakefield which was formerly situated in the West Riding of Yorkshire.

The Cathedral is the mother church of the Diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, Wakefield Cathedral, Northgate, Wakefield, WF1 1HG.

Pension Scheme

WDBF is the sponsoring employer of the Wakefield Diocesan Board of Finance Staff Retirement Benefit Scheme. This is a pension fund for the benefit of employees of WDBF. Costs of administration and secretarial services are borne by WDBF.

Further details are contained in note 1 to the financial statements.

Report of the Trustees

Risk management

The trustees confirm that the major risks, to which WDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Risk Management Sub-Committee the task of ensuring that risks are reviewed and managed as part of the risk management strategy. Sub-Committees have defined the risks in their areas, reported on the measures in place to manage and monitor these risks and implemented procedures and controls designed to minimise any potential impact on WDBF should any of the risks materialise. A risk register has been compiled.

The major risks identified are associated with the common fund and its collection rate. The common fund is a voluntary contribution which provides a significant proportion of the Board's income. The risks relating to the dependence upon this income, which year on year continues to fall in the terms of percentage collected, this is exacerbated by the potential of above inflation increases in costs.

Another major risk is the impact on all aspects of the Diocese including the structure, legal, ministry, staff, and assets relating the potential disbanding of the Diocese to be replaced by a larger Diocese consisting of the current Dioceses of Wakefield, Bradford, Ripon and Leeds. This is currently in formal consultation following the publication of the scheme in September 2012. The impact cannot be assessed as the details of the scheme cannot be substantiated until the scheme has been adopted by the Diocesan Synods and the General Synod. The earliest date this can take place is July 2013.

Objectives and activities

Aims and objectives

WDBF 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 Wakefield and elsewhere.

WDBF strategic plan includes

- 'Investing in our Faith', a five year strategy which is a diocesan-wide initiative to help renew and transform our lives and our churches so that we can be used by God to help transform our communities and our world,
- A range of resources will encourage individuals, churches, deaneries and the Diocese and its structures to be better and prayerfully equipped to serve God,
- Continue the review which will incorporate all aspects of finance, including the Common Fund and budget as well as the financial structure and its responsibilities,
- Maintaining the number of clergy in line with the fall in the clergy allocation,
- Increase the Common Fund collection rate to at least the level included in the budget,
- To review vacant properties with a view to sell those surplus to requirements when appropriate, and
- Review the Diocesan Property portfolio with a view to make optimum use of the Boards assets

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

The key activities may be summarised as

- Contributions for national church institutions (mainly by grant support)
- Mission and Ministry in the Parishes (includes all clergy training, housing, stipends, pension and all other expenditure supporting parish based ministry)
- Education funding by means of a grant to the Wakefield Diocesan Board of Education

Grant-making (beneficiary-selection) policy

Grants 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 3 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 WDBF's objectives.

Report of the Trustees

Public Benefit

The Trustees of the Board are aware of the Charity Commission's guidance on public benefit in *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Board

The Board believes that, by promoting the work of the Church of England in the diocese of Wakefield, 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

Achievements and performance

Plans and achievements in 2012

During 2012 WDBF planned to

- Set a break-even budget,
- Apply a 2.65% average increase in common fund across the Diocese. The future years' increase in common fund will be reviewed in line with the budget requirements,
- Launch a joint Lent Appeal to provide support and finance for the Tanzanian Micro Finance and the Barnsley Churches Drug Project,
- Consider the Diocesan Commission revised proposal to combine Wakefield with Ripon & Leeds and Bradford Dioceses. Wakefield Diocese, including the Synod and all the Boards and committees which will effectively disband the Diocese and be replaced by a new larger Diocese

During the year WDBF has

- Generated a net surplus of £50,000 against the break-even budget. Excluding the investment evaluation the overall surplus including restricted funds for total incoming resources was £390,000,
- The market value adjustment on investment assets was a gain of £186,000 equivalent to a 3% increase,
- Bishop Stephen's 2012 Lent Appeal supported two charities. The Tanzanian Micro-finance is a charity which offers people living in poverty a way out of their predicament. The charity provides affordable funding to help setup cottage industries that help improve the lives of people in our link diocese. The Drugs project is run by volunteers offering a warm welcoming place with refreshments and food. The Lent appeal raised in excess of £7,000
- The Diocesan Commission proposal was debated at all levels within the diocese. The Diocese also had representation on the various groups which were set up to assess the practical implications associated with the scheme. The Synods (parliaments) of the Bradford, Ripon & Leeds and Wakefield Dioceses debated and voted on the proposal to create one large diocese in March 2013. The Diocese of Bradford and Ripon & Leeds voted to in favour of the proposal, whilst Wakefield's vote was not in favour. It is now up to the Archbishop of York, Dr Sentamu, to decide whether to place the scheme before the General Synod meeting in July for a final decision

Operational performance

WDBF received 82% of Common fund due for the year (2011 76%). In percentage terms this was an improvement on the 2011 receipts, although actual cash received was £275,000 less than 2011. Historically the budget has included an 11% under recovery of Common Fund contingency. During 2012 the Board withdrew the contingency, this resulted in all the parish Common Fund requests for 2012 reducing by 11%. This resulted in a larger proportion of parishes improving their contribution, however there are a significant number of parishes falling short of the budget collection rate. Additional income from other sources and expenditure savings helped the WDBF to meet all of its financial obligations and to continue to resource Diocesan needs as these arise, including the support of the ministry, provision of well-maintained houses for the clergy, national church responsibilities and enriching and facilitating many other aspects of church life throughout Wakefield such as retreats and cultural and spiritual gatherings

Report of the Trustees

Investment performance

Overall performance

Investments are held in both glebe (land and property) and general funds. The total value of investments (excluding short-term cash deposits) at 31 December 2012 was £7.4m (2011 £7.2m) and the total return on investment was an increase of 2% (2011 increase of 2%). The average market value of the investments decreased by 2.9%.

General fund investments

The Board's investments are with the CCLA Investment Management Ltd in Investment Funds and Property Funds. The Investment Fund showed an unrealised gain of £423,000 whilst the Property Funds had an unrealised loss of £156,000. The income from investments performed better than expected and was £54,000 better than the budget of £200,000. The Investment Fund longer term return was a positive 15.2% which was 10.6% better than the comparator (Composite from 01/01/12 UK Equities 45%, Overseas Equities 30% (50% Hedged), Property 5%, Bonds 15% & Cash/Other 5% & to 31/12/11 UK Equities 60%, Overseas Equities 20%, Property 10%, Bonds 10%). The Property Fund longer term return decreased by 0.3% compared to the benchmark which increased by 0.3% (IPD Balanced Property Unit Trust Index).

External factors affecting performance

The Common fund, which is contributed by PCCs towards the ministry and other costs of the Diocese is a voluntary contribution and is budgeted to provide 69% of the Diocesan income. A large part of the costs are clergy costs and building maintenance costs, which both tend to increase at a rate in excess of the Retail Price Index. In addition, the Diocese has to increase contributions to the clergy and staff pension schemes.

The historical financial resources of the Diocese of Wakefield is relatively weak, compared with many other dioceses and is expected to receive a proportionately larger share of National Church support.

Financial review

Overall financial position

Total income (unrestricted and restricted) before revaluation adjustments totalled £8.305m (2011 £8.056m) and total expenditure (unrestricted and restricted) amounted to £7.915m (2011 £8.028m).

The Statement of Financial Activities (SOFA) for the year shows net incoming resources of £390,000 (2011 £28,000) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets.

The Gross transfers between unrestricted funds (increase £1.058m), restricted funds (decrease £228,000) and endowment funds (decrease £830,000) show the reclassification of the Board's housing between the funds. The reclassification was required due to pastoral reorganisations.

The net gain from revaluation of assets was an increase of £186,000.

After revaluation adjustments, the net movement in funds amounted to an incoming resource of £576,000 (2011 £184,000 outgoing).

During the year, total fund balances increased from £55.048m to £55.624m. There was an overall net cash inflow of £124,000 (2011 £192,000 inflow).

Review of the statement of financial activities

The unrestricted income was £626,000 less than budget, the shortfall in Common Fund receipts being the reason for the poor performance. The Common Fund income was just over £1 million less than budget, this is partly attributable to the decision to reduce each parish's contribution request by 11%, despite the reduction a large number of parishes still fell short of their reduced figure. The total Common Fund 2012 receipts including arrears were 85.9% (2011 79.1%) which is £274,000 less than 2011.

Other income increased by £440,000 compared to 2011 levels, exceeding the budget by £389,000. The improvement was a combination of increased investment income and proceeds from the disposal of property.

Report of the Trustees

Savings in expenditure reduced the impact of the under collection of the common fund. The costs of ministry in parishes which are principally stipend, pension and property costs underspent £521,000 compared to the budget. The majority of the savings were achieved from the vacancy in clergy posts and their associated costs.

The remainder of the budget also contributed savings of £155,000 resulting in a total underspend of £676,000 against the budget.

Excluding the transfers and unrealized gains the unrestricted funds increased by £26,000 and the restricted funds provided increased by £364,000.

Principal funding sources

Around 58% of the income of the DBF came from the Common fund and 19% from National Church Selective Allocations.

Review of the financial position

The balance sheet has increased by £576,000 due to the surplus of £390,000 and the net revaluation gain of £186,000 in the investments. Net cash flow has been positive.

Financial sustainability

WDBF has sound financial management, however the Board remains conscious of the continued fall in the common fund collection and the impact on the future plans. The Board continues to review these issues and will address them through the budget process and reviewing the common fund formula.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors. The financial position of the Charitable Company, its surplus for the year and cash flows are set out earlier and they demonstrate the overall net cash position of the Charitable Company and the strength of its reserves. As a consequence the Directors believe that the Charitable Company is well placed to manage the business risks successfully despite the uncertainties surrounding the current general economic outlook.

The Directors have a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Investment policies

WDBF's investment policies are based on two key policies.

The Board has a policy to invest in accordance with the ethical investment policy of the Church of England Ethical Investment Advisory Group - this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

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

£1.65 million of the WDBF's investments are in glebe funds, primarily to generate a sustainable income to continue funding clergy stipends. Glebe investments are held in agricultural land, let on agricultural and business tenancies. Rents receivable amounted to £33,000, an income yield of 2.0%.

Report of the Trustees

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

Reserves policy

WDBF has considerable responsibilities including the remuneration of nearly 145 parochial stipendiary clergy, the upkeep of approximately 200 houses and the employment of some 30 full or part time staff

The target free reserves (net of fixed assets and investments) is currently set at an amount equivalent to three to twelve months' gross expenditure from unrestricted funds, estimated at £2.0m to £8.0m. At 31 December 2012, WDBF's free reserves (i.e. excluding those tied up in fixed assets) were £2.6m equivalent to approximately 4 months expenditure

The trustees intend to continue building up free reserves within these levels to maintain its overall aim of balanced budgets for long-term sustainability. The lower limit is set by the Board based on the historical under collection of common fund (8 to 12% under-recovery). The upper limit has been set so that adequate provision is made for providing loans to parishes and contingencies for future costs (mission projects and increased pension costs)

Plans for future periods

The trustees will continue to set annual budgets as appropriate and in line with the reserves policy (subject to building up free reserves to target level and seeking to hold down Common fund increases in order to allow 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

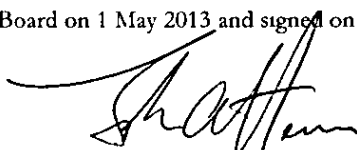
Appointment of auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors of the company will be proposed at the forthcoming AGM

The report of the trustees was approved by the Board on 1 May 2013 and signed on its behalf by


A W Ellis

Diocesan Secretary



Revd M Macdonald
Chair

J A Hanson
Vice-chair



Independent auditor's report to the Trustees of Wakefield Diocesan Board of Finance

We have audited the financial statements of Wakefield Diocesan Board of Finance for the year ended 31 December 2012 which comprise the principal accounting policies, the statement of financial activities, the summary income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charitable Company's Members and Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charitable Company's Trustees 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 Trustees 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 7, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2012, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent auditor's report to the Trustees of Wakefield Diocesan Board of Finance

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 and the Charities Act 2011 requires us to report to you if, in our opinion

- the parent Charitable Company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent Charitable Company 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

Grant Thornton UK LLP

Peter Edwards FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LEEDS
2 May 2013

Grant Thornton UK LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Principal accounting policies

The financial statements comply with applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" published in March 2005, as interpreted by the Diocesan Annual Report and Financial Statements Guide. A summary of the material accounting policies and estimation techniques adopted 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 investment assets (including investment properties) 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 operations has required adaptation of the required formats as required or allowed by Section 396(5) of the Companies Act 2006.

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.

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Endowment funds are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Fund Capital and Parsonage Houses), 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.

The Diocesan Stipends Fund Measure 1953 and the Pastoral Measure 1983 (including the various amendments to these measures), govern the purposes for which the restricted funds may be used, including the permissible transfer of monies to unrestricted funds.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are disclosed in the trustees' annual report.

Incoming resources

All incoming resources are included 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.

Grants received which are subject to pre-conditions for entitlement or use specified by the donor which have not been met at the year end are included in creditors to be carried forward to the following year.

In respect of parochial contributions, only contributions received during the year are included in the financial statements.

The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt 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 SOFA for the sake of greater clarity and simplicity in financial reporting.

Principal accounting policies

Resources expended

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

Where costs cannot be directly attributed to particular headings they have been allocated or apportioned to activities on a basis consistent with use of the resources. Central support costs are apportioned on the basis of the estimated usage of resources at Diocesan Church House. The apportionment in 2011 can be summarised as follows

- 5% - Cost of generating voluntary income
- 75% - Resourcing ministry and mission
- 15% - Education
- 5% - Governance

Clergy Pensions

The Board participates in the Church of England Funded Pensions Scheme and employs 135 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 Board is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate

A valuation of the Scheme was carried out as at 31 December 2009. This revealed a shortfall of £262m, with assets of £605m and a funding target of £867m, assessed using the following assumptions

- An investment strategy of
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to 2/3 by 31 December 2029, with the balance in return-seeking assets, and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets
- Investment returns of 4.4% pa on gilts and 5.9% pa on equities,
- RPI inflation of 3.8% pa (and pension increases consistent with this),
- Increase in pensionable stipends 3.8% pa, and
- Post-retirement mortality in accordance with 80% of the S1NA 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 the Board to account for pension costs on the basis of contributions actually payable to the Scheme in the year

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

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

Employee Pensions

The Board 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 Board made contributions of £204,000 and this has been taken as the pension cost shown in these accounts, as explained below

The Board is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS

Principal accounting policies

A valuation of the Fund was carried out as at 31 December 2010 and the Wakefield Board of Finance contribution rate was revised from 24.9% to 29.2% with effect from 1st April 2012. The deficit on the scheme was charged into the 2011 accounts and is being funded by an annual payment of £106,156 over the next five years, 2012 being the first year.

At 31 December 2012 the Wakefield Diocesan Board of Finance had 31 active members and 25 deferred pensioner members in the fund.

Investments

Investments include agricultural holdings, commercial properties, and investment securities. They are valued as at 31 December each year.

Properties for the charity's own use

All these properties are included at the Board's best estimate of market value. It is the Board's policy to carry out a formal valuation of these revalued properties every 5 years. The last formal valuation was carried out as at 30 September 2008.

Depreciation on freehold and leasehold properties for the charity's own use

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value (by reference to prices ruling at the time of acquisition of the capitalised asset in each case) is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

The Directors perform annual impairment reviews in accordance with the requirements of FRS 15 and FRS 11 to ensure that the carrying value is not more than the recoverable amount.

Depreciation on other tangible fixed assets

Depreciation is provided in order to write off the cost of other fixed assets within the year of purchase.

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 estimated current market value on the basis described above.

Gains and losses on fixed assets

Realised gains and losses on non-investment properties are included within net 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.

Principal accounting policies

Governance Costs

Costs allocated to governance include expenditure incurred in the DBF meetings, Bishop's Council and Synod meetings as these are involved in the strategic planning processes that contribute to the future development of the company

Management of liquid resources

Movements in short-term deposits not repayable on demand are reported under the heading of liquid resources

Statement of financial activities

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Incoming resources						
Incoming resources from generated funds						
Voluntary income	1					
Parish contributions		4,843	-	-	4,843	5,034
Archbishops' Council		1,562	-	-	1,562	1,519
Other		441	-	-	441	493
Activities for generating funds		255	-	-	255	246
Investment income		294	41	353	688	332
Incoming resources from charitable activities						
Statutory fees, chaplaincy and other income		419	-	-	419	379
Other incoming resources	2	97	-	-	97	53
Total incoming resources		7,911	41	353	8,305	8,056
Resources expended						
Cost of generating funds:						
Cost of generating voluntary income		4	-	-	4	11
Investment management costs		23	-	-	23	23
Charitable activities	3					
Contributions to Archbishops' Council		416	-	-	416	426
Resourcing ministry and mission		7,276	-	30	7,306	7,398
Education		133	-	-	133	132
Governance costs	4	33	-	-	33	38
Total resources expended	5	7,885	-	30	7,915	8,028
Net incoming resources before transfers		26	41	323	390	28
Gross transfers between funds	6	1,058	(228)	(830)	-	-
Net incoming resources before other recognised gains and losses (including surplus of income over expenditure)	7	1,084	(187)	(507)	390	28
Other recognised gains						
Unrealised gains/(losses) on investments		113	60	13	186	(212)
Net movement in funds	8	1,197	(127)	(494)	576	(184)
Reconciliation of funds						
Total funds at 1 January		10,221	1,619	43,208	55,048	55,232
Total funds at 31 December		11,418	1,492	42,714	55,624	55,048

All activities relate to continuing operations

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

Summary income and expenditure account

	2012 £'000	2011 £'000
Total incoming resources	8,305	8,056
Gross expenditure	7,915	8,028
Net surplus before investment fund disposals	390	28
Realised gains	-	-
Net surplus for the year	390	28

Statement of total recognised gains and losses

	2012 £'000	2011 £'000
Net surplus for the year	390	28
Realisation of revaluation gross losses of previous years	-	(7)
Historical cost surplus for the year	390	21

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

Balance sheet

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	11	49,690	49,544
Investments	12	7,439	7,174
		<u>57,129</u>	<u>56,718</u>
Current assets			
Debtors	13	214	45
Investments	14	662	1,278
Cash at bank and in hand		892	768
		<u>1,768</u>	<u>2,091</u>
Creditors amounts falling due within one year	15	<u>(1,045)</u>	<u>(1,429)</u>
Net current assets		<u>723</u>	<u>662</u>
Total assets less current liabilities		<u>57,852</u>	<u>57,380</u>
Creditors amounts falling due after more than one year	15	<u>(2,228)</u>	<u>(2,332)</u>
Net assets		<u>55,624</u>	<u>55,048</u>
The funds of the charity			
Endowment funds	16	42,714	43,208
Restricted income funds	16	1,492	1,619
Unrestricted income funds			
General funds	16	<u>11,418</u>	<u>10,221</u>
Total funds		<u>55,624</u>	<u>55,048</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 1 May 2013



Revd M Macdonald
Trustee

J A Hanson

Company number 245111

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

Cash flow statement

	Note	2012 £'000	2011 £'000
Net incoming resources before transfers		390	28
Depreciation		5	10
Net loss on disposal of tangible fixed assets		(24)	(48)
Interest and dividends receivable		(302)	(287)
Interest payable		81	78
(Increase)/decrease in debtors		(169)	86
Decrease in creditors		(358)	(171)
Net cash outflow from operating activities		(377)	(304)
Returns on investment and servicing of finance			
Interest and dividends received		302	287
Interest paid		(81)	(78)
		221	209
Capital expenditure and financial investment			
Expenditure on tangible fixed assets		(320)	(554)
Sale of tangible fixed assets		193	243
Purchase of investments		(82)	(80)
Sale of investments		3	-
		(206)	(391)
Net cash outflow before financing		(362)	(486)
Management of liquid resources			
Decrease in CBF deposits held as investments		616	806
Financing			
Loans advanced		-	-
Loans repaid		(130)	(128)
Increase in cash	17	124	192

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

Notes to the financial statements

1 Incoming resources

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Parish contributions					
Common fund					
Current year's allocation	5,858	-	-	5,858	5,707
Shortfall in contributions	(1,261)	-	-	(1,261)	(884)
	4,597	-	-	4,597	4,823
Arrears for previous years	246	-	-	246	211
	4,843	-	-	4,843	5,034
Voluntary income from Archbishops Council					
Selective allocation	1,408	-	-	1,408	1,371
Parish Mission fund	154	-	-	154	148
	1,562	-	-	1,562	1,519
Other voluntary income					
Ecclesiastical Insurance Group	121	-	-	121	186
Other grants and donations	320	-	-	320	307
	441	-	-	441	493
Income from activities for generating funds					
Rental income from parsonages	246	-	-	246	236
Diocesan Magazine	9	-	-	9	10
	255	-	-	255	246
Investment income					
Dividends receivable	257	39	-	296	290
Interest receivable	4	2	-	6	9
Glebe minerals	-	-	353	353	-
Rents receivable	33	-	-	33	33
	294	41	353	688	332

Notes to the financial statements

1 Incoming resources (continued)

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Incoming resources from charitable activities					
Statutory fees and chaplaincy income	416	-	-	416	375
Church Commissioners Guaranteed annuities	3	-	-	3	4
	<u>419</u>	<u>-</u>	<u>-</u>	<u>419</u>	<u>379</u>

2 Other incoming resources

	Unrestricted funds £'000	Restricted Funds £'000	Endowment funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Gains on disposal of fixed assets	-	-	-	-	-
Loan interest	-	-	-	-	1
Other income	97	-	-	97	52
	<u>97</u>	<u>-</u>	<u>-</u>	<u>97</u>	<u>53</u>

3 Charitable activities

	Unrestricted funds £'000	Restricted Funds £'000	Endowment funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Contributions to Archbishops' Council					
Training for ministry	167	-	-	167	166
National Church responsibilities	131	-	-	131	136
Grants and provisions	25	-	-	25	23
Mission Agency pension contributions	9	-	-	9	11
Retired clergy housing costs (CHARM)	48	-	-	48	46
Pooling of ordinand candidates' costs	23	-	-	23	36
General Synod expenses	13	-	-	13	8
	<u>416</u>	<u>-</u>	<u>-</u>	<u>416</u>	<u>426</u>

Notes to the financial statements

3 Charitable activities (continued)

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Expenditure on resourcing ministry and mission					
Parish ministry					
Stipends and national insurance	3,228	-	-	3,228	3,211
Pension contributions	1,018	-	-	1,018	1,009
Housing costs	1,411	-	30	1,441	1,508
Removal, resettlement and other grants	48	-	-	48	154
Loss on disposal of fixed assets	24	-	-	24	48
Other expenses	99	-	-	99	69
	<u>5,828</u>	<u>-</u>	<u>30</u>	<u>5,858</u>	<u>5,999</u>
Support for ministry	1,448	-	-	1,448	1,399
	<u>7,276</u>	<u>-</u>	<u>30</u>	<u>7,306</u>	<u>7,398</u>

Housing costs include interest payments of £81,103 (2011 £78,406) on loans for the purchase of clergy houses

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Expenditure on education					
Church Schools					
Administration	68	-	-	68	69
Grants	65	-	-	65	63
	<u>133</u>	<u>-</u>	<u>-</u>	<u>133</u>	<u>132</u>

4 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Audit fees	7	-	-	7	10
Bishops Council expenses	4	-	-	4	5
Strategic management expenses	22	-	-	22	23
	<u>33</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>38</u>

Notes to the financial statements

5 Analysis of resources expended including allocation of support costs

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Cost of generating voluntary income	4	-	23	27	34
Contributions to Archbishops' Council	-	416	-	416	426
Resourcing ministry and mission	6,918	48	340	7,306	7,398
Education	-	64	69	133	132
Governance cost	11	-	22	33	38
	<u>6,933</u>	<u>528</u>	<u>454</u>	<u>7,915</u>	<u>8,028</u>

6 Analysis of transfer between funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000
Parsonage & DBF transferred on pastoral reorganisation	<u>1,058</u>	<u>(228)</u>	<u>(830)</u>	<u>-</u>	<u>-</u>

7 Net incoming resources for the year

	2012 £'000	2011 £'000
Depreciation	5	10
Auditor's remuneration	<u>7</u>	<u>10</u>

Auditor's remuneration is the fees payable to the company's auditor for the audit of the financial statements

8 Summary of fund movements

	1 January 2012 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	31 December 2012 £'000
Unrestricted funds						
General	4,982	4,579	(4,470)	230	113	5,434
DBF Houses	5,020	-	-	828	-	5,848
Stipends fund income	219	3,332	(3,415)	-	-	136
	<u>10,221</u>	<u>7,911</u>	<u>(7,885)</u>	<u>1,058</u>	<u>113</u>	<u>11,418</u>
Restricted funds						
Pastoral account	1,140	40	-	(1)	81	1,260
Housing scheme	478	1	-	(227)	(21)	231
Wakefield Drama Committee	1	-	-	-	-	1
	<u>1,619</u>	<u>41</u>	<u>-</u>	<u>(228)</u>	<u>60</u>	<u>1,492</u>

Notes to the financial statements

8 Summary of fund movements (continued)

	1 January 2012 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	31 December 2012 £'000
Endowment funds						
Expendable endowment						
Stipends fund capital	2,585	353	(30)	-	13	2,921
Accumulated capital	109	-	-	-	-	109
Accumulated income	4,709	-	-	3	-	4,712
Parsonage houses	35,805	-	-	(833)	-	34,972
	<u>43,208</u>	<u>353</u>	<u>(30)</u>	<u>(830)</u>	<u>13</u>	<u>42,714</u>
Total funds	<u>55,048</u>	<u>8,305</u>	<u>(7,915)</u>	<u>-</u>	<u>186</u>	<u>55,624</u>

9 Directors' remuneration and expenses

No remuneration has been paid to any Director in their capacity as directors (2011 £nil)

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. Directors were reimbursed for travel, subsistence and incidental costs incurred in undertaking their ministerial activities totaling £19,582 (2011 £14,390).

The WDBF agreed the payment of a salary, national insurance, pension contribution and reimbursement of travel and incidental expenses to the Diocesan Secretary who is a member of the Board. The Diocesan Secretary was reimbursed for travel, subsistence and incidental costs incurred in undertaking his executive activities totaling £6,034 (2011 £5,318).

10 Employee details

All staff are employees of the Board of Finance.

The average number of employees, based on full-time equivalents, were as follows:

	2012 No	2011 No
Support for parish ministry	24.0	24.4
Statutory education	2.3	1.7
	<u>26.3</u>	<u>26.1</u>

Staff costs were as follows:

	2012 £'000	2011 £'000
Gross salaries	747	736
Social security costs	60	58
Pension contributions (defined contribution scheme)	197	170
	<u>1,004</u>	<u>964</u>
Funded by other related bodies	(91)	(66)
Charged to these accounts	<u>913</u>	<u>898</u>

The company recharges a proportion of its salaries to the Wakefield Board of Education. There was one employee who received emoluments in the band £60,000 - £70,000 during the year.

Notes to the financial statements

11 Tangible assets

	Freehold property £'000	Office equipment £'000	Parsonages £'000	Glebe team vicarages £'000	Total £'000
At cost or valuation					
At 1 January 2012	10,040	639	33,032	6,472	50,183
Additions	315	5	-	-	320
Disposals	(169)	-	-	-	(169)
Transfers	830	-	(830)	-	-
At 31 December 2012	11,016	644	32,202	6,472	50,334
Accumulated depreciation					
At 1 January 2012	-	639	-	-	639
Charge for the year	-	5	-	-	5
At 31 December 2012	-	644	-	-	644
Net book value					
At 31 December 2012	11,016	-	32,202	6,472	49,690
At 31 December 2011	10,040	-	33,032	6,472	49,544

All the Board's fixed assets are used for charitable purposes

The date of the last valuation was 30 September 2008. The valuation was carried out by Helen Price, a chartered surveyor employed by the Wakefield Diocesan Board of Finance.

12 Investments

	Agricultural land £'000	Commercial property £'000	Listed investments £'000	Total £'000
Within the United Kingdom				
At valuation				
At 1 January 2012	1,656	180	5,338	7,174
Additions	-	-	82	82
Disposals	(3)	-	-	(3)
Revaluation	-	-	186	186
At 31 December 2012	1,653	180	5,606	7,439
Cost at 31 December 2012	958	180	4,631	5,769
Cost at 31 December 2011	962	180	4,549	5,691

Listed investments

	2012		2011	
	Valuation £'000	Cost £'000	Valuation £'000	Cost £'000
Central Board of Finance of the Church of England				
Stocks	3	2	3	3
Investment fund	3,856	2,615	3,432	2,532
Property fund	1,747	2,014	1,903	2,014
	5,606	4,631	5,338	4,549

The agricultural land was revalued on 30 June 2008 by the Glebe agent Stephenson Wroe, on an open market basis. The Glebe lands were vested in the Board on 1 April 1978 under the Endowments and Glebe Measure 1976.

13 Debtors

14 Short-term investments

15 Creditors

Permanent loans are subject to interest at variable rates set by the Church Commissioners. These loans are repayable between 4 and 25 years and the principal is repaid on an annuity basis.

Notes to the financial statements

16 Summary of assets per fund

	Fixed assets		Current assets	Creditors	Net assets
	Tangible £'000	Investments £'000	assets £'000	£'000	£'000
Endowment funds					
Expendable endowment					
Stipends fund capital	-	2,527	354	-	2,881
Glebe Land	-	1,654	-	-	1,654
Parsonage houses	32,201	-	-	(262)	31,939
Glebe houses	6,472	-	-	(232)	6,240
	<u>38,673</u>	<u>4,181</u>	<u>354</u>	<u>(494)</u>	<u>42,714</u>
Restricted funds					
Pastoral account	-	1,161	330	-	1,491
Wakefield Drama Committee	-	-	1	-	1
	<u>-</u>	<u>1,161</u>	<u>331</u>	<u>-</u>	<u>1,492</u>
Unrestricted funds					
General	-	2,097	1,083	(940)	2,240
DBF Houses	11,017	-	-	(1,839)	9,178
	<u>11,017</u>	<u>2,097</u>	<u>1,083</u>	<u>(2,779)</u>	<u>11,418</u>
Total	<u>49,690</u>	<u>7,439</u>	<u>1,768</u>	<u>(3,273)</u>	<u>55,624</u>

Stipends Fund Capital

This fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends (but, since 1993, capital can be applied for improvements to parsonage houses).

Glebe Land

This fund is governed by the Endowments and Glebe Measure 1976. It represents the value of all the agricultural, commercial land in the Diocese held primarily to generate a sustainable income to continue to fund clergy stipends.

Parsonage houses

This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.

Glebe houses

This fund is governed by the Endowments and Glebe Measure 1976. It represents the value of all the houses transferred from benefice ownership to diocesan glebe by way of a pastoral scheme. They are retained for housing team ministers licensed to the benefice.

Pastoral account

This fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Part 8 Sections 93 & 94 of the Mission & Pastoral Measure 2011.

This account also includes the housing scheme which are funds from the sale of parsonage houses held for a specific benefice. The funds cannot normally be released unless used for the benefice concerned or until an appropriate pastoral scheme has been affected.

General fund

This fund is available for any purpose within the objects of the Board. It is principally used for the payment of stipends, national insurance, pension contributions and housing costs of clergy and licenced lay-workers in parish ministry.

DBF Houses fund

This fund represents value of all the DBF corporate houses purchased with DBF funds transferred into DBF corporate ownership by pastoral scheme or donated or bequeathed for unrestricted purposes. They include houses for the suffragan bishop, archdeacons, assistant staff, sector ministers, Diocesan Headquarters and others.

Notes to the financial statements

17 Analysis of changes in net funds

	As at 1 January 2012 £'000	Cash flow £'000	As at 31 December 2012 £'000
Cash at bank	768	124	892
Debt			
Loans from the Church Commissioners	(913)	-	(913)
Value linked loans	(1,549)	130	(1,419)
Permanent loans	1,278	(616)	662
Current asset investments	(1,184)	(486)	(1,670)
Net debt	(416)	(362)	(778)

18 Reconciliation of net cash flow to movement in net debt

	2012 £'000	2011 £'000
Increase in cash during the year	124	192
Cash flow from decrease in debt and financing	130	128
Current asset investments	(616)	(806)
	(362)	(486)
Net funds at 1 January 2012	(416)	70
Net funds at 31 December 2012	(778)	(416)

19 Contingent liability

Closed churches in the Diocese are vested in the Board for care and maintenance until their disposal. The directors are unable to assess the extent of any future maintenance liabilities. During 2012 the Board had expenditure of £31,413 (2011 £33,484) on maintaining closed churches.

20 Related party transactions

The company and the Wakefield Diocesan Church Organization Society are under common control by virtue of common directors. During the year the company has paid £4,200 (2011 £4,000) by way of funding to the Wakefield Diocesan Church Organization Society. During the year the company provided management services of £nil (2011 £nil) with £nil outstanding at year end from the Wakefield Diocesan Church Organization Society (2011 £nil from the Wakefield Diocesan Church Organization Society).

The Wakefield Diocesan Board of Education is a company with a separate board membership. There are three directors (the Diocesan Bishop and the two Archdeacons) common to both boards. The officers of the Board of Education including the Secretary to the Board of Education are employed by the Wakefield Diocesan Board of Finance. During the year the company has paid a grant of £64,400 (2011 £62,400) by way of funding to the Wakefield Diocesan Board of Education. During the year the company provided management services of £196,816 (2011 £163,844) to the Wakefield Diocesan Board of Education, with £24,310 (2011 £14,204) outstanding at the year end.