



Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2019

Registered Charity Number 249740

Registered Company Number 18301

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CHAIRMAN'S REPORT

Chairman's Report

I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2019.

Firstly I would like to thank Mike Eastwood and his team at St James House for all of their efforts in 2019. We began 2020 determined to continue the work set out in our strategic plan, expressed in the five numbers below:

We are asking all disciples in the Diocese of Liverpool to:

I: Bring one friend to church

- Bring one person each year into the worshipping and serving life of the church

I0: Do ten things

- 10 acts of service or points of connection that change the world for the better

We are asking church leaders to work towards:

I00: New congregations

- Plant 100 new congregations which draw new people into the worshipping and serving life of the church (10 years)

I,000: New leaders

- Identify and nurture 1,000 new leaders in the worshipping and serving life of the church (5 years)

I0,000: Disciples

- Encourage 10,000 people to sign up to the Rule of Life (3 years)

This work remains critical to the pursuit of our vision and continues to shape the work of the senior team at St James' House.

Events in 2020 and the newly emerged threat of COVID-19 have presented a new and significant challenge in all areas of our operations. The impact of church building closures, social distancing, giving challenges and associated financial pressures represent an unprecedented threat to our missional and financial health. The response of our parishes and church members to this crisis has been both resolute and phenomenally generous, as evidenced by continuing commitment to maintaining Parish Share payment wherever possible. This Diocese stands as an incredible example of generosity and sacrifice. The difficulties presented remain a challenge to us all and we continue to work to find ways to support parishes through the impact of this ongoing crisis.

We set a budget for 2019 with a deficit of £5,000. We were unable to meet this budget due to negative variances in Parish Share receipts (£55,000), DBF Funeral and Wedding Fees (£123,000), Investment income (£32,000) and other income (£8,000). We also saw positive variances in Rental Income (£68,000) and Clergy Housing Expenditure (£57,000). The combined impact of these variances from budget resulted in a 2019 deficit of £98,000, recorded in the management accounts.

After adjusting for the additional expenses, provisions, gains and revaluations described in the Trustees' Report on page 12, the overall increase in funds was £2,440,688, helped largely by the decrease in the share of the Diocese's obligations towards the defined benefit pension schemes in which it participates.

We continue to work towards a sustainable breakeven position, and we instituted new fiscal rules aimed to hold us to a breakeven position over each three-year cycle from 2019.

CHAIRMAN'S REPORT

I'd like to thank all members of the DBF who gave their support in 2019 and look forward to continuing our work in 2020 and beyond.

David Greensmith

David Greensmith

Trustee

18 December 2020

TRUSTEES' REPORT

TRUSTEES' ANNUAL REPORT AND DIRECTORS' REPORT INCORPORATING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

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

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

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

The governing body of the diocese is the Diocesan Synod whose members are also members of the Diocesan Board of Finance. Although the work of the Finance Committee is the sole responsibility of those elected to serve on it, all its business is conducted under the authority of the Diocesan Bishop who presides over all the affairs of the diocese.

Trustees

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

Elections to the Finance Committee take place every three years. There were elections in October 2018 for the current Finance Committee which runs from 1 January 2019 to 31 December 2021. The trustees who served in 2019 were:

David Greensmith, Chair (ex-officio)

David Burgess, Deputy Chair (elected)

The Right Reverend Beverley Mason, Bishop of Warrington (ex-officio)

The Venerable Mike McGurk, Archdeacon of Liverpool (ex officio)

The Venerable Pete Spiers, Archdeacon of Knowsley & Sefton (ex officio)

The Venerable Roger Preece, Archdeacon of Warrington & St Helens (ex officio) – until 30 September 2019

The Venerable Simon Fisher – elected 1 January 2019; ex officio as Archdeacon from January 2020

The Venerable Jennifer McKenzie, Archdeacon of Wigan & West Lancashire (ex officio)

Rev Hannah Lewis (elected)

Angela Matthewson (elected)

Michael Pitts (elected)

Philip Stott (elected)

Andrew Wilcockson (elected)

Rev Peter Dawkin (elected) – from 1 January 2019

Keith Cawdron (elected) – from 1 January 2019

Senior staff

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

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Mike Eastwood, Diocesan Secretary

Stuart Haynes, Assistant Diocesan Secretary & Director of Communications

Simon Chesters, Director of Vocations

Matt Elliott, Director of Finance

Stuart Harrison, Acting Director of Education – from May 2020

Linda Jones, Director of Mission – until August 2019

Ellen Loudon, Director of Social Justice

Richard Peers, Director of Education – until May 2020

Steve Pierce, Director of Learning & Stewardship

Sharon Townson, Director of HR

Bankers and professional advisers

Auditors

BWM, Castle Chambers, 43 Castle Street, Liverpool, L2 9SH

Bankers

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

Investment managers

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

Diocesan Registrar

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

Solicitors

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

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and objects

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

Trustees

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

TRUSTEES' REPORT

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

Organisational structure and decision-making

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

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

The Diocesan Board of Education is integrated into the Diocesan Board of Finance both legally and practically. This helps organisational cohesiveness and inter-departmental working.

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

Networks and key relationships

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

- ♦ Diocesan Synod as the Board of Finance and governing body of the diocese
- ♦ Bishop's Council as the executive arm of Diocesan Synod
- ♦ The Diocesan Oversight Team and Appointments & Wellbeing Committee, where decisions are taken about strategy and the deployment of clergy
- ♦ Other diocesan committees, especially the Diocesan Mission & Pastoral Committee and Board of Education
- ♦ Deanery Synods and Deanery Mission & Pastoral Committees, where local mission plans are decided and their pastoral implications worked through
- ♦ Parishes within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance
- ♦ Church schools in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- ♦ Liverpool Cathedral, on whose campus we are located and with whom there is now an established pattern of integrated working
- ♦ Other dioceses, especially in the North West of England, with whom we have close collaborations and provide services, especially to schools
- ♦ Providers of pre-ordination and Reader training, namely the residential theological colleges, All Saints Centre for Mission & Ministry and St Mellitus in the North West

TRUSTEES' REPORT

- ♦ The national church institutions (Archbishops' Council, Church Commissioners and the Pensions Board) from whom we receive significant funding, policy directives and legal consents to transactions.
- ♦ Other Christian denominations with and through whom we work on matters of workplace chaplaincy, child safeguarding and ecumenical relations notably through Churches Together in the Merseyside Region and Mission in the Economy
- ♦ Interfaith bodies, such as Merseyside Council of Faiths and Liverpool Community Spirit, as part of our cross community work to promote good interfaith relations
- ♦ Key infrastructural bodies on Greater Merseyside (notably volunteer centres and councils for voluntary service) on which we represent ecumenical partners and lead on provision in rural areas.
- ♦ Liverpool Diocesan Council for Social Aid whose key roles are running Adelaide House Women's Bail Hostel and working on penal affairs and social inclusion

In 2017 the Diocese established the Liverpool Diocesan Schools Trust as multi-academy trust as part of its on-going engagement with the academisation agenda. This sits alongside the Liverpool Diocesan Educational Trust which was established in 2012 to enhance links with church school academies. DBE Services Ltd continued trading, as did All Saints Centre for Mission & Ministry. DBE Services Ltd is an inter-diocesan company for the dioceses of Liverpool, Blackburn, Carlisle, Chester, Manchester and York, providing property and other services to schools. All Saints Centre for Mission & Ministry is an inter-diocesan company for the dioceses of Liverpool, Manchester and Chester established to provide local training for clergy and readers. We have an established partnership with St Mellitus (see section 4 below) and a joint venture with the Church Urban Fund entitled Together Liverpool which seeks to support and resource parishes as they seek to serve their wider community. In 2018 we established the Good Funerals Company to help re-imagine the way in which we engage with bereavement ministry.

The single most important relationship we have continues to be with the clergy and lay people within the churches in our diocese whose ministry is the heartbeat of the diocese. We currently have c 200 serving parish and cathedral-based stipendiary clergy, around 60 non stipendiary and ordained local clergy, 35 Local Missional Leaders, 250 readers and over 100 active retired clergy. We have c. 20 clergy serving full-time as chaplains in schools, hospitals, universities and prisons plus others serving in a part-time capacity. We also have an active committed church membership of c. 40,000.

Public benefit

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

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

More information on these benefits follows throughout this report.

TRUSTEES' REPORT

3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. For many years we have been working to achieve growth in our diocese. We have used different ways to express this, but the aim and direction of travel has remained the same – consistent with the whole of the Church of England. When Bishop Paul was installed, he adopted our growth agenda refreshing it by saying ‘we are asking God for a bigger church so we can make a bigger difference; more people knowing Jesus more justice in the world’

This is how we express our mission.

We think we will achieve this mission if we have:

- 100 new congregations
- 1,000 new leaders
- 10,000 disciples

To help us do this we are calling every worshipping Christian in our diocese to sign up to the Bishop of Liverpool's Rule of Life which will encourage and support us to Read, Learn, Pray, Give, Serve, Tell.

Within this we are encouraging everyone to:

- *Bring 1 friend* – into the regular worshipping and serving life of the church (bring one friend)
- *Do 10 things* – 10 acts of service or find 10 new points of connection beyond the walls of the church (do ten things)“

To plant 100 new congregations, develop 1,000 new leaders and encourage 10,000 disciples we are asking every person currently in a leadership position to help us:

- *100: New congregations*
 - Plant 100 new congregations which draw new people into the worshipping and serving life of the church (10 years)
- *1,000: New leaders*
 - Identify and nurture 1,000 new leaders in the worshipping and serving life of the church (5 years)
- *10,000: Disciples*
 - Encourage 10,000 people to sign up to the Rule of Life (3 years)

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

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

TRUSTEES' REPORT

believing the responsibility of Bishop's Council to be strategic governance and the responsibility of the Finance Committee to be financial governance.

The Finance Committee is working towards the following organisational outcomes:

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

Our main activities can be summarised as:

- ♦ The development and implementation of mission and church growth strategies
- ♦ The provision of advisory services to bishops, parishes, schools, chaplaincies, fresh expressions and church bodies (mainly through employed staff)
- ♦ The support, training, payment and housing of clergy
- ♦ The support and training of lay people
- ♦ The management and development of staff members
- ♦ Contributing to the national work of the Church of England

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

Grant-making policy

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

Mission in the Economy – £35,000 to support mission and chaplaincy in the world of work.

Churches Together in the Merseyside Region – £8,284 to support initiatives with ecumenical partners

Volunteers

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

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

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

4. STRATEGIC REPORT

I. ACHIEVEMENTS AND PERFORMANCE

By definition much of our work continues year on year. We are determinedly looking to turn around the historical gradual decline in church attendance in the diocese. There was a period where we felt we might have turned around the historic decline, but we recognise that we are still in a context of gradual decline. Within this there have been some signs of growth. However, we are working hard to turn these signs into widespread and sustained growth, year on year.

We continue to engage constructively in the national church's Renewal & Reform programme, not least through our 3 Strategic Development Fund programmes – Transforming Wigan, Joshua Centre and Transform North West. Our flagship Transforming Wigan project continues its programme of radical change and reimagining of missional possibilities in the Deanery of Wigan. In 2019 it completed its work of radical re-structuring which was approved unanimously by a specially convened Church Commissioners' hearing. The Joshua Centre for Multiplying Congregations, in collaboration with the Cathedral, remains ahead of its planned trajectories both in the number of congregations planted and the numbers of people involved. The Transform North West Project began work in the summer of 2018 in St Helens, Warrington and Widnes; there were encouraging signs in Widnes but we had to re-set the plans and programmes in St Helens and Warrington in 2019.

We continue to press ahead on both mission and financial health. We commissioned a piece of research from the Church Army entitled *Social Action & Church Growth in the Diocese of Liverpool*. The report looked at what it entitled *Bigger Difference social action* – Christians undertaking social action, enabling more people to know Jesus and pursuing more justice in the world – is happening within the diocese and considered how this relates to both the numerical and spiritual growth of the Church in the Diocese of Liverpool. Its broad conclusion was:

If Liverpool were a diocese of 100 churches:

- 74 would be involved with food banks,
- 48 with toddler groups or playgroups,
- 44 with lunch clubs or drop-ins,
- 32 would be involved with community cafés,
- 26 with pastoral provision for the community,
- 25 with youth work for the wider community,
- 21 would be involved with money matters and debt advice,
- 17 with breakfast, holiday, or after-school children's clubs,
- 16 with provision for the homeless,
- and 30 would be involved with 'other' social action projects.

We continue to publish data for parishes and deaneries to monitor, in particular, the extent to which we are growing the giving base of committed individual givers to their local church through the Parish Giving Scheme. That giving base will underpin our future financial health and determine our decision-making freedom. Indeed, as the implications of the Covid-19 virus hit the church in 2020 there was a significant correlation between the resilience of parish finances and the resilience of their giving base. In the Diocesan Oversight Team, we also routinely engage with metrics to enable us to track progress in key areas of focus.

We continue to increase the number of licensed ministers available for deployment. Following the implementation of our vocations strategy we have record numbers of people offering for ordination and are ahead of our trajectory to increase

TRUSTEES' REPORT

our stipendiary numbers by 50% (the national church target). Our constructive engagement with both the All Saints Centre for Mission & Ministry and St Mellitus in the North West have been key to this, as has the establishment of our Directions course.

We have established The Good Funeral Company as a subsidiary trading company of the Diocesan Board of Finance. This will look to reverse the decline in church-led funerals in the Diocese of Liverpool as well as engaging constructively and compassionately with bereaved families. It was launched in the summer of 2019 and its transactions have been recorded as part of the income and expenditure of the Diocese. It became a major resource particularly to the city of Liverpool in the early stages of the Covid crisis.

Our Parish Share collection rate remained high, with a net cash collection rate of over 99% at the end of the year. Our Reversing the Payment Trend strategy as well as Transforming Wigan (a significant component of the high cash collection rate) remain key. However, we are in the process of introducing a new Parish Share system (Deanery Parish Share) which is more aligned to the church that we need to become. Deanery Parish Share was successfully introduced in 2020.

Parish Share remains a major area of concern for the Diocesan Board of Finance and as reported previously, and even before the Covid crisis there were signs of clear financial strain. Parish Share is becoming a higher percentage of the regular giving received from church members, leaving less money available to parishes for local mission purposes. This was one of the drivers behind the move to Deanery Parish Share.

We continue to update our Giving in Grace website which helps parishes continue to face the giving challenge head on. It remains the best resource available to the church and helps address the core issue of ageing money in an open and straightforward way. We continue to be strong advocates for the Parish Giving Scheme – this commitment has been heightened through the Covid crisis.

The fact that our Parish Share collection rates have remained this high is a tribute to the generosity and commitment to mutual support of parishes throughout our diocese.

Levels of church attendance remain a concern, despite the initiatives noted above. The average age of our congregations is significantly higher than the average age of the general population. We now track and publish attendance on a parish by parish basis. It will be a key focus of discussion at Archdeacon's Parish Review meetings.

We continue to maintain our 'market share' of children attending schools with c. 30,000 children in Church of England schools. Over 90% of our schools are currently rated good or outstanding by Ofsted, in line with our target. Our multi-academy trust is the fastest growing in the region and will be the basis for significant educational improvement strategies and resources across the diocese, as will our enhanced focus on Progress 8 trajectories.

As indicated above the Covid crisis has, unsurprisingly, challenged much of our planning and engagement with parishes and schools. It has also affected the work of St James House, in our immediate priorities, a move to remote working and as we took advantage of the government's furlough scheme. The response of our schools and parishes has been outstanding. It is too early to say what the medium and long-term impact will be, but it is clear that it will be felt for years to come, most especially in those families that have suffered bereavement and loss. As churches and school communities we will continue to stand with and for all those for whom this has been the toughest of times.

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Access and inclusion

We remain absolutely committed to sustained excellence in safeguarding both children and vulnerable adults in the diocese. We have invested significantly in the capacity of our safeguarding team and the level of training and information produced. We have also followed through on the recommendations of the Safeguarding Progress Review that was conducted by the national church in the late Spring of 2018.

The DBF's commitment to access and inclusion has continued through the work on Disability Awareness and the Disabled Friendly Church Award.

Information gathering

We have an excellent database of information that we use to publish annual diocesan and parish dashboards. Our stakeholder engagement will be a hugely significant source of information which we will consolidate and disseminate.

Asset management

2019 was a year of volatility in investment markets and uncertainty in the property market. Whilst our investment portfolio gained value over the course of the year markets remained volatile. Our property activity was limited during 2019 whilst we worked towards the collection of full property condition data as part of a planned investment in the improvement of our housing stock.

We continue to monitor closely our cash and broader reserve levels and think and plan on the basis of the medium rather than the short-term investments. We have not deemed it necessary or advantageous to change our investment policies. In summary our CCLA investments achieved an unrealised gain of £499,201.

Property

We hold a lot of property (valued at £46 million). Much of this in practice takes the form of notional assets; because we have a responsibility to house clergy, we have little operational freedom around disposal or re-working of the individual assets. Rather, our primary responsibility is to ensure that clergy and their families feel safe and comfortable in their homes and that it provides a suitable base for mission and ministry.

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

2019 saw some minor changes in our property portfolio. One former vicarage and two plots of land were sold during the year for a total of £375,902, yielding a net gain of £60,757 on brought forward carrying values. A new vicarage in the Widnes deanery was acquired in 2019 at a cost of £317,363.

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

In early 2008 Church House was sold on advantageous terms under a 125-year lease. 2014 saw the new impact of the first rent review under the terms of this lease, generating an 8% increase in rent receivable.

II. FINANCIAL REVIEW

2019 was a year of financial improvement. After recent disappointing financial outcomes the Finance Committee adopted some new fiscal rules which came fully into force on 1 January 2019. These are:

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1. *We aim to achieve break-even in each financial year and triennial cycle. Financial losses may be acceptable on a limited scale over a short period, within the context of breakeven over the triennium. Consecutive annual losses will only be acceptable in extraordinary circumstances (to avoid perpetuating reductions in reserve levels).*
2. *Parish Share and Lowest Income Communities Funding are to fund Missional Leadership. Investment income (rental and dividend), earned income and grant funding are to fund St James' House Services. Any imbalance between St James' House services budget and Missional Leadership budget is to be limited to within £100,000 in any given year.*
3. *Missional Leadership budget variance to be distributed or recovered within the triennium.*
4. *Strict budget discipline to apply in all areas of activity. Flexibility between budgets is acceptable, flexibility beyond budgets is not.*
5. *Investment and cash reserves are to be maintained at a minimum of four months operating expenditure.*

2019 was the first year of the new triennial cycle. Although the management accounts showed a loss of £98k in 2019 it was a much improved budget performance and had Covid not struck we were confident of delivering a further improved performance in 2020 in line with the requirement to break even over the budget cycle.

Performance against budget

Each year we present a budget to Synod, which summarises our financial thinking and – once approved – sets the framework for our financial decision-making.

For 2019 we set a deficit budget (£5,000) with a 2% increase in total Parish Share, absolutely reflecting the increase in the cost of ministry in parishes and schools.

Our management accounts loss was £98,000, an improvement on the £323,000 loss in 2018. We achieved positive variance in rental income (£68,000) and Clergy Housing expenditure (£57,000) but saw negative variance in Parish Share receipts (-£55,000), Investment income (-£32,000), Funeral Fees (-£123,000) and other income (£-8,000).

Annual accounts

The Statement of Financial Activities on page 20 shows a significantly better position than the management accounts, namely a net increase in funds for the year of £2,440,688 (as against a net decrease in funds in 2018 of £757,573). This is because in addition to the operating loss of £98,000 referred to above there were additional expenses, provisions, gains and revaluations as follows:

Expenditure and provisions (reducing funds):

- ♦ £53,000 maintaining redundant churches prior to disposal
- ♦ £124,000 in provisions and adjustments for bad debts (mainly parish share) and depreciation
- ♦ £405,000 of expenditure relating to restricted fund and major projects

Gains and revaluations (increasing funds):

- ♦ £2,621,000 in reductions to funding liabilities on pension schemes
- ♦ £499,000 in equity investment gains

TRUSTEES' REPORT

We believe that our overall financial management is sound. We are continuing to develop income streams, have kept central costs under control and maintain a generally impressive level of Parish Share collection.

Reserves

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

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

Our fiscal rules established in 2018 state that investment and cash reserves are to be maintained at a minimum of 4 months operating expenditure. Over the course of 2018 the value of investments fell to the equivalent of 3.6 months operating expenditure and is likely to remain below 4 months until we are able to diversify our investment portfolio away from property and into liquid assets such as equities. Work to enable this continued throughout 2019.

Investment markets proved volatile in 2019 due to ongoing economic uncertainty. We further realised a portion of our investment reserves to support cash requirements relating to expenditure from restricted funds and to fund the operating deficit experienced during the year.

The unrestricted reserve stands at £7.7m (after deduction of Designated Funds of £51k in note 20). £3m representing 3 months' operating expenditure, is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining reserves at a minimum of three months will cushion the diocese from short-term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

Designated reserves amount to £51k and are to be used for the Warrington Mission Development Fund.

Investments

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

Our historic Glebe land portfolio is substantially managed by Fisher German.

Grants received

Our main source of income is Parish Share. We also receive an allocation from Archbishops' Council. These issues are discussed elsewhere in this report. We continue to be very grateful for the support of Marshall's Charity in the improvement of our housing stock and for the ongoing support of the Allchurches Trust.

III. FUTURE PLANS

We continue to work under the basis of our new strategy and the 5 numbers. These express our overriding commitment to growth in leadership and discipleship. The Rule of Life remains the key driver behind our strategy of 10,000 disciples. The Joshua Centre continues to lead our work to establish 100 new congregations. In 2020 we received notification of a major Strategic Development Fund investment in our missing generations in the centre of Liverpool and in Wigan – work will start in the autumn of 2020. We are also planning a major Strategic Transformation Fund bid to support the development of our 1,000 leaders work. The work of the Good Funeral Company continues to grow and develop and we

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continue to re-align St James House services in support of our strategic objectives – for instance through further investment in our Local Missional Leaders programme. In light of the additional challenges experienced in 2020 as a result of the COVID-19 pandemic, we are continuing to work to relieve financial pressures for parishes and to support their work amongst communities throughout the Diocese in extremely challenging circumstances.

IV. PRINCIPAL RISKS AND UNCERTAINTIES

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

5. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board is Custodian Trustee for trust assets with a market value of £6.8m at 31 December 2019. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2019. Most of these trusts are held on behalf of parishes whose charitable purpose is the advancement of religion and therefore is parallel to those of the Diocese. The funds are held in separate investments from those of the DBF and there is a separate bank account from which payments are made. We also hold a number of parish properties as Custodian Trustee, but we are unable to obtain a current valuation of these properties due to the complexity and substantial costs involved.

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

Further funds are held on behalf of Church of England Schools in the Diocese for capital building projects. At the 31 December 2019, these funds had a market value of £2.4m (2018 - £2.1m).

6. NOTES AND QUERIES

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

Significant changes in fixed assets

These are now explained in notes 10 and 11 to the financial statements.

Related party transactions

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

TRUSTEES' REPORT

formal declaration of interest to highlight potential conflicts, and individual members have left the room during certain discussions to ensure freedom of debate.

In 2008 a loan of £25k was issued to the All Saints Centre for Mission and Ministry, a related party, and a further loan of £25k was issued in 2009. As at 31 December 2019 £5k was due to the Diocese. This balance is included within the figure of £111,676 for parish and other concessionary loans at note 12.

Post Balance Sheet Events

During 2020 the COVID-19 pandemic emerged as a major risk and has had a significant impact in all areas of activity. The impact on operations and finances resulting from the pandemic has been significant and will remain a significant challenge into 2021. In response to these challenges we developed a series of financial mitigations locally and with support from the National Church Institutions aimed at reducing financial pressures for parishes and to ensure that we can continue to serve communities throughout the Diocese despite the challenging outlook. Despite the ongoing uncertainty we are confident in looking ahead to 2021 that we can continue to deliver on our strategic objectives and to support parishes in the Diocese in serving their communities amidst the extraordinary challenges presented by the COVID-19 pandemic.

Fundraising

There have been no significant fundraising activities at diocesan level in 2019.

Insurance

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

Trustees' interest in shares

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

Taxation status

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

Contingent liabilities

There were no contingent liabilities on the Board at the end of the year other than the loans for which the charity has agreed to act as guarantor. The amounts are disclosed in note 16 to the financial statements.

7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the Liverpool Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

TRUSTEES' REPORT

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities SORP;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statement; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

8. DISCLOSURE OF INFORMATION TO AUDITORS

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

By order of the Trustees

David Greensmith

David Greensmith
Trustee

18 December 2020

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accounts of Liverpool Diocesan Board of Finance (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

INDEPENDENT AUDITORS' REPORT

misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Strategic Report and Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

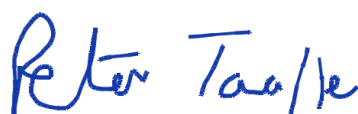
Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit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

INDEPENDENT AUDITORS' REPORT

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

Use of our report

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



Peter Taaffe FCA CTA DChA (Senior Statutory Auditor)

for and on behalf of BWM

Chartered Accountants

Statutory Auditor

18 December 2020

Castle Chambers

43 Castle Street

Liverpool

L2 9SH

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2019**

Current financial year		Unrestricted Funds 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
	Note					
Income from						
Donations	2					
Parish Share		7,770,821	-	-	7,770,821	7,544,876
Archbishop's Council		1,626,554	853,896	-	2,480,450	2,302,293
Other Donations		698,397	74,685	-	773,082	1,214,037
Charitable Activities	3	373,614	24,733	-	398,347	412,667
Investments	4	623,160	20,170	-	643,330	548,385
Other	5	80,757	-	-	80,757	145,763
				-		
Total income		11,173,303	973,484	-	12,146,787	12,168,021
Expenditure on						
Charitable activities	6	10,691,415	1,375,401	-	12,066,816	12,704,153
Other	7	202,732	2,752	-	205,484	223,297
Total expenditure		10,894,147	1,378,153	-	12,272,300	12,927,450
Net income (expenditure) before investment gains		279,156	(404,669)	-	(125,513)	(759,429)
Actuarial gain on defined benefit pension schemes	17	2,067,000	-	-	2,067,000	-
Net gains on investments	11	499,201	-	-	499,201	1,856
Net income (expenditure)	15	2,845,357	(404,669)	-	2,440,688	(757,573)
Transfers between funds	20	(2,754,345)	2,578,127	176,218	-	-
Net movement in funds		91,012	2,173,458	176,218	2,440,688	(757,573)
Total funds brought forward		7,655,152	2,073,056	33,843,518	43,571,726	44,329,299
Total funds carried forward		7,746,164	4,246,514	34,019,736	46,012,414	43,571,726

All activities derive from continuing activities.

The notes on pages 24 to 53 form part of the financial statements

STATEMENT OF FINANCIAL ACTIVITIES

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2019**

Prior financial year		Unrestricted Funds 2018 £	Restricted Funds 2018 £	Endowment Funds 2018 £	Total Funds 2018 £
	Note				
Income from					
Donations	2				
Parish Share		7,544,876	-	-	7,544,876
Archbishop's Council		1,696,115	606,178	-	2,302,293
Other Donations		1,037,999	176,038	-	1,214,037
Charitable Activities	3	389,156	23,511	-	412,667
Investments	4	546,798	1,587	-	548,385
Other	5	145,763	-	-	145,763
Total income		11,360,707	807,314	-	12,168,021
Expenditure on					
Charitable activities	6	11,474,316	1,229,837	-	12,704,153
Other	7	191,505	31,792	-	223,297
Total expenditure		11,665,821	1,261,629	-	12,927,450
Net expenditure before investment gains		(305,114)	(454,315)	-	(759,429)
Actuarial gain on defined benefit pension schemes		-	-	-	-
Net gains on investments	11	1,856	-	-	1,856
Net expenditure	15	(303,258)	(454,315)	-	(757,573)
Transfers between funds	20	1,909,854	236,525	(2,146,379)	-
Net movement in funds		1,606,596	(217,790)	(2,146,379)	(757,573)
Total funds brought forward		6,048,556	2,290,846	35,989,897	44,329,299
Total funds carried forward		7,655,152	2,073,056	33,843,518	43,571,726

All activities derive from continuing activities.

The notes on pages 24 to 53 form part of the financial statements

BALANCE SHEET

BALANCE SHEET

AT 31 DECEMBER 2019

	Notes	2019	2018
		£	£
Fixed Assets			
Tangible Assets	10	40,267,595	40,274,863
Investments	11	9,509,999	9,297,366
		<u>49,777,594</u>	<u>49,572,229</u>
Current Assets			
Debtors: due within 1 year	12	837,907	1,312,883
Debtors: due after 1 year		104,176	107,271
Cash at bank and in hand		523,257	336,038
		<u>1,465,340</u>	<u>1,756,192</u>
Creditors:			
Amounts falling due within one year	13	(4,475,611)	(4,384,895)
Net current liabilities		<u>(3,010,271)</u>	<u>(2,628,703)</u>
Total assets less current liabilities		46,767,323	46,943,526
Creditors: amounts falling due after more than one year			
Pension scheme liabilities	14	(666,000)	(3,286,000)
Other creditors	14	(88,909)	(85,800)
Net Assets		<u>46,012,414</u>	<u>43,571,726</u>
Accumulated Funds	20		
Endowment funds		34,019,736	33,843,518
Restricted funds		4,246,514	2,073,056
Unrestricted funds		7,746,164	7,655,152
Total funds		<u>46,012,414</u>	<u>43,571,726</u>

The financial statements on pages 20 to 53 were approved by the Finance Committee on 18 December 2020 and signed on its behalf by:

David Greensmith

David Greensmith
Trustee

STATEMENT OF CASH FLOWS

		2019	2018
	Note	£	£
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	i	<u>(452,066)</u>	<u>(1,375,657)</u>
Cash flows from investing activities:			
Investment income		643,330	548,385
Sale of tangible fixed assets		395,902	229,588
Sale of fixed asset investments		320,000	867,000
Purchase of tangible fixed assets		(318,896)	(233,965)
Interest on bank loans and overdrafts		<u>(20,349)</u>	<u>(17,528)</u>
Net cash provided by investing activities		<u>1,019,987</u>	<u>1,393,480</u>
Cashflows from financing activities:			
Repayments of borrowings		<u>(73,541)</u>	<u>(701,700)</u>
Net cash used in financing activities		<u>(73,541)</u>	<u>(701,700)</u>
Net Change in cash and cash equivalents		494,380	(683,877)
Cash and cash equivalents brought forward		<u>(84,872)</u>	<u>599,005</u>
Cash and cash equivalents carried forward		<u>409,508</u>	<u>(84,872)</u>

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019	2018
	£	£
Net income (expenditure) for the reporting period (as per the statement of financial activities)	(125,513)	(759,429)
Depreciation	11,019	13,302
Investment income	(643,330)	(548,385)
Interest on bank loans and overdrafts	20,349	17,528
(Gains) / Losses on disposal of property	(80,757)	(145,763)
Decrease (increase) in debtors	478,071	(349,074)
(Decrease) increase in creditors	(111,905)	396,164
Net cash flow (used in) provided by operating activities	<u>(452,066)</u>	<u>(1,375,657)</u>

ii, Analysis of cash and cash equivalents

	1 January 2019	Cash flow	Other non cash	31 December 2019
	£	£	£	£
Net Cash:-				
Cash at bank and in hand	336,038	187,219	-	523,257
Bank Overdrafts	(420,910)	307,161	-	(113,749)
	<u>(84,872)</u>	<u>494,380</u>	<u>-</u>	<u>409,508</u>

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

	2019	2018
	£	£
(Decrease) increase in cash	494,380	(683,877)
Opening net funds	<u>(84,872)</u>	<u>599,005</u>
Closing net funds	<u>409,508</u>	<u>(84,872)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

I. (a) Accounting policies

The Liverpool Diocesan Board of Finance is company limited by guarantee registered in England no 18301 and a registered charity no 249740 and its registered office is at St James House, 20 St James Road, L1 7BY. The LDBF constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

The charity has claimed exemption from preparing consolidated financial statements as its subsidiary, The Good Funeral Company Limited, remained dormant throughout 2019 and its activities have been recorded within the income and expenditure of the Diocese.

The presentation currency is pounds sterling and figures are shown to the nearest £. A summary of the more important accounting policies which have been consistently applied is set out below.

(b) Income

The principal source of income comes from voluntary giving in the form of parish share. All income is included in the Statement of Financial Activities (SOFA) when LDBF has entitlement to the funds, the amount can be quantified and receipt of the funds is probable.

(c) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 17). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at current value in creditors distinguished

NOTES TO THE ACCOUNTS

between contributions falling due within one year and after more than one year.

(d) Going concern

Significant financial challenges emerged during 2020 as a result of COVID-19, most notably the closure of church buildings. The need to mitigate the impact of those parishes' losses and to put in place relief measures has placed pressures on the amount and timing of the Diocese's receipts from parish share.

During 2020, the Diocese has taken advantage of available Government financial assistance, such as the Job Retention Scheme, which has helped achieve substantial savings and preserve cash flow. The Diocese has worked with the National Church Institutions, securing financial funding from the Church Commissioners and a loan from CCLA, to maintain short term liquidity and to provide a financial 'cushion,' should cashflows diverge from those forecasted. The charity has achieved financial stability for 2020 and is planning further support measures for 2021. Through ongoing reduction in expenditure and additional revenues the trustees are working towards a stable financial position for 2021, based on the financial projections which have been prepared.

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and are satisfied that it is appropriate to continue to adopt the going concern basis of accounting in preparing the accounts.

(e) Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

(g) Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is

NOTES TO THE ACCOUNTS

due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(h) Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

(i) Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

(j) Investment assets and income arising

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

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

Investment properties are included in the balance sheet at their open market value and are not depreciated. Although this accounting policy is in accordance with the applicable accounting standard, FRS102, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the trustees, compliance with the accounting standard FRS102 is necessary for the financial statements to give a true and fair view of its financial position, performance and cashflow. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

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

Dividends and interest are included in the financial statements when receivable.

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

(k) Major Funds

Funds held by the charity are either:

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

NOTES TO THE ACCOUNTS

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

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

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

Details of the major funds held by the Board are given in note 20 to the Financial Statements.

(l) Stipends

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

(m) Fixed assets

Classes of Fixtures and fittings are grouped and only those classes with a value of over £10,000 are capitalised and not expensed. Property is held in the balance sheet at cost or deemed cost for land and buildings held at valuation at the date of transition to FRS 102.

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 is not materially less than their carrying value. The LDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 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 trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

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

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

(n) Netting off of expenses and income

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

NOTES TO THE ACCOUNTS

(o) Designated funds

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

(p) Reserves

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

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

(q) Irrecoverable VAT

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

(r) Taxation

The Diocese benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income and gains falling within those exemptions.

(s) Operating Leases

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

NOTES TO THE ACCOUNTS

2. Donations and legacies

Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £	Total Funds 2018 £
General Parish Share Income	7,770,821	-	-	7,770,821	7,544,876
	7,770,821	-	-	7,770,821	7,544,876

Income from National Church Institutions

Current financial year

Lowest Income Communities Funding	1,586,202	-	-	1,586,202	1,595,142
Transitional Funding	-	-	-	-	65,010
Strategic Development Funding	-	386,802	-	386,802	334,270
Ordination Training Block Grant	-	467,094	-	467,094	271,908
Grant for Legal services	40,352	-	-	40,352	35,963
	1,626,554	853,896	-	2,480,450	2,302,293

Other Donations

Current financial year

Discretionary Funds Grant	164,000	-	-	164,000	425,352
RITC, MOF and other projects	-	2,240	-	2,240	69,516
Marshall's Charity Grants for Parsonages	-	800	-	800	1,000
Partners in Mission Income	-	4,100	-	4,100	17,676
Church Growth	(4,980)	-	-	(4,980)	-
Stipends	11,900	-	-	11,900	113,032
DBE Services Ltd	47,987	-	-	47,987	42,887
Church & Society	-	67,545	-	67,545	87,846
Assigned Fees	479,490	-	-	479,490	456,728
	698,397	74,685	-	773,082	1,214,037

NOTES TO THE ACCOUNTS

2. Donations and legacies

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2018
	£	£	£	£
General Parish Share Income	7,544,876	-	-	7,544,876
	<u>7,544,876</u>	<u>-</u>	<u>-</u>	<u>7,544,876</u>

Income from National Church Institutions

Prior financial year

Lowest Income Communities Funding	1,595,142	-	-	1,595,142
Transitional Funding	65,010	-	-	65,010
Strategic Development Funding	-	334,270	-	334,270
Ordination Training Block Grant	-	271,908	-	271,908
Grant for Legal services	35,963	-	-	35,963
	<u>1,696,115</u>	<u>606,178</u>	<u>-</u>	<u>2,302,293</u>

Other Donations

Prior financial year

Discretionary Funds Grant	425,352	-	-	425,352
RITC, MOF and other projects	-	69,516	-	69,516
Marshalls Charity Grants for Parsonages	-	1,000	-	1,000
Partners in Mission Income	-	17,676	-	17,676
Church Growth	-	-	-	-
Stipends	113,032	-	-	113,032
DBE Services Ltd	42,887	-	-	42,887
Church & Society	-	87,846	-	87,846
Assigned Fees	456,728	-	-	456,728
	<u>1,037,999</u>	<u>176,038</u>	<u>-</u>	<u>1,214,037</u>

NOTES TO THE ACCOUNTS

3. Charitable Activities

Current financial year

	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2019	2018
	£	£	£	£	£
Gift Aid Scheme	18,704	-	-	18,704	18,425
General DBF Income	136,731	-	-	136,731	103,856
Fellfield Income	4,100	-	-	4,100	4,439
Board of Education	110,234	-	-	110,234	117,004
Communications Office	39,988	-	-	39,988	23,963
Lifelong Learning	59,415	-	-	59,415	82,665
Clergy Housing Income	4,442	-	-	4,442	38,804
Church Inspection Fees	-	24,733	-	24,733	23,511
	373,614	24,733	-	398,347	412,667

Prior financial year

	Unrestricted	Restricted	Permanent	Total Funds
	Funds	Funds	Endowment	2018
	£	£	£	£
Gift Aid Scheme	18,425	-	-	18,425
General DBF Income	103,856	-	-	103,856
Fellfield Income	4,439	-	-	4,439
Board of Education	117,004	-	-	117,004
Communications Office	23,963	-	-	23,963
Lifelong Learning	82,665	-	-	82,665
Clergy Housing Income	38,804	-	-	38,804
Church Inspection Fees	-	23,511	-	23,511
	389,156	23,511	-	412,667

4. Investment Income

Current financial year

	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2019	2018
	£	£	£	£	£
DBF Investment Income	163,234	-	-	163,234	161,169
Church House Rental Income	85,550	-	-	85,550	87,250
Parsonages Rental Income	374,376	-	-	374,376	298,379
Glebe Rental Income	-	20,170	-	20,170	1,587
	623,160	20,170	-	643,330	548,385

NOTES TO THE ACCOUNTS

4. Investment Income

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2018 £
DBF Investment Income	161,169	-	-	161,169
Church House Rental Income	87,250	-	-	87,250
Parsonages Rental Income	298,379	-	-	298,379
Glebe Rental Income	-	1,587	-	1,587
	546,798	1,587	-	548,385

5. Other income

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £	Total Funds 2018 £
Property Transactions	80,757	-	-	80,757	145,763
	80,757	-	-	80,757	145,763

Prior financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2018 £
Property Transactions	145,763	-	-	145,763
	145,763	-	-	145,763

NOTES TO THE ACCOUNTS

6

Charitable Activities

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
Archbishops' Council	148,860	-	-	148,860	208,151
	148,860	-	-	148,860	208,151

Resourcing Mission and Ministry

Current financial year

Parish Mission and Ministry:

Clergy stipends	4,551,017	-	-	4,551,017	4,669,743
Clergy Pension Costs	1,240,108	-	-	1,240,108	1,061,221
National insurance	387,522	-	-	387,522	397,882
Resettlement/removal grants etc	169,319	-	-	169,319	199,989
Lay Workers	26,208	-	-	26,208	47,621
Administration and other costs	76,070	-	-	76,070	89,314
Area Dean Grants	40,625	-	-	40,625	24,500
RITC, MOF and other projects	38,887	577,120	-	616,007	508,470
Clergy Housing	763,311	800	-	764,111	1,150,767
Deanery Mission and Growth Grants	459,729	-	-	459,729	542,991
Grants to Parishes from Property Sales	76,138	-	-	76,138	63,717
DBF Central Costs (25%)	151,045	-	-	151,045	150,588
St James' House Costs (15%)	22,299	-	-	22,299	22,290
	8,002,278	577,920	-	8,580,198	8,929,093

NOTES TO THE ACCOUNTS

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £	Total Funds 2018 £
6 Charitable Activities (continued)					
Current financial year					
Support for Parish Mission and Ministry:					
Clergy Training	280,047	-	-	280,047	272,469
Lifelong Learning	346,586	-	-	346,586	345,879
Social Justice	28,710	67,545	-	96,255	135,813
Disability Discretionary	(4,196)	-	-	(4,196)	(1,954)
Church Growth & Ecumenism	88,740	-	-	88,740	110,860
Resources Department	134,404	-	-	134,404	126,066
Ordinands in Training	294,305	377,987	-	672,292	476,486
General Synod Members' Expenses	8,916	-	-	8,916	921
Church Inspections	-	26,170	-	26,170	22,300
Communications Office	160,007	-	-	160,007	154,919
Legal Fees	9,641	-	-	9,641	32,022
Pastoral Committee	-	22,237	-	22,237	21,158
Diocesan Synod	1,289	-	-	1,289	2,417
Safeguarding and Inclusion	126,856	-	-	126,856	103,204
Diocesan Advisory Council	41,756	-	-	41,756	40,068
Ecumenical Funding	186,500	-	-	186,500	44,784
DPA Parish Housing & DPA Grants	-	-	-	-	21,410
Additional Pension Costs	14,385	-	-	14,385	395,764
DBF Central Costs (60%)	360,948	-	-	360,948	362,625
St James' House Costs (80%)	118,924	-	-	118,924	118,877
Other	9,763	25,860	-	35,623	89,039
	2,207,581	519,799	-	2,727,380	2,875,127
Expenditure on Education					
Current financial year					
Support for church schools and parishes	332,696	-	-	332,696	394,869
Property Expenditure on Schools	-	277,682	-	277,682	296,913
	332,696	277,682	-	610,378	691,782
Total Charitable Activities 2019	10,691,415	1,375,401	-	12,066,816	12,704,153

NOTES TO THE ACCOUNTS

6 Charitable Activities (continued)

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2018 £
Archbishops' Council	208,151	-	-	208,151
	208,151	-	-	208,151

Resourcing Mission and Ministry

Prior financial year

Parish Mission and Ministry:

Clergy stipends	4,669,743	-	-	4,669,743
Clergy Pension Costs	1,061,221	-	-	1,061,221
National insurance	397,882	-	-	397,882
Resettlement/removal grants etc	199,989	-	-	199,989
Lay Workers	47,621	-	-	47,621
Administration and other costs	89,314	-	-	89,314
Area Dean Grants	24,500	-	-	24,500
RITC, MOF and other projects	1,524	506,946	-	508,470
Clergy Housing	1,149,767	1,000	-	1,150,767
Deanery Mission and Growth Grants	542,991	-	-	542,991
Grants to Parishes from Property Sales	63,717	-	-	63,717
DBF Central Costs (25%)	150,588	-	-	150,588
St James' House Costs (15%)	22,290	-	-	22,290
	8,421,147	507,946	-	8,929,093

NOTES TO THE ACCOUNTS

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2018 £
6 Charitable Activities (continued)				
Prior financial year				
Support for Parish Mission and Ministry:				
Clergy Training	272,469	-	-	272,469
Lifelong Learning	345,879	-	-	345,879
Social Justice	47,967	87,846	-	135,813
Disability Discretionary	(1,954)	-	-	(1,954)
Church Growth & Ecumenism	110,860	-	-	110,860
Resources Department	126,066	-	-	126,066
Ordinands in Training	231,938	244,548	-	476,486
General Synod Members' Expenses	921	-	-	921
Church Inspections	-	22,300	-	22,300
Communications Office	154,919	-	-	154,919
Legal Fees	32,022	-	-	32,022
Pastoral Committee	-	21,158	-	21,158
Diocesan Synod	2,417	-	-	2,417
Safeguarding and Inclusion	103,204	-	-	103,204
Diocesan Advisory Council	40,068	-	-	40,068
Ecumenical Funding	44,784	-	-	44,784
DPA Parish Housing & DPA Grants	21,410	-	-	21,410
Additional Pension Costs	395,764	-	-	395,764
DBF Central Costs (60%)	362,625	-	-	362,625
St James' House Costs (80%)	118,877	-	-	118,877
Other	39,913	49,126	-	89,039
	2,450,149	424,978	-	2,875,127
Expenditure on Education				
Prior financial year				
Support for church schools and parishes	394,869	-	-	394,869
Property Expenditure on Schools	-	296,913	-	296,913
	394,869	296,913	-	691,782
Total Charitable Activities 2018	11,474,316	1,229,837	-	12,704,153

NOTES TO THE ACCOUNTS

7 Other Resources Expended

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
Governance:					
DBF Central Costs (15%)	90,626	-	-	90,626	90,352
Diocesan Registry	85,516	-	-	85,516	76,067
Audit and accounting fees	19,157	-	-	19,157	17,656
St James' House Costs (5%)	7,433	-	-	7,433	7,430
	202,732	-	-	202,732	191,505

Other outgoing property resources:

Pastoral Account	-	2,752	-	2,752	31,792
	-	2,752	-	2,752	31,792

202,732	2,752	-	205,484	223,297
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Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2018
	£	£	£	£
Governance:				
DBF Central Costs (15%)	90,352	-	-	90,352
Diocesan Registry	76,067	-	-	76,067
Audit and accounting fees	17,656	-	-	17,656
St James' House Costs (5%)	7,430	-	-	7,430
	191,505	-	-	191,505

Other outgoing property resources:

Pastoral Account	-	31,792	-	31,792
	-	31,792	-	31,792

191,505	31,792	-	223,297
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NOTES TO THE ACCOUNTS

8 Analysis of support costs Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £	Total Funds 2018 £
Central administration	602,619	-	-	602,619	603,565
Diocesan Registry	85,516	-	-	85,516	76,067
St James' House	148,656	-	-	148,656	148,597
	836,791	-	-	836,791	828,229

8 Analysis of support costs (continued) Prior financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2018 £
Central administration	603,565	-	-	603,565
Diocesan Registry	76,067	-	-	76,067
St James' House	148,597	-	-	148,597
	828,229	-	-	828,229

9 Staff Costs

	2019 £	2018 £
Employee costs during the year were as follows:		
Wages and salaries	1,487,720	1,488,153
National Insurance Contributions	138,805	139,648
Pension costs	376,558	367,368
	2,003,083	1,995,169

	2019 Number	2018 Number
The average number of persons employed during the year:		
Full time	35	36
Part time	22	23
	57	59

NOTES TO THE ACCOUNTS

Remuneration of key management personnel

Key management personnel are deemed to be those having the authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Liverpool Diocesan Board of Finance. At the end of 2019 these were:

Diocesan Secretary & Company Secretary	Mike Eastwood
Assistant Diocesan Secretary & Director of Communications	Stuart Haynes
Director of Vocations	Simon Chesters
Director of Finance	Matt Elliott
Director of Mission	Linda Jones
Director of Social Justice	Ellen Loudon
Director of Education	Richard Peers
Director of Learning & Stewardship	Steve Pierce
Director of HR	Sharon Townson
Total remuneration and pensions for these 9 employees amounted to £454,121 (2018: £554,672)	
The number of employees whose emoluments exceeded £60,000 was:	

	2019	2018
£60,001 - £70,000	2	2

Trustees' emoluments

No Trustee received any remuneration or reimbursement for expenses for services as Trustee. Trustees who are also stipendiary clergy receive remuneration for including stipends, pension and housing based on national rates set by the central stipends authority.

The following trustees received remuneration in respect of their roles as stipendiary clergy:

Ven Jennifer Mckenzie
 Ven Roger Preece
 Ven Pete Spiers
 Ven Mike McGurk
 The Venerable Simon Fisher
 Rev Hannah Lewis (elected)
 Rev Peter Dawkin (elected)

The LDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The LDBF is also responsible for housing for stipendiary clergy in the diocese including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

The LDBF paid an average of 172 (2018 - 182) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2019 £	2018 £
Stipends	4,551,017	4,669,743
Pension costs	1,240,108	1,061,221
National Insurance Contributions	387,522	397,882
	<u>6,178,647</u>	<u>6,128,846</u>

NOTES TO THE ACCOUNTS

10. Tangible Fixed Assets

	DBF Property £	DBF Glebe £	DBF VLL Property £	Team Vicars Glebe £	Parsonages £	Fixtures & Fittings £	Total Funds £
Deemed cost or historic cost							
At 1 January 2019	928,840	2,833,971	85,001	3,470,000	32,940,935	316,000	40,574,747
Additions	-	-	-	-	317,363	1,533	318,896
Disposals	-	(174,000)	-	-	(141,145)	-	(315,145)
Revaluation of property	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
At 31 December 2019	928,840	2,659,971	85,001	3,470,000	33,117,153	317,533	40,578,498
Depreciation							
At 1 January 2019	-	-	-	-	-	299,884	299,884
Charge for year	-	-	-	-	-	11,019	11,019
At 31 December 2019	-	-	-	-	-	310,903	310,903
Net book value							
At 31 December 2019	928,840	2,659,971	85,001	3,470,000	33,117,153	6,630	40,267,595
At 31 December 2018	928,840	2,833,971	85,001	3,470,000	32,940,935	16,116	40,274,863

All properties held as Tangible Fixed Assets are freehold.

11. Fixed Asset Investments

	Investment Properties £	UK Unquoted Investments £	Total Funds 2019 £	Total Funds 2018 £
Unquoted				
Market value at 1 January 2019	5,882,458	3,414,908	9,297,366	8,440,397
Additions	-	33,432	33,432	-
Disposals	-	(320,000)	(320,000)	(867,000)
Gains on Investment Assets	-	499,201	499,201	1,856
Transfers from Tangible Fixed Assets	-	-	-	1,722,113
Market value at 31 December 2019	5,882,458	3,627,541	9,509,999	9,297,366

Investment properties were valued by Peter Kenny Property Management as at 31st December 2015. The Investment Property at Linnet Lane was revalued for insurance purpose in 2017. The trustees have considered the rebuild valuation against local market conditions and consider the rebuild valuation to be a close approximation of market value. The trustees have valued the investment properties at a current market value of £5,882,458 as at 31 December 2019.

NOTES TO THE ACCOUNTS

11. (cont.) Fixed asset investments

Historical Cost of Investments	2019	2018
	£	£
UK Unquoted	2,822,094	3,007,751
Investment Property	3,809,068	3,809,068
	<u>6,631,162</u>	<u>6,816,819</u>

Unquoted Investments comprise	2019	2018
	£	£
CBF Fixed Interest Securities Fund Shares		-
CBF UK Equity Fund		-
CBF Property Fund	814,216	836,159
CBF Investment Fund	1,973,424	1,662,459
CBF Global Equity Fund	805,009	914,830
CBF Deposit Fund	1,448	1,448
DBE Services Ltd	12	12
	<u>3,594,109</u>	<u>3,414,908</u>

In 2005 the diocese purchased 12 ordinary shares of £1 each (now a 1/6th shareholding) in DBE Services Ltd. DBE Services Ltd provides services for schools. In 2019 the Diocese's share of the surplus was £47,987 (see note 2).

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

During 2018 The Good Funerals Company Limited was established as a company limited by guarantee under the control of LDBF. The subsidiary trading company itself remained dormant during 2019 and its activities have been reported through the Diocesan accounts. The amounts have not been separately disclosed since their aggregate value was considered to be relatively insignificant.

NOTES TO THE ACCOUNTS

12. Debtors

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £	Total Funds 2018 £
Amounts due from parishes	413,729	-	-	413,729	355,345
Sundry debtors	157,470	-	-	157,470	173,507
Parish and other concessionary loans	110,076	1,600	-	111,676	376,918
Prepayments and accrued income	259,208	-	-	259,208	514,384
				-	
	940,483	1,600	-	942,083	1,420,154

Debtors include the following balances due after more than one year:

	Total Funds 2019 £
Parish and other concessionary loans	<u>104,176</u>

12. Debtors (continued)

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2018 £
Amounts due from parishes	355,345	-	-	355,345
Sundry debtors	173,507	-	-	173,507
Parish and other concessionary loans	102,576	274,342	-	376,918
Prepayments and accrued income	514,384	-	-	514,384
				-
	1,145,812	274,342	-	1,420,154

Debtors include the following balances due after more than one year:

	Total Funds 2018 £
Parish and other concessionary loans	<u>107,271</u>

NOTES TO THE ACCOUNTS

13. Creditors: amounts falling due within one year

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £	Total Funds 2018 £
Bank overdraft	113,749	-	-	113,749	420,910
Loans from Church Commissioners	-	-	-	-	76,650
Sundry creditors	2,826,978	-	-	2,826,978	2,278,000
Accruals	102,465	-	-	102,465	122,817
Deanery Mission and Growth Funds	805,419	-	-	805,419	859,518
Pension deficit funding contributions	-	627,000	-	627,000	627,000
	3,848,611	627,000	-	4,475,611	4,384,895

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2018 £
Bank overdraft	420,910	-	-	420,910
Loans from Church Commissioners	76,650	-	-	76,650
Sundry creditors	2,278,000	-	-	2,278,000
Accruals	122,817	-	-	122,817
Deanery Mission and Growth Funds	859,518	-	-	859,518
Pension deficit funding contributions	-	627,000	-	627,000
	3,757,895	627,000	-	4,384,895

NOTES TO THE ACCOUNTS

14. Creditors: amounts falling due after more than one year

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2019 £	Total Funds 2018 £
Loans from Church Commissioners	88,309	-	-	88,309	85,000
Loans from CBF	-	600	-	600	800
Pension deficit funding contributions	-	666,000	-	666,000	3,286,000
	88,309	666,600	-	754,909	3,371,800

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2018 £
Loans from Church Commissioners	85,000	-	-	85,000
Loans from CBF	-	800	-	800
Pension deficit funding contributions	-	3,286,000	-	3,286,000
	85,000	3,286,800	-	3,371,800

Loans from Church Commissioners are secured on value-linked loan properties, included in fixed assets and are repayable on the sale of the property. There is no fixed repayment date for these. The total interest paid during 2019 was £12,976 at a rate of 7.5%.

15. Net expenditure for the year

	2019 £	2018 £
This is stated after charging: -		
Auditors' remuneration:		
Audit – BWM	13,778	12,720
Non audit fees (compilation of accounts)	2,748	2,700
Depreciation	11,019	13,302
VLL Loan Interest Paid	12,976	10,127
Operating Leases – Land & Buildings	75,000	75,000
Operating Leases – Plant and Equipment	7,248	7,248
Interest on bank loans and overdrafts	7,373	4,312
Interest on loans from CCLA	-	3,089

16. Guarantees

The Board has given guarantees to Lloyds Bank for £65,485 (2018: £65,485) and Charity Bank Limited for £nil (2018 – £nil) in respect of loans granted to parishes. These guarantees would crystallise in the event of a default. At the end of the year, capital commitments authorised but not yet contracted for were £nil (2018 – nil). Commitments contracted for as at 31 December 2019 were £nil (2018 - £nil).

NOTES TO THE ACCOUNTS

17. Pensions

(a) Clergy Pensions

The LDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

NOTES TO THE ACCOUNTS

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit repair contributions payable (as a percentage of pensionable stipends) are set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2018 and over 2019 is set out in the table below

	2019	2018
Balance sheet liability at 1 January	3,612,000	4,241,000
Deficit contribution paid	-514,000	-515,000
Interest cost (recognised in SoFA)	70,000	56,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-2,069,000	-170,000
Balance sheet liability at 31 December	1,099,000	3,612,000

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	1.5% pa

The legal structure of the scheme is such that if another Responsible Body fails, Liverpool DBF could become responsible for paying a share of that Responsible Body's pension liabilities.

NOTES TO THE ACCOUNTS

(b) Staff Pensions

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The LDBF participates in the Defined Benefits Scheme section of CWPF for lay staff employed prior to 2009 and the Pension Builder Classic Scheme for lay staff employed after 1st January 2009. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Defined Benefits Scheme

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

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

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

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

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 32.3% of pensionable salary and expenses of £10,800 per year. In addition, deficit payments of £112,585 per year have been agreed for 3.5 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

NOTES TO THE ACCOUNTS

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2019	2018
Balance sheet liability at 1 January	301,000	0
Deficit contribution paid	-113,000	-84,000
Interest cost (recognised in SoFA)	4,000	0
Remaining change to the balance sheet liability* (recognised in SoFA)	2,000	385,000
Balance sheet liability at 31 December	194,000	301,000

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.00%	1.60%	0.00%

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

The next valuation of the scheme is being carried out as at December 2019.

18. Analysis of net assets by funds as at 31 December 2019

Current financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long-term Liabilities £	Total £
Unrestricted funds	1,664,421	8,521,491	(2,351,439)	(88,309)	7,746,164
Restricted funds	5,538,514	-	(625,400)	(666,600)	4,246,514
Endowment funds	33,064,660	955,076	-	-	34,019,736
Total	40,267,595	9,476,567	(2,976,839)	(754,909)	46,012,414

NOTES TO THE ACCOUNTS

18. Analysis of net assets by funds (continued)

Prior financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long- term Liabilities £	Total £
Unrestricted funds	1,673,907	8,342,290	(2,276,045)	(85,000)	7,655,152
Restricted funds	5,712,514	-	(352,658)	(3,286,800)	2,073,056
Endowment funds	32,888,442	955,076	-	-	33,843,518
Total	40,274,863	9,297,366	(2,628,703)	(3,371,800)	43,571,726

Further details of individual funds are given in note 20 below.

19. Lease Obligations

At 31st December 2019, Liverpool DBF was committed to making the following payments under non-cancellable operating leases:

	2019		2018	
	Land and Buildings £	Plant and Equipment £	Land and Buildings £	Plant and Equipment £
Within 1 year	75,000	7,248	75,000	7,248
Within 2 to 5 years	300,000	1,812	300,000	9,060
After 5 years	200,000	-	275,000	-

20. Accumulated funds

The General fund is unrestricted. In 2010 £170,000 was designated to the Warrington Mission Development Fund from the sale proceeds of a former vicarage. As at 31 December 2019, total designated funds amounted to £50,976 (2018 - £67,976).

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

NOTES TO THE ACCOUNTS

purposes. The DSF capital account is disclosed as an expendable endowment in these financial statements.

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

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

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

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

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

C of E Stipends Fund
Church Inspections
Partners in Mission
English Heritage

NOTES TO THE ACCOUNTS

20. Accumulated Funds (continued)

Current financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2018	7,655,152	-	1,799,514	273,542	341,507	32,546,935	955,076	43,571,726
Incoming Resources	11,173,303	952,514	20,970	-	-	-	-	12,146,787
Outgoing Resources	(10,894,147)	(1,099,671)	(800)	(277,682)	-	-	-	(12,272,300)
Investment Asset								
Actuarial gain on defined benefit pension schemes	2,067,000	-	-	-	-	-	-	2,067,000
Gains/losses	499,201	-	-	-	-	-	-	499,201
Transfers	(2,754,345)	147,157	2,425,830	5,140	249,950	(73,732)	-	-
Total Funds 2019	7,746,164	-	4,245,514	1,000	591,457	32,473,203	955,076	46,012,414
Represented by:								
Tangible Fixed Assets:	1,664,421	-	5,538,514	-	591,457	32,473,203	-	40,267,595
DBF Houses & Glebe	928,840	-	2,068,514	-	591,457	-	-	3,588,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	643,950	-	3,470,000	-	-	32,473,203	-	36,587,153
Furniture & Fittings	6,630	-	-	-	-	-	-	6,630
Investments:	8,554,923	-	-	-	-	-	955,076	9,509,999
CCLA	2,672,453	-	-	-	-	-	955,076	3,627,529
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	(2,384,871)	-	(627,000)	1,600	-	-	-	(3,010,271)
Debtors	940,483	-	-	1,600	-	-	-	942,083
Bank and Cash (net of overdraft)	523,257	-	-	-	-	-	-	523,257
Sundry Creditors & Accruals	(3,848,611)	-	(627,000)	-	-	-	-	(4,475,611)
Long term liabilities:	(88,309)	-	(666,000)	(600)	-	-	-	(754,909)
Loans from Church Commission	(88,309)	-	-	-	-	-	-	(88,309)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributi	-	-	(666,000)	-	-	-	-	(666,000)
	7,746,164	-	4,245,514	1,000	591,457	32,473,203	955,076	46,012,414
Analysis of Reserves:								
General Funds	7,746,164	-	-	-	-	-	-	7,746,164
Restricted Funds	-	-	4,245,514	1,000	-	-	-	4,246,514
Endowment Funds	-	-	-	-	591,457	32,473,203	955,076	34,019,736
	7,746,164	-	4,245,514	1,000	591,457	32,473,203	955,076	46,012,414

The transfer from general fund to the DBF property fund was necessary to acknowledge the reduction in the liability for deficit funding contributions which arose from the completion of a revised actuarial valuation of the Church Of England Funded Pension Scheme (note 17) and the part settlement of earlier existing pension obligations.

NOTES TO THE ACCOUNTS

The transfers affecting the DSF Capital and Parsonage Building Expandable Endowments reflected the movements affecting the Diocese's parsonages recorded in note 10.

20. Accumulated Funds (continued)

Prior financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2017	6,048,556	-	1,471,514	819,332	1,040,457	33,994,364	955,076	44,329,299
Incoming Resources	11,360,707	804,727	2,587	-	-	-	-	12,168,021
Outgoing Resources	(11,665,821)	(963,716)	(1,000)	(296,913)	-	-	-	(12,927,450)
Investment Asset								
Actuarial gain on defined benefit pension schemes	-	-	-	-	-	-	-	-
Gains/losses	1,856	-	-	-	-	-	-	1,856
Transfers	1,909,854	158,989	326,413	(248,877)	(698,950)	(1,447,429)	-	-
Total Funds 2018	7,655,152	-	1,799,514	273,542	341,507	32,546,935	955,076	43,571,726
Represented by:								
Tangible Fixed Assets:	1,673,907	-	5,712,514	-	341,507	32,546,935	-	40,274,863
DBF Houses & Glebe	928,840	-	2,242,514	-	341,507	-	-	3,512,861
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	643,950	-	3,470,000	-	-	32,546,935	-	36,660,885
Furniture & Fittings	16,116	-	-	-	-	-	-	16,116
Investments:	8,342,290	-	-	-	-	-	955,076	9,297,366
CCLA	2,459,820	-	-	-	-	-	955,076	3,414,896
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	(2,276,045)	-	(627,000)	274,342	-	-	-	(2,628,703)
Debtors	1,145,812	-	-	274,342	-	-	-	1,420,154
Bank and Cash (net of overdraft)	336,038	-	-	-	-	-	-	336,038
Sundry Creditors & Accruals	(3,757,895)	-	(627,000)	-	-	-	-	(4,384,895)
Long term liabilities:	(85,000)	-	(3,286,000)	(800)	-	-	-	(3,371,800)
Loans from Church Commissioners	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CBF	-	-	-	(800)	-	-	-	(800)
Pension deficit funding contributi	-	-	(3,286,000)	-	-	-	-	(3,286,000)
	7,655,152	-	1,799,514	273,542	341,507	32,546,935	955,076	43,571,726
Analysis of Reserves:								
General Funds	7,655,152	-	-	-	-	-	-	7,655,152
Restricted Funds	-	-	1,799,514	273,542	-	-	-	2,073,056
Endowment Funds	-	-	-	-	341,507	32,546,935	955,076	33,843,518
	7,655,152	-	1,799,514	273,542	341,507	32,546,935	955,076	43,571,726

21. Related Party transactions

NOTES TO THE ACCOUNTS

Details of transactions with the main related parties of the Diocese are given in the appropriate notes to the financial statements.

22. Post Balance Sheet Events

The Government requirement to temporarily close places of worship from 23 March 2020 to help control the spread of the Covid-19 virus resulted in additional financial challenges for parishes in the Diocese. The financial impact of closures included reduced church incomes through giving and lettings in many instances. The provision of online worship expanded rapidly and many parishes adapted quickly to new circumstances and enabled new giving routes to deal with the limits on physical activity in church buildings. It was evident that there would be significant challenges on parish incomes, reserve levels and consequently a reduction in parish share payments made.

In response to this the LDBF put in place relief measures for parishes struggling to pay parish share. The mechanism for offering relief is underway and is supported by £1.6m comprised of LDBF cost savings, new source of financial assistance (such as the Coronavirus Job Retention Scheme) and a large contribution from the National Church to enable parish share relief.

In the early period of the pandemic the value of investment reserves held with CCLA fell sharply, but have since rebounded strongly and at the end of September 2020 a year-to-date gain is reported. Similarly, there was uncertainty in the property market throughout the early spring period but following an increase to the Stamp Duty Land Tax threshold the property market increased in activity through the summer and autumn months and national indices now report positive value movement for England.