

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**Registered Number: 00239561**  
**Charity Number: 1107827**

This page is intentionally left blank

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

<b>CONTENTS</b>	<b>Page</b>
Chairman's Introduction	Preface
Reference and administrative details	1
Trustees' report	3
Independent Auditors' report	20
Consolidated statement of financial activities	23
Summary income and expenditure account	24
Consolidated balance sheet	25
Company balance sheet	26
Consolidated cash flow statement	27
Notes to the financial statements	28

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**CHAIRSMAN'S INTRODUCTION**

---

2020 was a year unlike any other in living memory. At the end of March there was a national lockdown as a result of the Covid 19 pandemic. Everyone was confined to their home and all our churches were closed. Some reopened later in the year, but many did not. During this time of extensive loss of life and liberty it was very difficult for our clergy and congregations to minister to people at a time of very great need.

The challenges were tremendous, but we rose to meet them. There were countless examples of sensitive ministry to grieving families who could not attend the funerals of loved ones and of support to others confined in hospitals and care homes, more often than not without visitors. Many weddings were postponed. During all this time, the benefits of corporate worship and fellowship in person were simply not available.

A significant number of our diocesan staff were put on furlough under the Government Job Retention scheme, although they did receive a 'top up' from the DBF to make up their full salaries.

However, worship continued in new ways, notably online; digital services often reached more numerous attenders than in the past. When some of our churches did reopen there were still restrictions on social distancing. Congregational singing was prohibited except for very small groups of choir singers. Whilst individual giving by standing orders and direct debits largely continued, most of the usual fund raising activities within our parishes (including lettings of church halls) simply could not take place. Consequently, parish and diocesan finances came under intense pressure.

In the year, after a total income of 16.557M the DBF sustained an operating loss of £0.903M despite a reduction in total expenditure compared to 2019 of £1.054M. Contributions to the diocese from Parish Share reduced year on year by £1.679m. Increased support to a total of £3.589m from the National Church was very welcome.

The Board's main consideration during the year was to maintain a sufficient cash flow to meet our financial obligations. This we were able to do by drawing on our reserves and through advantageous sales of surplus assets, mainly houses and some glebe land. Within this document there is a detailed report on the action taken by the Board and its effect on our Diocesan Finances.

Despite the operating loss and the consequent cash outflow the value of Total Assets increased during the year by £8.122M to a total of £158.290M as a result of revaluations of investments and property.

I would like to record the Board's grateful thanks to all those who contribute to the financial health of our diocese. The resilience of our people, our clergy and our diocesan staff in coping with the very difficult circumstances of the Covid 19 pandemic has been exceptional.

As I observed in last year's report, it is inevitable that the church post Covid 19 will need to be different from previous years, and this will apply especially to our financial structure: considerable rebalancing will be required to return to balanced budgets. 'Shaping for Mission', an extensive consultative exercise based on our deaneries and the parishes within them to determine our future structures is currently underway. There are almost certainly some painful decisions to be made and implemented.

There is little doubt that our finances will remain under great pressure for some time ahead. Nevertheless, we are confident that they can be sustained provided that very careful financial management is maintained, based on continuing contributions from our parishes, further assistance from the central church, and an ability to continue to draw upon reserves built up so carefully in past years.

John Naylor  
Chairman  
26 May 2021

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

<b>President</b>	The Bishop of Lichfield,
<b>Chair</b>	Mr J T Naylor
<b>Vice Chair</b>	The Rt Revd M Parker (to 28 January 2021)
<b>Ex-Officio</b>	The Bishop of Shrewsbury The Bishop of Stafford (vacant to 14 April 2021) The Bishop of Wolverhampton The Dean of Lichfield The Archdeacon of Lichfield The Archdeacon of Salop The Archdeacon of Stoke-upon-Trent The Archdeacon of Walsall The Revd Preb B Whitmore Mr J Wilson
<b>Elected</b>	The Revd P Cansdale The Revd J Cody The Revd Canon P Hawkins The Revd Preb B Leathers The Revd M Rutter Mrs P Allen Mr D Beswick Mr A Charles Mr J Clark Dr J Fawn Mr C Gill Mr P Graetz Mr D Litchfield Mrs J Locke Mr R Pithers Mrs L Rawling
<b>Nominated by the Bishop</b>	None as at 31 December 2020
<b>Co-opted Member</b>	None as at 31 December 2020
<b>Company Registered Number</b>	00239561
<b>Charity Registered Number</b>	1107827
<b>Registered Office</b>	St Mary's House The Close Lichfield Staffordshire WS13 7LD
<b>Chief Executive Officer &amp; Company Secretary</b>	Mrs J Jones BSc FCIPD
<b>Director of Finance</b>	Mr J R L Hill FCMA CGMA

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

<b>Independent auditors</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
<b>Bankers</b>	Lloyds Bank Plc 22 Conduit Street Lichfield WD13 6JS
<b>Solicitors</b>	FBC Manby Bowdler LLP Routh House Hall Court Hall Park Way Telford TF3 4NQ
<b>Investment Advisors</b>	CCLA Investment Management Ltd Senator House 85 Queen Victoria Street London EC4V 4ET  Canaccord Genuity Saggar House Princes Drive Worcester WR1 2PG  EdenTree Investment Management Ltd 24 Monument Street London EC3R 8AJ
<b>Surveyors</b>	Mr C Glenn – Internal Diocesan Surveyor
<b>Insurers</b>	Ecclesiastical Insurance Group Beaufort House Brunswick Road Gloucester GL1 1JZ  Brokers: PIB Insurance Brokers Poppleton Grange Low Poppleton Lane York YO26 6GZ

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Trustees Annual Report 2020**

The Directors, who are also Trustees for the purposes of charity, present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

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

This combined report satisfies the legal requirements for:

- a. Directors Report of a charitable company,
- b. Strategic Report under the Companies Act 2006 and
- c. Trustees Annual Report under the Charities Act 2011

**Vision Statement**

"As we follow Christ in the footsteps of St Chad, we pray that the two million people in our diocese encounter a church that is confident in the gospel, knows and loves its communities, and is excited to find God already at work in the world. We pray for a church that reflects the richness and variety of those communities. We pray for a church that partners with others in seeking the common good, working for justice as people of hope."

**Legal Objects**

The diocese is arranged as four Archdeaconries, in three Episcopal Areas, with a total 28 Deaneries.

The Diocese of Lichfield serves a population of approximately two million covering 1,744 square miles throughout Staffordshire, the northern half of Shropshire and much of the Black Country. The diocese has 280 benefices, 437 parishes and 569 churches.

**Company Status**

The Lichfield Diocesan Board of Finance was incorporated as a company on 14 May 1929 under the company number 00239561 in accordance with the Diocesan Boards of Finance Measure 1925. It is a company limited by guarantee not having share capital and registered as a charity on 25 January 2005 with the charity number 1107827.

It is governed by its Memorandum and Articles of Association as amended by Special Resolutions dated 28 April 1960, 6 February 1968, 18 June 2003, 13 March 2004 and 7<sup>th</sup> July 2015.

**Principal Activities**

The principal activity is to promote assist and advance the work of the Church of England in the Diocese of Lichfield and elsewhere, by acting as the financial executive of the Diocesan Synod. It oversees the resourcing of ministry within the diocese and the financing of the work of the various diocesan bodies (constituted under ecclesiastical statute or established voluntarily by the Bishop and Diocesan Synod), which also have the object of advancing the aims of the Church of England in the diocese and elsewhere.

There has been no change in those activities during the year.

**Strategic Aims**

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

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**OBJECTIVES AND ACHIEVEMENTS FOR THE YEAR**

**Direction of Travel**

In May 2017 the Diocesan Bishop led the vision and strategy for the Diocese through Directions of Travel, at a launch entitled "First Steps". It was based around "Come Follow Christ, in the footsteps of St Chad". The mission and ministry of the Diocese will be focused around the three key areas of Discipleship, Vocation and Evangelism - following in the footsteps of the first bishop of Lichfield, St Chad.

To develop this theme and to work with parishes to enable the Diocese to have a flourishing and sustainable future the Direction of Travel Steering Group was set up as a strategic and visionary to bring all aspects of Diocesan departments together and has been collaborating with groups all over the Diocese to ensure our vision statement and three priorities are at the heart of all we do and say.

**Strategic Development Funding (SDF) Project**

The National Church has made available Strategic Development Funding that supports major change projects which lead to a significant difference in dioceses' mission and financial strength. It is only available to dioceses and the projects should fit with their strategic plans. In October 2019 the Diocese received confirmation that a grant of £1.690M had been awarded for the Telford New Minster Project over a six-year period to 2025.

Telford New Minster Church is a carefully thought-out project to revive Christian life in a complex and emerging new town in the Midlands. Based in Meeting Point House in Telford town centre, the church will provide the spark for ten new Christian communities each with the simple mandate to encounter the story of Jesus for themselves. These communities will meet regularly for discipleship and mission, to pray for and build social outreach in their own areas; they will also gather in a town centre church for formation, nurture, celebration and worship. Gathered and scattered church are on an equal footing. Telford New Minster will reach young people and children through schools and youth work and some of the ten new Christian communities are youth communities. The project will also provide missional oxygen for existing churches.

The total project value is estimated at £3.986M with the Board investing £2.296M over the period to 2025. It is expected the Minster will pay a reduced share but it is hoped to be close to self-sustaining by the end of 2025. Whilst the project commenced in 2019 due to COVID the refurbishment work at a cost of £1.071M has been delayed. The work commenced early in 2021 and it is hoped that the centre will open in November 2021.

**Central Support**

There are two main mechanisms to the Central Support of the Diocese. The Central Administration Team; known as CAST (Central Administration Support Teams) is based at St Marys House; consisting of Governance, Communications, Safeguarding, Finance and Property.

The Discipleship, Vocations and Evangelism Team; (DVE) based at Three Spires House in Lichfield, comprises of Education, Mission, Open to All, Transforming Church and Communities and Vocations & Training.

The two teams are joined with the main objectives and support the parishes through: -

- Welcoming and Training People and Groups;
- Supporting Clergy Well Being;
- Alleviating parish statutory duties;
- Preventing escalation of issues
- Asset Management



**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**FUTURE PLANS**

In recent years with falling congregational numbers and income at parish level; it was becoming apparent that future budgets were becoming more difficult to balance – the costs are simply rising at a quicker rate than income. Despite this the Board continue to support the Diocese in looking for new and alternative ways of Mission and Ministry and build on the good work and news stories around the Diocese. It is always appreciated that there is a transitional period during any change; especially with new areas of work and how this can be managed and financed.

One option is further SDF bids that can help generate new churches and fresh expressions around the Diocese, including a presence in New Housing Estates and these are being explored and reported back through the Direction of Travel Steering Group and the Setting Gods People Free initiatives.

In order to develop these models further there is a requirement to undertake an exercise in realigning resources that are available, both in terms of human resources, material available and also financial constraints. Part of this exercise is to review each parish and look at the sustainability of the current deployment models and investment in areas around the Diocese. This whole exercise has been expedited by the COVID 19 pandemic that started in 2020; continuing into 2021, and more details are given below on page 6 on a strategic approach to the future of the Church of England in the Lichfield Diocese after the pandemic.

**Resourcing the Future (Resourcing Future Ministry)**

For the last six years the Board has operated a restricted fund, with the aim and objective to build from either historical resources or surplus resources, that will be ring fenced and initially accumulate dividends to hopefully grow until the fund is required. The aim was to try and raise this fund up to £7M. Receipts into the fund have been invested either in Property or Accumulated Shares, with the emphasis on capital appreciation to try and expedite the growth of the fund. Prior to the COVID pandemic in 2020 the intention was the fund will start to support the overall Diocesan Finances through additional income into the Diocesan Budget. This would help to support the Diocesan Budget and also any reductions in cash or real terms of Allocation from the National Church through the transitional period which is due to end in 2025. Once the transitional period is complete the income generated would then be available to help support the Diocesan Budget in future years – or support other areas of Mission and Ministry that is felt necessary at the time. In light of the pandemic as part of the overall management of funds through the financial challenges in the last twelve months, it was decided to allow the fund to continue to be accumulated. The intention is to now make the fund available to support management of change and any transitional period from 2023 onwards that is required.

This fund has never been financed from the Parish Share, but through asset management. The aim is that at some stage in the future it will be designed to ease the burden on parishes through share requests. Due to the nature of the fund, it is split across different funds and reserves. At the year-end the fund had a total value of £4.995M (2019: £4.021M) had been invested for this fund.

	<u>2020</u>	<u>2019</u>
Investment Properties	£1.238M	£1.952M
Investments	£2.248M	£2.069M
Cash	£1.509M	Nil
<b>Total</b>	<b>£4.995M</b>	<b>£4.021M</b>

The cash is represented by £0.850M received from the National Church towards sustainability in 2020 and proceeds of £0.695M from two investment properties sold during the year.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Low Income Communities (National Church) Allocation**

The new triennium of funding from the National Church commenced in January 2017. The new allocation is based on deprivation and population and transitional factors are included, which will run until the end of 2025. The allocation is now known as Low Income Communities funding and Lichfield Diocese is one of the highest recipients of the new allocation formula. Despite being in the top five recipients the forecast shows the Lichfield Diocese will receive around £2.0m per annum for the next ten years, which is lower in cash terms as well as real terms.

In order to help with reporting and accounting to the National Church on the allocation, the Board is looking at integrating the IMD (Indices of Multiple Deprivation) into the Share formula to replace the current Property Category. It is believed this gives a fairer reflection of the deprivation across the Diocese and complies with the systems that the National Church use and favour. It must be noted that this is a measure of deprivation and not a measure of affluence, which is an issue that has to be overcome before it can be introduced into the Share formula.

**Impact of the COVID Pandemic**

In March 2020 as the country was forced into lockdown due to the COVID 19 pandemic, the Board of Finance had to make considerable changes to the way that it operates, especially in supporting churches and parishes whilst the church buildings were closed from 25<sup>th</sup> March 2020 until 4<sup>th</sup> July 2020.

The Diocesan Office was closed on 18<sup>th</sup> March 2020 and whilst it re-opened in September 2020 with rotational bubbles to protect the health and wellbeing of the staff; it was forced to close again after Christmas. Fortunately, due to the proactive strategy on IT; all staff have been able to work securely from home through a VPN (Virtual Private Network) connection. Virtual Meetings were also held using either the Corporate MS Teams network or Corporate Zoom accounts. It has demonstrated the procedures put in place in the Business Continuity strategy for staff and ability to work should the office close was successful.

In response to the situation and potential financial impact, an emergency group was set up called the Finance Core Group that consisted of the Diocesan Bishop, Chair and Deputy Chair of the board, the Chief Executive Officer, the Director and Deputy Director of Finance. The group meet every Friday morning to review the Board's liquidity; cashflow forecasts; asset management and future budget implications. The group put in place a strategy to assist the Board through the developing financial challenges. The group report to the Finance and Central Services Committee and circulate a monthly report to the trustees.

It became apparent from an early stage in April 2020 the Board would be facing a significant loss in 2020 due to reductions in income, in particular Parish Share, Investment Income and Fees. A tripartite approach was taken where the National Church would need to support Diocese; Diocese would need to look at expendable reserves and ask parishes to likewise utilise available reserves. The Board was grateful that the National Church decided to pay the remaining Low-Income Communities Allocation in advance, in mid-April; and a similar gesture was made in January 2021 to assist with the cash flow. Immediate actions by the Board placed 35 members of staff on furlough from 9<sup>th</sup> April 2020, until 31 August 2020. The Board agreed to top up salaries by 20%. Statutory Funeral Fees due to the Board were waived from 25 March until 30 June 2020 due to the restrictions at Funerals.

The largest challenge to the Board was cash flow. The Board needs in the region of £1.5M each month to meet its liabilities. In order to try and manage the situation and considering the volatility in the investment stock markets it was agreed to take the following approach: -

1. To obtain an overdraft with the Church Commissioners to assist with stipend payments between June and September – this was repaid in January 2021.
2. To review the Diocesan Property Asset Register and identify excess marketable properties. This was carried out successfully and all sales made followed a full review and sold at market value in accordance with the Charities Act.
3. A meeting with Glebe Agents to review the position on potential sales and review the current situation.
4. To sell specifically targeted Investments.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

The Finance Core Group are fully aware that all the decisions made will have impact on future years budget, it is a case of trying to minimise or mitigate the impact, in order to assist the parishes in the future.

In addition to the measures above it was agreed to suspend all new loans and applications for loans until 31 December 2020. It was also agreed to suspend Diocesan Loan repayments from parishes until 2021 in order to help parishes with their cash flow and concentrate on Parish Share; unless a parish was able to repay their loan from specifically restricted funds and would not disrupt their cash flow projections.

All Property quinquennials were suspended until 2021 – this meant that those due in 2020 would become the 2021 Quinquennial repairs and all future quinquennials put back one year. Before the decision was made all the Quinquennials were reviewed to ensure there was no essential works included. A list of essential repairs was drawn up, defined by repairs that needed attention due to Health and Safety. All other repairs continued. The delay of the Quinquennial repairs saved £0.300M.

Planned increases in Stipends and Salaries from 01 April 2020 were frozen; increases were agreed from January 2021.

As Churches were closed, the Finance Department (Parish Resources) enabled parishes to raise funds by a centralised Just Giving Page, in addition to Giving Direct and other methods already available. The largest success was the creation of an online donation button in Mid-July that enable parishes to create their own donations button on their website or direct parishes to a link on the Diocesan Website. All these functions as well as increasing the number of parishes who can pay their share; fees or other payments due to the Board by Direct Debit are designed to be tools to assist parishes into the future.

In September it was agreed to offer parishes a credit note against the Share requests; equivalent of 1.5 months on requested share. These were applied in December and allowed parishes to either use the credit note against the current year share, carry it over until 2021 or donate it to another parish in the Diocese or back to the Board.

### **A Process of Change**

Before the pandemic impact in 2020 there were issues that needed to be addressed, as expenditure was rising quicker than income. The pandemic in many ways simply expediated the need for change. A paper was discussed at Bishop's Council in May entitled a Church Post COVID-19 and within it pertained a recommendation to review over a period every post and parish on sustainability. There were five categories across all different areas as follows: -

1. Congregational Strength
2. Viability of church buildings, including fit for purpose in the 21<sup>st</sup> Century.
3. Financial Strength
4. Strategic Significance
5. Missional engagement

A traffic light system is used, Red, Amber and Green, in each of the categories with an overall summary score. From this developed an approach for Deaneries to review their Mission and Ministry through Shaping for Mission.

### **Shaping for Mission**

Shaping for Mission is the process across the Diocese to strengthen our life of discipleship, vocation and evangelism while facing a significant reduction in financial income. It is working together as people of hope to make mission sustainable in helping fulfil the Diocesan vision. Shaping for Mission commenced in autumn 2020 with meetings in each archdeaconry for rural/area deans, lay chairs and their assistants. During the autumn, deaneries have formed Shaping for Mission teams and begun the work of reviewing their deanery.

The first phase of Shaping for Mission started in the last quarter of 2020 teams carrying out reviews of their Deanery. The second phase will begin from Easter 2021 when deanery teams move into the vision-setting phase. During this phase the teams will work with the wider deanery to ask questions about who and what God calls us to be and what our priorities for mission are. The third phase will begin later in 2021 when Bishops' Senior Staff and AMPCs (Area Mission and Pastoral Committees) will together begin the process of translating the vision into action and aligning resources accordingly.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

Alongside the work in deaneries, a parallel process is taking place across the diocese's central sector teams, with three small Shaping for Mission teams reviewing our Central Administrative Support Teams (CAST), DVE teams and Education. These teams, which will include external representatives from across the diocese, will focus on making sure that our work priorities are aligned with our shared mission to effectively serve schools, parishes, chaplaincies and fresh expressions, and that the central resources are financially sustainable.

**Parish Share (Common Fund)**

In addition to the Parish Share support, it was agreed there would be no increase in Share requests in 2021 and unlikely in 2022. As previously mentioned, the formula for apportionment will also change to reflect the new vision, and this will include the use of IMD for parish categories over property valuations, in line with the National Church request. The Low Income Communities allocation will be apportioned using deprivation factors across the diocese. The new apportionment system will retain Mutual Support but at a reduced level; and is designed to assist parishes look at sustainability and also encourage parishes to pay a minimum request and where possible offer additional support to other parishes across the Diocese. It is expected that the new formula will be launched with a new name – Common Fund is the working name, and will be accompanied by a stewardship launch across the Diocese.

**Financial Impact**

Further to the deficit in 2020; it is anticipated that large deficits will follow in 2021 and 2022. The Board is setting aside up to £6M of reserves to help with this challenge. It is anticipated that any implementation of change following the Shaping for Mission exercise will need a period of transition, change can not happen overnight. Further financial support will be made available for that transitional period from the Resourcing the Future fund – see page 5.

Due to the circumstances, there was also an opportunity to review the Diocesan reserves policies and make necessary changes to assist with the challenges that are inevitable over the immediate future following the extended period of impact from the COVID pandemic. Details are given on page 10.

**FINANCIAL REVIEW 2020**

**Financial Performance**

Due to the events experienced in the last financial year, inevitably income fell sharply in 2020 and this resulted in a sizeable deficit on day-to-day transactions for the Board in 2020. However in light of the strong investment market in the second half of the year and a buoyant property market despite the pandemic, the revaluations have resulted in the Board overall making a surplus net movement in funds.

The cost of the Parish Share Support Package resulted in a cost of £1.455M and this forms part of the deficit shown in the financial statements. The support package; equivalent to 1.5 months requested share; appeared to be well received by parishes and despite warnings that the share collection in the last financial year would be as low as 70%, the final figures showed a collection rate of 80.97% (2019: 83,84%). This was a remarkable performance by the parishes. The Trustees remain grateful to all the parishes who completed their Parish Share payments during the year, and especially to those parishes that make their Parish Share payments by monthly instalments, which is essential in keeping the Diocese's need to maintain a cash flow reserve to a minimum. In total 325 out of 451 (72%) parish paying units paid their allocation in full compared to 384 out of 449 (86%) in the previous year. Total share receipts naturally fell from £11.062M to £9.383M in 2020, mainly due to the impact of the pandemic.

In addition to the Parish Share, there was an additional £0.613M (2019: £1.131M) that has come from parishes in way of Statutory fees from Weddings and Funerals. Part of this fall was due to the waiving of fees for three months in the year at the height of the pandemic, but also restrictions that remained in place during the year.

The Board are fortunate to have received £3.589M in 2020 (2019: £2.628M) from the National Church in way of support. This amount was represented by, £2.113M Low Income Community support, whilst £0.850M was awarded for sustainability funding due to the loss of income being experienced in the Diocese. A further £0.302M was received in respect of Resourcing Ministerial Education (2019: £0.271M); and £0.247M in Strategic Development Funding for the Telford New Minster project.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

Overall consolidated income, excluding the pensions adjustment, decreased in the year to £16.557M (2019 £18.196M), whilst consolidated expenditure decreased to £17.470M (2019: £18.524M).

The Board as a consolidated charity therefore made a deficit before Net Gains on Investments of £0.903M (2019: deficit £0.328M).

The Board as a standalone charity made a deficit before Net Gains on Investments of £0.830M (2019: Deficit £0.435M). Unrestricted or General Funds made a deficit before Net Gains on Investments of £2.370M (2019 deficit £0.262M).

The Trustees have prepared a deficit budget for 2021 and a forecast deficit budget for 2022; the deficits are to be financed from the £6.0M reserves set aside to finance the Board through these challenging times.

The capital values of properties continued to increase – properties by £7.880M (2019: £2.661M), whilst investments increased by £1.155M (2019: increase £4.449M) – resulting in an overall increase in funds of the group of £8.122M (2019: £9.719M). Charity reserves increased by £8.169M (£2019: £9.594M).

### **Significant Property Transactions**

In the year the Board sold 4 properties (2019: Nil). This raised £1.205M (2019: £NIL) in net house proceeds. In addition two investment properties were sold (2019: Nil) raising £0.695M in house proceeds (2019 £NIL).

In the year the Board purchased 3 properties (2019: 2) costing £0.834M (2019: £0.575M). In addition, in the year, Three Spires House, a second Diocesan Office, refurbishment was completed at a cost £0.009M (2019: £0.108M)

The current policy on purchases and sales of properties remains:

- to replace unsuitable properties,
- to accommodate the changing geographical deployment of clergy within the Diocese,
- to purchase strategically placed curates houses to allow greater flexibility in appointments,
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.
- In light of COVID the asset management and importance of reviewing property assets has been expediated

### **Balance sheet position**

The Trustees consider that the balance sheet together with details in note 23 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Consolidated balance sheet date totalled £158.290m (2019: £150.168M) it must be remembered that included in this total are properties, mostly in use for the ministry, and other Tangible Fixed Assets with a total value amounting to £111.278M (2019: £103.809M). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the Board. These reserves which are considered to be free reserves are set out below.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Reserves Policy**

When forming and reviewing the reserves policy, the Board has to take into consideration that the reserves fundamentally serve two purposes. Firstly, the level of retained reserves generates income that helps with additional income throughout the year, thus easing some of the burden on the parishes. Secondly, there needs to be sufficient reserves available to assist with the erratic cash flow that is experienced throughout the year. This in turn can be divided into two sections: a) liquidity or short-term reserves and b) contingency funds/going concern, to allow the Board to operate in times of crisis. The Board has considerable responsibilities including the remuneration of parochial stipendiary clergy, the upkeep of houses and the employment of full or part time staff.

The Board has identified in its risk management review that it is heavily reliant on Parish Share contributions and suspects that parishes may find it increasingly difficult to maintain the required level of payment – this will only be exacerbated by the current economic climate. It is therefore important that the DBF adopts a Reserves Policy as well as an Investment Policy that takes liquidity seriously into consideration.

**Free (Unrestricted) Reserves – Liquidity**

During the last financial year due to the exceptional circumstances the Board reconsidered the free reserves policy. This included significantly reducing the number of designated funds. All investments held in designated funds were transferred into unrestricted funds, along with other current assets and liabilities. It was agreed that the free reserves would also be set against Budget expenditure rather than Parish Share requests. Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 3 months budget expenditure for the following year. The budget expenditure for 2021 is £17.027M; therefore, the benchmark is set at £4.257M.

**Year End Position**

Free reserves are calculated by taking the net figure of Unrestricted Investments plus Net Current Assets and excludes designated funds. As at 31 December 2020 this totalled £5.623M (2019: £2.368M). This equates to 3.96 months of budget expenditure. The reason for the increase in free reserves is due to the reclassification of Designated investments in the year of £3.681M to unrestricted funds. The trustees are satisfied with the current level of free reserves; although aware that the large majority of the reserves are in investments which may require to be sold and reduce investment income into the budget in future years.

*Reserves tied up in fixed assets*

The charity's unrestricted fund comprises net assets amounting to £5.661M (2019 £2.549M) of which £0.285M (2019: £0.331M) is tied up in tangible fixed assets. Consolidated unrestricted funds amount to £6.148M (2019: £3.074M) of which £0.805M (2019: £0.853M) is tied up in tangible fixed assets.

*Designated funds*

Due to the change in reserve policies, designated funds now simply consists of DBF Occupational and Investment property including both of the Diocesan Offices. In addition, a few remaining projects funds have been retained, the funds are self-generating. The total Designated funds as at 31 December 2020 was £11.028M (2019: £14.377M)

*Restricted and endowment funds*

As set out in note 23 the Board holds and administers a large number of restricted and endowment funds. As at 31 December 2020 the charity restricted funds totalled £94.087M (2019: £88.076M) and endowment funds totalled £46.661M (2019: £44.243M). Neither are available for the general purposes of the Board. Consolidated restricted reserves amount to £94.478M (2019: £88.474M).



**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

Within the Restricted Fund, £70.534M (2019 £66.511M) is invested in Property required to house the clergy of the Diocese and is therefore not readily accessible. Within the Endowment Fund £27.200M (2019 £25.155M) is invested in Property required to house the clergy of the Diocese and is therefore not readily accessible. These assets are integral to delivering the Board's mission.

### **Stipend Reserve**

Previously there was a Stipend Reserve policy to ensure 5 months stipends were held across various designated and restricted funds. With the change in Free Reserves policy and with the availability of overdrafts with the Commissioners it was decided this reserve is no longer required.

### **Grant making Policy**

The Memorandum of Association of the Board explicitly permits the Board to make grants in pursuance of its objects, and the nature of grants made in 2020 is indicated in note 15. Grants of up to £50,000 are considered by the Finance and Central Services Committee from budgets set aside for specific purposes. Grants over £50,000 are considered by Bishop's Council, on recommendation by the Finance Committee.

### **Investment Powers**

The Board is granted power to invest in suitable investments under its Memorandum and Articles of Association. As a charity, the Trustees have a duty of care to take such advice as is appropriate before investments are undertaken. This advice is sought from the Central Board of Finance (CCLA) in London, Eden Tree Investment Managers and Canaccord who provide a free Nominee service. The Diocesan Investment Group considers the advice and the assets available at their discretion and then makes recommendations to the Finance and Central Services Committee.

### **Investment Policy**

The Board's investment policies are based on two key principles: -

- Ethical Investment – this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.
- Long-term responsibilities – the Trustees are aware of their long-term responsibilities in respect of the Restricted and Unrestricted reserves and as a result follow a prudent approach to investment decisions.

Investment Policy for long-term funds is aimed primarily at generating a sustainable income, with due regard to the need for the preservation of capital value, and the possible need to realise investments to meet operational needs. The Board does not have a policy of generating income at excessive or high risk – known as “purchasing income”, where high returns are guaranteed at the expense of capital.

The Glebe Land Investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. The Glebe Land is constantly under review and it is anticipated prime land will be sold if it is deemed to be economically viable in obtaining a better rate of investment return.

Unrestricted and Restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

In summary, the Board's overall policy is to maximise income while preserving the real value of its funds. As a member of the Christian Ethical Investment Group, the Board adheres to the principle of seeking not only good financial returns but also high ethical standards from companies which use its money.

In light of the continued low interest rates and the predictions from the City that these would only move marginally in the short term, the Diocesan Investment Group do not use deposit or Cash as part of the Investment Portfolio at the current time. This also protects the capital from inflation when it is higher than the interest base rate.

The Diocesan investment Group produced guidance notes and a revised policy in consultation with the Investment Advisers. This is reviewed annually.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Ethical Policy**

CCLA's own ethical policy adheres to the Church of England Ethical Investment Policy that is overseen by the Ethical Investment Advisory Group (EIAG). The Board endorses and follows this guidance which includes the following:

*“ The use of positive ethical criteria in assessing companies is firmly incorporated within the ethical investment policy through a process of constructive engagement with business. Criteria have been identified across five broad areas as: responsible employment practices; best corporate governance practice; conscientiousness with regard to human rights ; sustainable environmental practice; sensitivity towards the communities in which business operates ”*

The EIAG recommends against investment in any company that derives more than 3% of revenues from the production or distribution of pornography. It recommends against investment in any company, a major part of whose business activity or focus (defined as more than 25% of group turnover) is tobacco, gambling, alcoholic drinks, high interest rate lending or human embryonic cloning. The full report can be found at [www.churchofengland.org](http://www.churchofengland.org)

**Benchmark**

In 2020 the Benchmark on return was set at 4% plus Inflation, which equated to 5.60%. The yield in 2020 was 3.13% (2019 4.09%), and capital return was 3.17% (2019: 15.14%). The outcomes represented the difficult climate in 2020 and the volatility of markets. However this gave a total return of 6.30% compared to the benchmark of 5.60% (2019: 19.24%).

After discussions with the Investment Managers it has been agreed to amend future benchmarks to 5% plus CPI from January 2021.

In addition, the Board has 1,927 acres (2019: 1,960) of Glebe Land that is classified as investments. Due to the current land market it was considered there was no increase in value in 2020 (2019 £Nil). The land value for investment purposes is £10.522M (2019: £10.597M). The yield for the year was 2.34% (2019: 2.46%), giving a Total Return for the year of 3.94% (2019: 2.46%).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained by the Risk and Audit Committee who report directly to the Finance and Central Services Committee. Each Risk is assessed and alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Risk and Audit Committee.

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

Parish Share: Collection is considerably less than the Budget figure

- Collection statistics are produced and circulated on a monthly basis,
- Parish Assessors and Diocesan Staff are tasked with identifying, reporting on and supporting those parishes where there is considered to be a significant risk of under-collection,
- A provision is made within the accounts for those overdue share payments that have a significant risk of proving uncollectable.

Safeguarding & Inclusion: Where there is an occurrence of child, vulnerable adult or domestic abuse by someone working for or on behalf of the Church.

- The diocese employs a safeguarding officer and sufficient support administration as required.
- Policies are aligned with those of the national church,
- All parishes are required to review, endorse and implement the diocesan safeguarding policy,
- Training is compulsory for all relevant staff.



**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

Communications: Adverse local or national publicity. Failure to keep pace with media developments.

- The Board appoints a Communications Officer with specific skills in dealing with Media enquiries and issues that may arise,
- Staff are regularly reminded that they are not to speak to the press on any matters of a sensitive nature,
- A policy on use of Social Media is also enforced.

IT: System failure or the Diocesan office is becoming uninhabitable.

- All machines have been set up with Virtual Private Network (VPN) for remote access to the servers and systems. The majority of officers had this facility prior to the impact of lockdown; all staff now have this as standard.
- Backups and disaster recovery are reviewed on a regular basis and tested for accuracy;
- Cyber Security Insurance and software is in place to extend protection to the DBF Servers and Information.

Cashflow/Liquidity – the ability to meet expenditure and legal obligations.

- A new Finance Core Group was created to oversee regular cash flow models and ensure the Board can meet the ongoing financial responsibilities,
- Short to medium term forecasts produced quarterly (monthly when necessary) and recommendations made when necessary for implementation.

Ensuring Policy and Finance remained joined up.

- Important to ensure there is good communications across all departments, and committees to avoid conflict between vision and strategy and financial implications.
- Ensure there is good clear governance and audit trails of decision making and communicated to the relevant persons or committees.

## **STRUCTURE AND GOVERNANCE**

### **Summary Information about the structure of the Church of England**

The Church of England is the established Church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 40 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

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

The Diocese is itself divided into twenty-eight deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

### **Organisation**

#### **Diocesan Governance**

The diocese is governed by the latest Standing Orders approved on 05 November 2016. Its statutory governing body is the Diocesan Synod which is elected with representation from all parts of the diocese.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

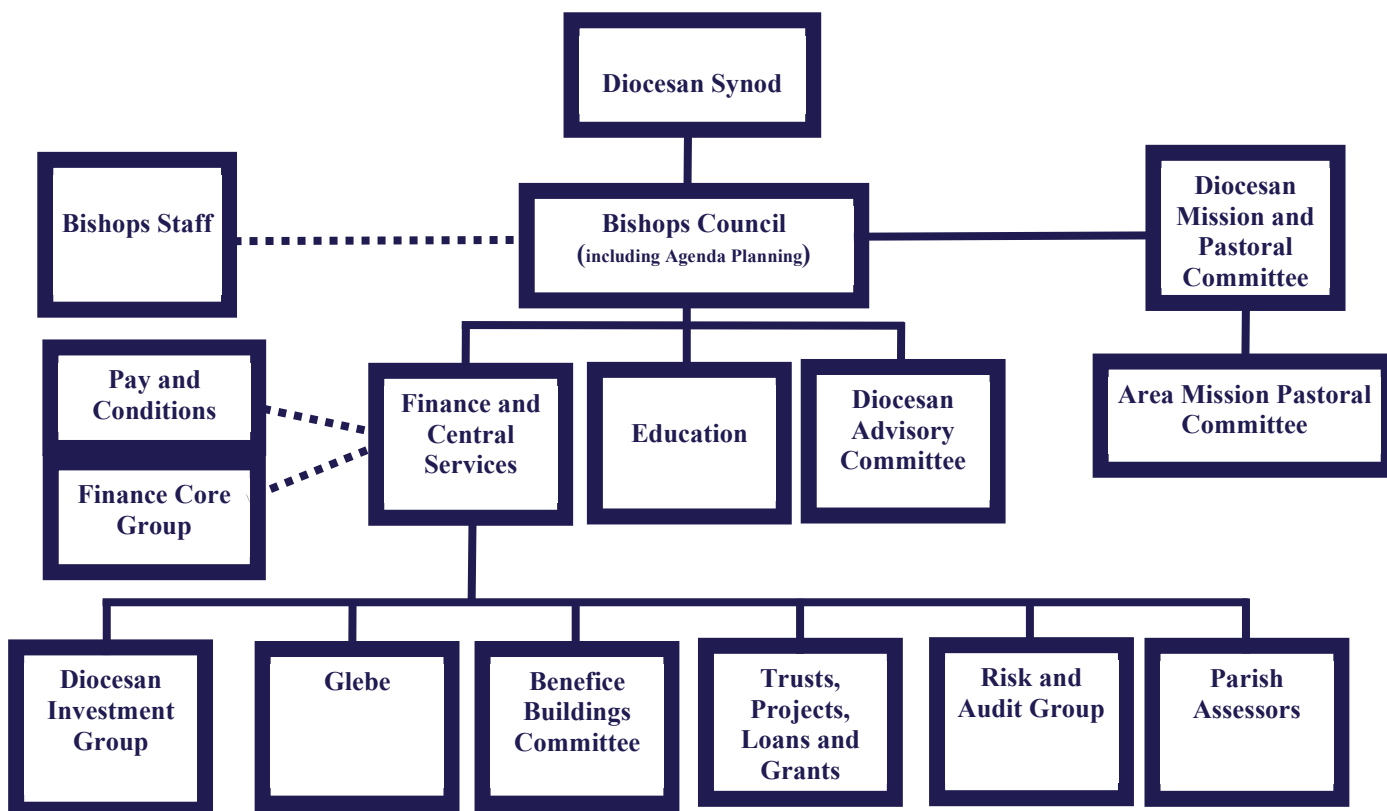
**Diocesan Synod**

The Synod has broadly equal numbers of clergy and lay people meeting, normally three times a year, together in Diocesan Synod with the Diocesan Bishops and Archdeacons. Its role is to:

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

Every member of Diocesan Synod is also a member of the Lichfield Diocesan Board of Finance (“the Board”). The members of the Standing Committee of Diocesan Synod (Bishop’s Council) comprise the Board of Trustees of the Board and under company law the Board of Directors. The Board of Directors under company law have a personal liability of £1 in the event of the Board being wound up. The membership of Diocesan Synod and therefore Bishop’s Council is part ex-officio and part elected: elections are held every three years. The current Synod will serve until 31 July 2021.

**Decision Making Structure**



**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

Diocesan Synod has delegated the following functions to the Board of Directors/Trustees (Bishop's Council):

- Planning the business of Synod including preparation of agendas and papers,
- Initiation of proposals for action by the Diocesan Synod and provision of policy advice,
- Transacting the business of the Diocesan Synod when not in session,
- Management of the funds and property of the diocese,
- Preparation of annual estimates of expenditure through the Budget,
- Advising on action needed to raise income necessary to finance expenditure,
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod,
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it,
- Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod,
- Carrying out any other functions delegated by Diocesan Synod.

The Board of Directors (Trustees) has delegated responsibility for the day-to-day management of the company to the Chief Executive Officer/Diocesan Secretary who is supported by a number of heads of departments and their staff.

### **Key Personnel**

Key Management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During the year they were the Diocesan Secretary/Chief Executive Officer, Director of Finance, Director of Glebe, Director of Education and Director of Communications.

The policy for setting the remuneration of Key Management personnel is under the remit of the Diocesan Pay and Condition Committee and is determined by several factors including reference to similar sized charities and current recommended rates for equal posts in other Diocese and in the wider not for profit sector.

### **Bishop's Council**

The members of the Bishop's Council are the Board of Trustees. Bishop's Council consists of 12 ex-officio members, including the Diocesan and 3 Area Bishops and the four Archdeacons, 8 clergy elected by the House of Clergy from among their members and 12 lay persons elected by the members of the House of Laity representing Deaneries, 1 co-opted member and a maximum of 3 members nominated by the Diocesan Bishop.

### **Committee Structure**

*Agenda Planning:* ensure a smooth flow of business to the Bishop's Council and Diocesan Synod aiming for lively, focused debate and to review periodically Synod's Standing Orders. It reports direct to Bishop's Council.

*Diocesan Mission and Pastoral Committee:* responsible for approving pastoral reorganisation, taking into account available clergy numbers and making use of new patterns of ministry. It is responsible for assisting in making better provision for the Cure of Souls in the diocese and oversees arrangements for pastoral supervision and care. Since August 2009 this committee is also responsible for the oversight of closed churches and for overseeing finding appropriate alternative uses for church buildings, which have been declared redundant. The membership of this Committee is now the same as Bishop's Council.

*Finance and Central Services Committee (FACS)* - oversees the day-to-day financial activity which receives regular reports on Parish Share receipts, liquidity, staffing levels and both capital and revenue expenditure. The committee also oversees the Budget process and assists in submitting the Diocesan Budget and annual financial statements to the Board of Directors (Trustees). Their terms of reference include agreeing Accounting Policy and recommend any changes to Bishop's Council and recommend the Reserves Policies to the Bishop's Council.

There are a number of sub committees that influence the operations of the Board.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

The following are sub-committees of the Finance and Central Services Committee:

*Benefice Buildings Committee (Statutory):* responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for repairing and maintaining all parsonage, team vicarages and houses owned by the Board. It also makes recommendations to the Diocesan Investment Group (see below) concerning the purchase and disposal of all houses owned by the Board, as well as identifying and recommending to the Diocesan Investment Group potential development sites.

*Glebe Committee (Statutory):* responsible for determining policy and making, decisions concerning the management of Glebe Land. It also makes recommendations to the Diocesan Investment Group concerning the investment of land and annual returns of such investments for the benefit of the Diocesan Stipends Fund.

*Strategic Review Group:* responsible for overseeing the construction of the Diocesan Budget and future forecasts and ensuring that there is synergy between Diocesan Strategy and Finance.

*Parish Assessors Committee:* responsible for the oversight of the Parish Share formula. This includes making recommendations about the management of arrears and the operation of the current Parish Share formula.

*Diocesan Investment Group:* responsible for overseeing all the Investments and Assets of the Board in order to ensure that the reserves of the Board are utilised efficiently and to the best benefit of the diocese, both in the short term and medium to long term. The group recommend the expected Investment Income the Board can expect each year in line with the current Diocesan Financial Strategy.

*Risk and Audit Committee:* responsible for identifying and monitoring risk to the organisation and overseeing both internal and external audit requirements.

*Pay and Conditions Committee:* responsible for overseeing the working conditions and remuneration of lay staff and Central Sector Ministry.

*Trusts, Projects, Loans and Grants:* responsible for the award and distribution of loans and where applicable grants to parishes across the diocese in deaneries and parishes, including reviewing and analysing the effectiveness of the grant with the aims and objectives of the project and in accordance with the deanery or parish *Mission Action Plan* and to encourage new and/or *Fresh Expressions* of Christian faith. In addition, the Committee are responsible for assisting and overseeing parish project reviews as well grants to Community based projects.

In addition, there are other Statutory Committees that report directly to Diocesan Synod:

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

*Diocesan Board of Patronage:* constituted under the provisions of the Patronage (Benefices) Measure 1986. It is sole patron or joint patron of a number of benefices.

Finally, there is a group whose role is to ensure there is cohesion and joined up thinking across the spectrum of the diocesan organisation and report directly to the Bishop's Council:

*Bishop's Staff:* a monthly meeting of Senior Staff (Bishops, Archdeacons, Dean, CEO/Diocesan Secretary and Director of Women's Ministry), who pray together for the mission and set the vision for the diocese. The meeting considers the pastoral, disciplinary issues or special needs of parishes and decides on action to be taken. They are also responsible for ensuring the co-ordination across the areas and divisions so that policies are applied equitably across the diocese as well as remaining within the overall Stipend Budget.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Appointment of Trustees (Directors)**

Trustees (and therefore Directors) are appointed by election every three years, with the exception of the ex-officio members. The current Trustees will serve until 31 July 2021. Following the Diocesan Synod elections in 2021 the new Bishop's Council will be elected, and which members will serve until 31 July 2024.

Trustees are given induction training at the first meeting of the new triennium and receive ongoing training as appropriate. The training is tailored to the individual needs of the Trustees and may include introductions to church, company and charity law, an overview of the current programmes and plans of the diocese and an introduction to any special areas of the diocese with which they will be working (e.g. Board of Education, Parsonages Board). Trustees are encouraged to visit diocesan operations. Meetings are held around the diocese either in church buildings or at Christian Centres. Some senior staff have job titles incorporating the title *Director*, but they are not Directors of the Company for the purpose of company law and so therefore do not count as *Charity Trustees*.

**Custodian Trustees**

The diocese is fortunate to have a separate legal entity in the Lichfield Diocesan Trust (see Connected Charities) to act as custodian to parish funds. There are however six trusts that have been transferred to the main Board to act as custodian. These relate to the former Moore Memorial and Tyrell Selwyn Trusts, where the income is to be used to assist financially members of the clergy. The fund is divided into four distinct funds, one allocated to each Archdeaconry. In addition, there is a trust to support Women's Ministry and also the capital funds held to support the Diocesan Bishop's Discretionary Fund. The total funds held in the Custodianship of the Board as at 31 December 2020 was £478,812 (2019: £441,497).

**Related Parties**

The Board has to comply with Measures passed by General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners and are therefore not included in these financial statements.

**Parochial Church Councils (PCCs)**

The diocese is required by Measure to be custodian trustee in relation to PCC Property and certain Endowment Trust funds but the Board has no controls over PCCs, which are independent charities. The diocese has a separate charitable company called the Lichfield Diocesan Trust that operates as Custodian Trustee in these circumstances. The administration costs of the Lichfield Diocesan Trust are borne by the Board and these administration costs are shown in the financial statements. However the accounts of PCCs and Deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the Board of Finance and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synod.

**Subsidiary Undertakings**

The Board has no trading subsidiary companies as at the year-end. The Board however is the sole member of St Chads Retreats Centre, a charitable company incorporated on 4<sup>th</sup> March 2014 registered at Companies House in England and Wales under reference 08922281 and a registered charity number 1157619. The accounts for this subsidiary are consolidated in these financial statements.

The Board also the Body with total control over the Mercian Community Trust with effect from January 2017, a charitable company incorporated 24 December 2001 registered at Companies House in England and Wales under reference 04345177 and a registered charity number 1090596. The accounts for this subsidiary are consolidated in these financial statements.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Connected Charities**

The Directors and Trustees of the Board consider the following to be connected charities:

*Lichfield Diocesan Board of Education*, a registered charitable company, which has responsibility for 205 church schools across the diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and spiritual, moral, social and cultural development of all pupils. The Board of Education also helps to promote this work through a trading subsidiary that operates a Service Level Agreement. Only the grant paid to the Board of Education is enclosed within these financial statements.

*Lichfield Diocesan Trust*, a registered charitable company that acts as Custodian Trustee on behalf of the diocese as stated above. Only the grant given to the Trust to cover administration costs is included in the financial statements. The Diocesan Trust also operates a central Gift Aid Department to assist parishes in reclaiming Gift Aid. Again, only the costs of administering the scheme and commission received are enclosed in these financial statements.

**Trustees' Responsibilities Statement**

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

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

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

The trustees are responsible for keeping adequate 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.

**Auditors**

Haysmacintyre LLP has indicated its willingness to be reappointed as Statutory Auditors.

Each of the persons who are members of board of Trustees at the time when this Trustee's annual report is approved has confirmed that:

- so far as that member of the board of Trustees is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- that the board of Trustees has taken all the steps that ought to have been taken as a board in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**TRUSTEES' ANNUAL REPORT Continued**

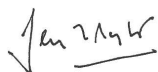
**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Website**

Further details on the Lichfield Diocesan Board of Finance and its programmes can be obtained from the website: [www.lichfield.anglican.org](http://www.lichfield.anglican.org). 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 preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees Annual Report which includes the Strategic Report was approved by the Trustees on 26 May 2021 and signed on their behalf by:



John Naylor  
Chairman

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)

---

#### **Opinion**

We have audited the financial statements of The Lichfield Diocesan Board of Finance (Incorporated) for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet and Company Balance Sheet, the Summary Income and Expenditure Account, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2020 and of the group's and parent charitable company's net movement in funds, including the 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 financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Chairman's Introduction. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the recognition of revenue, including the cut-off of revenue at the year end. Audit procedures performed by the engagement team included:

Tailored narrative here but consider the following

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates; and
- Cut-off testing in respect of revenue.

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

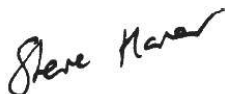
## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)

---

#### 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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Harper (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

Date 27 September 2021

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Unrestricted Funds 2020 £'000	Restricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
<b>Income and endowments from:</b>						
Parish contributions	4	10,838	-	-	10,838	11,062
Less Parish Share Support**		(1,455)			(1,455)	-
Net Parish Share		9,383			9,383	11,062
Archbishops' Council	5	2,113	1,476	-	3,589	2,628
Other donations	6	367	319	-	686	613
Other trading activities	8	479	3	-	482	497
Investments	9	412	533	301	1,246	1,492
Charitable activities	7	1,168	10	-	1,178	1,846
Other income	10	(7)	-	-	(7)	58
<b>Total income and endowments</b>		<b>13,915</b>	<b>2,341</b>	<b>301</b>	<b>16,557</b>	<b>18,196</b>
<b>Expenditure on:</b>						
Raising funds	11	103	16	37	156	103
Charitable activities	13	16,178	1,040	70	17,288	18,313
Other expenditure	12	4	-	22	26	108
<b>Total expenditure</b>		<b>16,285</b>	<b>1,056</b>	<b>129</b>	<b>17,470</b>	<b>18,524</b>
<b>Net (expenditure)/income before investment</b>						
<b>Gains</b>		(2,370)	1,285	172	(903)	(328)
Net gains on investments and Property		1,230	5,587	2,218	9,035	7,130
<b>Net Income/(Expenditure)</b>		<b>(1,140)</b>	<b>6,872</b>	<b>2,390</b>	<b>8,122</b>	<b>6,802</b>
Gain on Pension Adjustments		-	-	-	-	2,917
Transfers between funds	17	840	(868)	28	-	-
Net movement in funds		(300)	6,004	2,418	8,122	9,719
<b>Reconciliation of funds:</b>						
Total funds at 1 January 2020	23	17,451	88,474	44,243	150,168	140,449
<b>Total funds at 31 December 2020</b>	<b>23</b>	<b>17,151</b>	<b>94,478</b>	<b>46,661</b>	<b>158,290</b>	<b>150,168</b>

\*\* Parish Share Support Package (see page 8) – agreed the equivalent of 1.5 months requested share to each parish to assist with the impact on local parish income due to the COVID pandemic.

All activities relate to continuing operations.

The notes on pages 28 to 61 form part of these financial statements.

A comparative Statement of Financial Activities is included at note 33.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**SUMMARY INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 Unrestricted Funds £'000	2020 Restricted Funds £'000	2020 Total Funds £'000	2019 Total Funds £'000
Income		13,915	2,341	16,256	17,852
Gains on investments		1,230	5,587	6,817	5,444
<b>Gross income in the reporting period</b>		<u>15,145</u>	<u>7,928</u>	<u>23,073</u>	<u>23,296</u>
Less: Total expenditure		16,285	1,056	17,341	18,313
<b>Net income for the year before Transfers</b>		(1,130)	6,872	5,732	4,983
Transfers between funds	17,23	840	(868)	(28)	(150)
Net income for the year after transfers		<u>(300)</u>	<u>6,004</u>	<u>5,704</u>	<u>4,833</u>
<b>Net income for the financial year</b>	23	<u><u>(300)</u></u>	<u><u>6,004</u></u>	<u><u>5,704</u></u>	<u><u>4,833</u></u>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The notes on pages 25 to 61 form part of these financial statements.

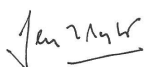
**CONSOLIDATED BALANCE SHEET**

**AS AT 31 DECEMBER 2020**

	Note	2020		2019	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	18		111,278		103,809
Investments	19		44,122		44,165
			<u>155,400</u>		<u>147,974</u>
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	20	825		902	
Debtors: amounts falling due within one year	20	1,912		1,901	
Cash at bank and in hand	26	3,391		3,596	
			<u>6,128</u>	<u>6,399</u>	
<b>Creditors: Amounts falling due within one year</b>	21	(1,850)		(1,912)	
<b>Net Current Assets</b>			<u>4,278</u>		<u>4,487</u>
<b>Total assets less current liabilities</b>			<u>159,678</u>		<u>152,461</u>
<b>Creditors: amounts falling due after more than one year</b>	22		(1,388)		(2,293)
<b>Net assets</b>			<u>158,290</u>		<u>150,168</u>
<b>Charity Funds</b>					
Endowment funds	23		46,661		44,243
Restricted funds	23		94,478		88,474
Designated funds	23	11,028		14,377	
Unrestricted funds	23	6,123		3,074	
			<u>17,151</u>	<u>17,451</u>	
<b>Total funds</b>			<u>158,290</u>		<u>150,168</u>

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006. The unconsolidated surplus/(deficit) of the parent charity was £8.169M (2019: surplus £9.594M).

The financial statements were approved and authorised for issue by the Trustees on 26 May 2021 and signed on their behalf by:



**John Naylor**  
**Chairman**

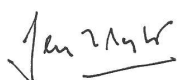
The notes on pages 27 to 61 form part of these financial statements.

**COMPANY BALANCE SHEET**

**AS AT 31 DECEMBER 2020**

	Note	2020		2019	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	18		110,756		103,321
Investments	19		44,031		44,077
			<u>154,787</u>		<u>147,398</u>
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	20	897		982	
Debtors: amounts falling due within one year	20	1,938		1,862	
Cash at bank		2,913		3,051	
		<u>5,748</u>		<u>5,895</u>	
<b>Creditors: Amounts falling due within one year</b>	21	<u>(1,735)</u>		<u>(1,756)</u>	
<b>Net Current Assets</b>			<u>4,013</u>		<u>4,139</u>
<b>Total assets less current liabilities</b>			<u>158,800</u>		<u>151,537</u>
<b>Creditors: amounts falling due after more than one year</b>	22		<u>(1,388)</u>		<u>(2,294)</u>
<b>Net assets</b>			<u>157,412</u>		<u>149,243</u>
<b>Charity Funds</b>					
Endowment funds			46,661		44,243
Restricted funds			94,087		88,076
Designated funds		11,028		14,375	
Unrestricted funds		5,636		2,549	
		<u>16,664</u>		<u>16,924</u>	
<b>Total funds</b>			<u>157,412</u>		<u>149,243</u>

The financial statements were approved and authorised for issue by the Trustees on 26 May 2021 and signed on their behalf by:



**John Naylor**  
**Chairman**

The notes on pages 28 to 61 form part of these financial statements.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	25	(2,938)	(2,287)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1,253	1,492
Proceeds from the sale of fixed assets		1,252	4
Purchase of fixed assets		(891)	(857)
Interest paid		(26)	(105)
Purchase of investments		(834)	(571)
Proceeds from Sale of Investments		2,032	2,465
<b>Net cash provided by/(used in) investing activities</b>		<u>2,786</u>	<u>2,428</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(53)	(58)
Cash inflows from new borrowing		-	-
<b>Net cash provided by financing activities</b>		<u>(53)</u>	<u>(58)</u>
<b>Change in cash and cash equivalents in the year</b>		(205)	83
Cash and cash equivalents brought forward		3,596	3,513
<b>Cash and cash equivalents carried forward</b>	26	<u>3,391</u>	<u>3,596</u>
<b>Analysis of Net Funds:</b>			
	<b>01 Jan 2020</b>	<b>Cashflow</b>	<b>31 Dec 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank in hand	3,596	(205)	3,391
Loans and mortgages	(452)	53	(399)
<b>Total</b>	<u>3,144</u>	<u>152</u>	<u>2,992</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The Lichfield Diocesan Board of Finance (Incorporated) is a charitable company incorporated in England and Wales under the Companies Act and registered as a charity with the Charity Commission in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the reference and administration details of these financial statements. The nature of the charity's operations and principal activities are detailed in the trustees' report.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Second Edition effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

The Lichfield Diocesan Board of Finance (Incorporated) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

**1.2 Going concern**

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. It is accepted as referred to in the Trustees Annual Report; that longer term financial sustainability needs to be addressed and the Group must not continually be reliant on historical resources. For this reason, they continue to adopt the going concern basis in preparing the financial statements and are satisfied that there are no material uncertainties which may impact on the ability of the company to operate as a going concern.

**1.3 Company status**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**1.4 Income**

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



**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. ACCOUNTING POLICIES (continued)**

**1.5 Income (continued)**

- ii) **Parish Share** is recognised as income of the year in respect of which it is receivable.
- ii) **Rent receivable** is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other incoming. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

**1.6 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 mission and ministry in the parishes of the diocese, expenditure relating to the running of the diocesan retreat centre, 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.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. ACCOUNTING POLICIES (continued)**

**1.6 Expenditure (continued)**

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

**1.7 Tangible fixed assets and depreciation**

**Freehold Property**

All properties, including glebe and parsonage houses, are stated at valuation, except for redundant churches that are held at a nil valuation reflecting uncertainty as to their future ownership and use. Valuations are undertaken annually as at 31 December each year by reference to values for detached houses in various areas covered by the Nationwide Building Society monthly house price index data. All properties are subject to an annual impairment review by the Director of Buildings; properties are written down to net realisable value where that is lower than carrying value.

The overall net gain or loss for the year on revaluation is shown in the Statement of Financial Activities. Included under unrestricted funds are properties that have been acquired using general funds and are represented by the designated Board Properties Fund.

Additions are at cost but subject to an annual valuation adjustment at the end of the financial year. Extensions to buildings are capitalised.

No depreciation is provided on buildings as any charge would not be material due to the very long expected useful economic life and because their expected residual value is not materially less than their carrying value. LDBF has a policy of regular 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 suffer 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.

Sales and purchases of properties are recognised on the date of exchange of contract.

The majority of transfers occur following pastoral reorganisation. A benefice house may be transferred to diocesan glebe or general funds for disposal or to be held as a corporate property, as determined by the particular pastoral scheme. In the majority of such cases, houses are required as functional fixed assets for housing team vicars (in a team ministry) or other members licensed to a benefice and as such are held as corporate property under unrestricted designated funds.

**Properties subject to value linked loans**

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

**Investment properties**

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation (continued)**

**Parsonage houses**

Parsonage houses and glebe assets were incorporated into the financial statements for the first time as at January 1997 at an initial carrying value (ICV). All residential properties at that date, including team vicarages held as glebe, were valued by the Director of Buildings, an architect, by reference to Council Tax bandings, and to find the appropriate level within the band, to insurance rebuild value after adding 50% to the latter for land value.

Parsonage houses, also known as benefice houses, are legally vested in the incumbent. However, an incumbent is not free to dispose of the house for his/her own benefit, cannot make alterations or improvements to the property and is not responsible for maintaining the house. In spite of the complex tenure of parsonage houses, LDBF is responsible for the maintenance and insurance of the houses in the same way as for other houses and they are assets of LDBF within the FRS 102 definition as they are 'rights or other access to economic benefits controlled by an entity' and are therefore recognised as fixed assets in the balance sheet.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	20% straight line, no depreciation charge in the year of acquisition
Office equipment	20% straight line, no depreciation charge in the year of acquisition

**1.8 Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

**1.9 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

**1.10 Glebe land**

Glebe Land of almost 2,100 acres was included on the balance sheet for the first time in 1998 using an average agricultural land valuation. 1,927 acres remain at the balance sheet date. It is accepted that there are likely to be certain holdings with development potential but until such time that they are considered for disposal when the market value will be professionally ascertained, the more prudent agricultural value will be used. This land was revalued for the first time in 2007. Where planning permission has been received, the land in question is specifically revalued at a maximum of 50% of the sale value (forced sale value), subject to certain conditions agreed with the land agents.

**Investment property**

Properties that are identified as Investment opportunities are classified as Investment properties. These are revalued annually using Diocesan Investment Properties are revalued each year using the Nationwide Regional Quarterly Series - All Properties, Regional Quarterly Indices (West Midlands Region).

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. ACCOUNTING POLICIES (continued)**

**1.10 Glebe land (continued)**

**Redundant church property fund**

The Redundant Church Property Fund which represents redundant churches vested in the Board was also included in the Balance Sheet for the first time in 1998. The properties have been professionally valued and included in the accounts at two-thirds of that value. The Board is responsible for the maintenance of these properties and any costs are borne by the Pastoral Fund.

There are also seven properties that the Board have interest in, although they have been transferred and vested in the Churches Conservation Trust (CCT). These properties are as follows: -

Addersley S Peters (except Nave and Tower)	Battlefield
Longford	Patshull S Mary
Preston Gubbals	Shrewsbury S Mary
Stirchley S James	Wroxeter S Andrew

These are not included at any value and should any financial transaction take place in the future then the proceeds will be treated as either funds introduced or gain on sale of tangible asset depending on the circumstances of the transaction.

**1.11 Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.12 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.13 Taxation**

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.14 Fund balances**

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

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**1. ACCOUNTING POLICIES (continued)**

**1.14 Fund balances (continued)**

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

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

**1.15 Pensions**

The company participates in the Church of England Funded Pensions Scheme for stipendiary clergy and the Defined Benefits Scheme section of Church Workers Pension Fund (CWPF) for lay staff. The pension charges are based on a full actuarial valuation dated 31 December 2018 for the Church of England Funded Pensions scheme and 31 December 2019 for Church Workers Pension Fund. The CWPF is a defined benefit pensions scheme, as required by FRS102 agreed deficit repayment plans are reflected a liability in the Balance Sheet. Further details are provided in note 29.

**2. JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements in conformity with generally accepted accounting practice requires the directors to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditures during the reporting period. Actual results in the future could differ from those estimates. In this regard, the directors believe that the most significant areas of judgement relate to the valuation of properties.

**Valuation**

Given the size of the property portfolio valuation is an area of judgement. The Board use in house expertise available through the Property Department plus local agents; and the valuation methods are detailed above. Actual results of sold properties are compared to valuations to identify potential issues.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>3. INCOME FROM DONATIONS AND LEGACIES</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Parish contributions	9,383	11,062
Archbishops' Council	3,589	2,628
Other	686	613
	<u>13,658</u>	<u>14,303</u>
<b>4. PARISH CONTRIBUTION</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Current year apportionment requested	12,090	11,801
Additional Voluntary Contribution	52	10
Less share written off not provided for	(494)	(437)
Less increase in provision for doubtful debts	(810)	(312)
	<u>10,838</u>	<u>11,062</u>
Net figure before Parish Support (page 8 & page 23)	<u>10,838</u>	<u>11,062</u>
<b>Provision for doubtful debts</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Total share arrears as at 31 December	2,120	1,700
Arrears received in January	(122)	(238)
	<u>1,998</u>	<u>1,462</u>
Provision at year end	1,998	1,462
Provision for doubtful debts as at 1 January	1,462	1,529
Written off in the year	(274)	(380)
	<u>1,188</u>	<u>1,149</u>
Increase in provision for doubtful debts in the year	<u>810</u>	<u>312</u>
<b>5. ARCHBISHOP'S COUNCIL</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Low Income Communities	2,113	2,168
Resourcing Ministerial Education	302	271
Transitional Funding	77	189
Sustainability Funding	850	-
Strategic Development Funding	247	-
	<u>3,589</u>	<u>2,628</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>6. OTHER DONATIONS</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
All Churches Trust	230	234
Walter Stanley Trust	75	91
Other donations	93	92
Closed Churches	190	-
St Chad's Retreat Centre	12	15
Mercian Community Trust	86	181
	<u>686</u>	<u>613</u>
	<u><u>686</u></u>	<u><u>613</u></u>
<b>7. CHARITABLE ACTIVITIES</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Statutory fees	613	1,131
Chaplaincy income	129	180
Guaranteed annuities	1	1
Conferences and Related Fees	18	52
Furlough Grants (Group)	251	-
St Chad's Retreat Centre	163	468
Mercian Community Trust	3	14
	<u>1,178</u>	<u>1,846</u>
	<u><u>1,178</u></u>	<u><u>1,846</u></u>
<b>8. OTHER TRADING ACTIVITIES</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Housing income	432	425
Parish services	22	32
St Chad's Retreat Centre	24	40
Mercian Community Trust	4	-
	<u>482</u>	<u>497</u>
	<u><u>482</u></u>	<u><u>497</u></u>
<b>9. INVESTMENT INCOME</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Rents receivable	241	261
Dividends receivable	989	1,194
Interest receivable	11	32
St Chad's Retreat Centre	4	4
Mercian Community Trust	1	1
	<u>1,246</u>	<u>1,492</u>
	<u><u>1,246</u></u>	<u><u>1,492</u></u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**10. OTHER INCOME**

	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
(Loss)/Gains on sale of assets	(7)	(2)
Funds introduced from Lichfield Diocesan Trust	-	60
	<u>(7)</u>	<u>58</u>

**11. RAISING FUNDS**

	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Agents fees	138	93
Rental costs	18	10
	<u>156</u>	<u>103</u>

**12. OTHER EXPENDITURE**

	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Extra-ordinary costs relating to Pensions	26	108
	<u>26</u>	<u>108</u>

**13. CHARITABLE ACTIVITIES**

	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
<b>Contribution to Archbishops' Council</b>		
Training for Ministry	432	432
National Church responsibilities	361	380
Agency Pension Contributions	16	4
Retired Clergy Housing Costs	155	148
Pooling of Candidates Grants	92	23
	<u>1,056</u>	<u>987</u>
<b>Resourcing Ministry and Mission</b>		
<b>Parish Ministry</b>		
Stipends and related costs	7,330	7,444
Pensions	1,671	1,660
Housing costs	2,162	2,801
Removal, resettlement Grants	179	230
Other expenses	1,141	661
	<u>12,483</u>	<u>12,796</u>



**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. CHARITABLE ACTIVITIES (continued)**

	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
<b>Support for Ministry</b>		
Support for Ministry	2,981	3,654
St Chad's Retreat Centre	318	491
Mercian Community Trust	108	126
	<u>3,407</u>	<u>4,271</u>
<b>Expenditure on Education</b>		
Education	342	259
<b>Total</b>	<u><u>17,288</u></u>	<u><u>18,313</u></u>

**14. ANALYSIS OF SUPPORT COSTS**

	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Central administration	1,183	1,204
Support schools	342	259
Governance		
- Audit	24	23
- Registrar and chancellor	105	93
- Synodical costs	8	30
	<u>1,662</u>	<u>1,609</u>

**15. ANALYSIS OF EXPENDITURE INCLUDING SUPPORT COSTS**

	<b>Activities Undertaken £'000</b>	<b>Grants 2020 £'000</b>	<b>Support 2020 £'000</b>	<b>Total 2020 £'000</b>
<b>2020</b>				
Raising funds	156	-	-	156
Charitable activities	-	1,056	-	1,056
Resources parish summary	12,791	1,437	1,662	15,890
Education	333	9	-	342
Other	26	-	-	26
	<u>13,306</u>	<u>2,502</u>	<u>1,662</u>	<u>17,470</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**ANALYSIS OF EXPENDITURE INCLUDING SUPPORT COSTS**  
**2019 – Comparative**

	<i>Activities Undertaken</i>	<i>Grants 2019</i>	<i>Support 2019</i>	<i>Total 2019</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Raising funds</i>	103	-	-	103
<i>Charitable activities</i>	-	987	-	987
<i>Resources parish summary</i>	13,436	2,022	1,609	17,067
<i>Education</i>	250	9	-	259
<i>Other</i>	108	-	-	108
	<u>13,897</u>	<u>3,018</u>	<u>1,609</u>	<u>18,524</u>

**16. STAFF COSTS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Employee costs were as follow:</b>		
Wages and salaries	1,809	1,868
Social security costs	164	165
Other pension costs	250	267
	<u>2,223</u>	<u>2,300</u>

The wages and salaries include termination costs of £27,946 (2019: £11,070)

The average number of persons employed by the group during the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Management and administration	31	32
Archdeacons and Bishop's support staff	9	9
Central sector ministers/advisers and support staff	35	31
St Chad's Retreat Centre	12	19
Mercian Community Trust	1	1
	<u>88</u>	<u>92</u>

The number of employees whose emoluments exceeded £60,000 was:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £70,000	-	-
£70,000 - £80,000	-	2
£80,000 - £90,000	2	1
£90,000 - £100,000	1	1
£100,000 - £110,000	1	-
	<u>4</u>	<u>4</u>

Parochial stipendiary clergy are not employees of the Lichfield Diocesan Board of Finance and therefore their stipends, pensions and social security costs are not included in this note.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**16. STAFF COSTS (continued)**

**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2019 they were:

Diocesan Secretary and Company Secretary	Mrs J Jones
Director of Finance	Mr J Hill
Director of Glebe	Mr A Mason
Director of Education	Mrs C Shaw
Director of Communications	Mr P Bate

Remuneration, National Insurance and pensions for these 5 employees amounted to £417,643 (2019: £420,025).

**Trustees' emoluments**

No Trustee received any remuneration for services as Trustee, 7 trustees (2019: 11 trustees) received travelling and out of pocket expenses, totalling £7,343 (2019: £22,732) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

**Trustees expenses by stipend and housing detail**

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

		<b>Housing</b>	<b>Stipend</b>
The Rt. Rev. Michael Ipgrave	Bishop of Lichfield	No	No
The Rt. Rev. Sarah Bullock	Bishop of Shrewsbury	Yes	No
Vacant	Bishop of Stafford	Yes	No
The Rt. Rev. Clive Gregory	Bishop of Wolverhampton	Yes	No
The Very Rev. Adrian Dorber	Dean of Lichfield	No	No
The Ven. Dr Susan Weller	Archdeacon of Lichfield	No	Yes
The Ven. Paul Thomas	Archdeacon of Salop	Yes	Yes
The Ven. Matthew Parker	Archdeacon of Stoke	Yes	Yes
The Ven. Julian Francis	Archdeacon of Walsall	No	Yes
The Rev Preb Ben Whitmore	Chair, House of Clergy	Yes	Yes
The Rev Philip. Cansdale		Yes	Yes
The Rev. Julia Cody		Yes	Yes
The Revd Canon Pat Hawkins		No	No
The Revd Preb Brian Leathers		Yes	Yes
The Revd. Martin Rutter		Yes	Yes

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

In 2020 two trustee made donations to the Board, totalling £750. In 2019, one trustee made donations to the Board totalling £1,800.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**16. STAFF COSTS (continued)**

**Stipends cost note**

The LDBF paid an average of 252 (2019: 260) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	6,242	6,554
National insurance contributions	499	526
Pension costs - current year	1,637	1,768
- deficit reduction	750	754
	<u>9,128</u>	<u>9,602</u>

The stipends of the four Bishops were paid and funded by the Church Commissioners.

The stipends of the Diocesan Bishop and Area/Suffragan Bishops are funded by the Church Commissioners and are in the range £ 37,760 - £46,560 (2019: £36,930 - £45,560). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2020 was in the range £36,100 - £52,345 (2019: range £36,100 - £52,345) and other clergy who were Trustees were paid in the range £26,230 - £28,545 (2019: £26,230 - £28,545). The Central Stipend Authority (CSA) has taken the decision to cease the practice of calculating a national figure for the estimated value of provided housing. Based on dashboard information provided it is estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2020 at £13,000 (2019: £12,750).

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**17. ANALYSIS OF TRANSFERS BETWEEN FUNDS**  
**2020**

	<b>General Unrestricted Funds £'000</b>	<b>Designated Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>
Investment income towards General Costs	904	(220)	(387)	(297)
Transfer to finance Share Support	1,500	(1,500)	-	-
Transfer to close Designated funds**	3,725	(3,803)	78	-
Transfer of Property Classification	-	905	(657)	(248)
Transfer of Property Costs	100	-	-	(100)
Support to Mission Projects	(126)	4	122	-
Support costs incurred in restricted funds	99	-	(22)	(77)
Transfer re Clergy Pensions deficit payments	(750)	-	-	750
Transfer re DBS Pension Deficit Payments	(80)	80	-	-
Mercian Community Trust	2	-	(2)	-
St Chad's Retreat Centre	-	-	-	-
Other transfers	-	-	-	-
	<u>5,374</u>	<u>(4,534)</u>	<u>(868)</u>	<u>28</u>

*\*\* It was agreed by the trustees to transfer Designated funds to General Unrestricted Funds in light of the financial challenges in the current year and be part of the general reserves if needed. DBF Unrestricted Properties remain as Designated funds and some smaller committed funds until projects end. The majority of the transfer are Designated Investments, originated from legacies with no restrictions.*

**ANALYSIS OF TRANSFERS BETWEEN FUNDS**  
**2019 – Comparative**

	<b>General Unrestricted Funds £'000</b>	<b>Designated Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>
Investment income towards General Costs	981	(179)	(463)	(339)
Transfer of Property Classification	-	421	(421)	-
Transfer of Property Costs	100	-	-	(100)
Support to Mission Projects	(168)	168	-	-
Transfer support Transitional Budget changes	130	(130)	-	-
Support costs incurred in restricted funds	110	(60)	(16)	(34)
To support relevant Stipend costs	130	-	-	(130)
Transfer re Clergy Pensions deficit payments	(754)	-	-	754
Transfer re DBS Pension Deficit Payments	(80)	80	-	-
Bishops Ordination Fund	24	-	(24)	-
Mercian Community Trust	3	-	(3)	-
St Chad's Retreat Centre	(4)	-	4	-
Other transfers	(11)	2	10	(1)
	<u>461</u>	<u>302</u>	<u>(913)</u>	<u>150</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>18. TANGIBLE FIXED ASSETS</b>	<b>Freehold land and building £'000</b>	<b>Office Equipment £'000</b>	<b>Total £'000</b>
<b>Group</b>			
<b>Cost or valuation</b>			
At 1 January 2020	103,458	947	104,405
Additions	844	47	891
Disposals	(1,205)	(47)	(1,252)
Revaluation surplus	7,880	-	7,880
At 31 December 2020	<u>110,977</u>	<u>947</u>	<u>111,924</u>
<b>Depreciation</b>			
At 1 January 2020	-	596	596
Charge for the year	-	83	83
On disposals	-	(33)	(33)
At 31 December 2020	<u>-</u>	<u>646</u>	<u>646</u>
<b>Net book value</b>			
At 31 December 2020	<u>110,977</u>	<u>301</u>	<u>111,278</u>
At 31 December 2019	<u>103,458</u>	<u>351</u>	<u>103,809</u>
<b>Company</b>	<b>Freehold Land and building £'000</b>	<b>Office Equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 1 January 2020	102,987	918	103,905
Additions	844	42	886
Disposals	(1,205)	(48)	(1,253)
Revaluation surplus/(deficit)	7,845	-	7,845
At 31 December 2020	<u>110,471</u>	<u>912</u>	<u>111,383</u>
<b>Depreciation</b>			
At 1 January 2020	-	584	584
Charge for the year	-	83	83
On disposals	-	(40)	(40)
At 31 December 2020	<u>-</u>	<u>627</u>	<u>627</u>
<b>Net book value</b>			
At 31 December 2020	<u>110,471</u>	<u>285</u>	<u>110,756</u>
At 31 December 2019	<u>102,987</u>	<u>334</u>	<u>103,321</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>19. FIXED ASSET INVESTMENTS</b>	<b>Agricultural Land £'000</b>	<b>Residential property £'000</b>	<b>Listed Investments £'000</b>	<b>Total £'000</b>	
<b>Group</b>					
<b>Market value</b>					
At 1 January 2020	10,597	1,952	31,616	44,165	
Additions	-	-	834	834	
Disposals	(247)	(695)	(1,090)	(2,032)	
Transfers/Reclassification	-	-	-	-	
Revaluations	172	(19)	1,002	1,155	
At 31 December 2020	<u>10,522</u>	<u>1,238</u>	<u>32,362</u>	<u>44,122</u>	
<b>Historical cost</b>	<u>3,838</u>	<u>935</u>	<u>18,908</u>	<u>23,681</u>	
<b>Company</b>					
<b>Market value</b>					
At 1 January 2020	10,597	1,952	31,528	44,077	
Additions	-	-	834	834	
Disposals	(247)	(695)	(1,090)	(2,032)	
Transfer	-	-	-	-	
Revaluations	172	(19)	999	1,152	
At 31 December 2020	<u>10,522</u>	<u>1,238</u>	<u>31,271</u>	<u>44,031</u>	
<b>Historical cost</b>	<u>3,838</u>	<u>935</u>	<u>18,844</u>	<u>23,617</u>	
	<b>At 1 January 2020 £'000</b>	<b>Additions £'000</b>	<b>Disposals £'000</b>	<b>Change in Market Value £'000</b>	<b>At 31 December 2020 £'000</b>
<b>Group</b>					
<b>Unrestricted funds</b>					
Unlisted investments	6,006	48	(157)	133	6,030
Investment properties	212	-	-	15	227
	<u>6,218</u>	<u>48</u>	<u>(157)</u>	<u>148</u>	<u>6,257</u>
<b>Restricted funds</b>					
Unlisted investments	17,651	738	(834)	521	18,076
Investment properties	893	-	(695)	(98)	100
	<u>18,544</u>	<u>718</u>	<u>(1,529)</u>	<u>423</u>	<u>18,176</u>
<b>Endowment funds</b>					
Unlisted investments	7,958	48	(99)	349	8,256
Investment Properties	848	-	-	63	911
Land investments	10,597	-	(247)	172	10,522
	<u>19,403</u>	<u>48</u>	<u>(346)</u>	<u>584</u>	<u>19,689</u>
<b>Total</b>	<u>44,165</u>	<u>834</u>	<u>(2,032)</u>	<u>1,155</u>	<u>44,122</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**19. FIXED ASSETS INVESTMENTS (continued)**

Company	At 1 January	Additions	Disposals	Change in	At 31 December
	2020			Market	2020
	£'000	£'000	£'000	Value	£'000
				£'000	
<b>Unrestricted funds</b>					
Unlisted investments	5,973	48	(157)	134	5,998
Investment properties	212	-	-	15	227
	<u>6,185</u>	<u>48</u>	<u>(157)</u>	<u>149</u>	<u>6,225</u>
<b>Restricted funds</b>					
Unlisted investments	17,596	738	(834)	517	18,017
Investment properties	893	-	(695)	(98)	100
	<u>18,489</u>	<u>738</u>	<u>(1,529)</u>	<u>419</u>	<u>18,117</u>
<b>Endowment funds</b>					
Unlisted investments	7,958	48	(99)	349	8,256
Investment Properties	848	-	-	63	911
Land investments	10,597	-	(247)	172	10,522
	<u>19,403</u>	<u>48</u>	<u>(346)</u>	<u>584</u>	<u>19,689</u>
Total	<u><u>44,077</u></u>	<u><u>834</u></u>	<u><u>(2,032)</u></u>	<u><u>1,152</u></u>	<u><u>44,031</u></u>

**20. DEBTORS**

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Due after more than one year</b>				
Other debtors	6	6	6	6
Loans	819	896	891	976
	<u>825</u>	<u>902</u>	<u>897</u>	<u>982</u>
<b>Due within one year</b>				
Parish Share (net of provision)	121	238	121	238
Amounts owed by group undertakings	-	-	19	37
Assigned fees	106	151	106	131
Loans	349	245	375	272
Prepayments	360	370	360	370
Recharges	195	224	195	224
Due from Board of Education	27	65	27	65
Strategic Development Fund	135	-	135	-
Diocesan Debtors Account (National Church)	185	-	185	-
Other Debtors	434	628	415	525
	<u>1,912</u>	<u>1,901</u>	<u>1,938</u>	<u>1,862</u>



**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

20. DEBTORS (continued)	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Loans</b>				
<b>Due in under one year</b>				
Staff loans	21	32	21	32
Clergy loans	9	11	9	11
Cathedral	50	50	50	50
Loans to Parishes	269	152	295	179
	<u>349</u>	<u>245</u>	<u>375</u>	<u>272</u>
<b>Due in more than one year</b>				
Staff loans	45	48	45	48
Clergy loans	29	31	29	31
Loans to the Cathedral	100	150	100	150
Loans to Parishes	645	667	717	747
Secured Loan on Property	6	6	6	6
	<u>825</u>	<u>902</u>	<u>897</u>	<u>982</u>
<b>Total</b>	<u>1,174</u>	<u>1,147</u>	<u>1,272</u>	<u>1,254</u>
			<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Provision for doubtful debt</b>				
Parish Share			1,998	1,462
Diocesan Loan Fund			352	352
Sundry sales accounts			5	5
			<u>2,355</u>	<u>1,819</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

21. CREDITORS: amounts falling due within one year	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans from Church Commissioners – CCLA	50	50	50	50
Loans from Church Commissioners - Mortgage	2	3	2	3
Payments received on account	44	-	-	-
Trade creditors	1,300	1,547	1,260	1,274
Amounts owed to group undertakings	-	-	-	-
Deferred Expenditure Grants	271	172	236	201
Other taxation and social security	79	83	79	77
Accruals	104	57	108	151
	<u>1,850</u>	<u>1,912</u>	<u>1,735</u>	<u>1,756</u>

22. CREDITORS: amounts falling due after more than one year	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Loans from Church Commissioners – CCLA	100	150	100	150
Loans from Church Commissioners - Mortgage	-	2	-	2
Loans from Church Commissioners – Value Linked loans	247	247	247	247
DBS pension	1,041	1,831	1,041	1,831
Deferred grants	-	63	-	64
	<u>1,388</u>	<u>2,293</u>	<u>1,388</u>	<u>2,294</u>

Included within the above are amounts falling due as follows:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Between one and two years</b>				
Loans from Church Commissioners – CCLA	50	50	50	50
Loans from Church Commissioners - Mortgages	-	2	-	2
	<u>50</u>	<u>52</u>	<u>50</u>	<u>52</u>
<b>Between two and five years</b>				
Loans from Church Commissioners – CCLA	50	100	50	100
Loans from Church Commissioners - Mortgages	-	-	-	-
	<u>50</u>	<u>100</u>	<u>50</u>	<u>100</u>
<b>Over five years</b>				
Loans from Church Commissioners – CCLA	-	-	-	-
Loans from Church Commissioners - Mortgages	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**Mortgages**

Although the mortgages carry a charge against the properties they relate to, they are not secured loans. In accordance with the charge, when a property is sold that has a mortgage attached to it, then the outstanding balance plus any outstanding or accrued interest is taken from the sale proceeds. All mortgages at the year-end are with the Church Commissioners.

**CCLA - value linked loans**

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2019 the Board had no intention of disposing of any of those properties funded via VLLs.

**Church of England Defined Benefits Scheme (DBS)**

The Charity participated in the DBS, part of the Church Workers Pension Fund until 30 September 2012, when the Charity ceased to use the scheme and transferred to the Pension Builder Scheme. Amounts outstanding represent the shortfall on the employer sub pool.

**23. 2020: STATEMENT OF FUNDS**

Group Only	<b>Brought Forward £'000</b>	<b>Income &amp; Pensions £'000</b>	<b>Expenditure £'000</b>	<b>Transfers in/out £'000</b>	<b>Gains/ (losses) £'000</b>	<b>Carried Forward £'000</b>
<b>Designated funds</b>						
Legacies	5,169	120	-	(5,339)	50	-
Strategic	26	-	(21)	(5)	-	-
Projects & Events	83	12	(19)	(41)	-	35
DBF Designated houses	9,052	7	(28)	898	1,064	10,993
Resourcing The Future	47	-	-	(47)	-	-
	<u>14,377</u>	<u>139</u>	<u>(68)</u>	<u>(4,534)</u>	<u>1,114</u>	<u>11,028</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**23. 2019: STATEMENT OF FUNDS (continued)**

	<b>Brought Forward £'000</b>	<b>Income&amp; Pensions £'000</b>	<b>Expenditure £'000</b>	<b>Transfers in/out £'000</b>	<b>Gains/ (losses) £'000</b>	<b>Carried Forward £'000</b>
<b>General funds</b>						
General	2,548	13,530	(15,897)	5,374	79	5,636
St Chad's Retreat Centre	533	246	(318)	-	37	498
Mercian Community Trust	(7)	-	(2)	-	-	(9)
	<u>3,074</u>	<u>13,770</u>	<u>(16,217)</u>	<u>5,374</u>	<u>116</u>	<u>6,123</u>
<b>Total unrestricted funds</b>	<u>17,451</u>	<u>13,915</u>	<u>(16,285)</u>	<u>840</u>	<u>1,230</u>	<u>17,151</u>
<b>Endowment funds</b>						
Diocesan Stipends Fund	45,400	286	(107)	(707)	2,180	47,052
Endowment & Gift	467	15	-	(15)	38	505
Clergy pensions	(1,624)	-	(22)	750	-	(896)
	<u>44,243</u>	<u>301</u>	<u>(129)</u>	<u>28</u>	<u>2,218</u>	<u>46,661</u>
<b>Restricted funds</b>						
Property reserve	3,396	-	-	-	217	3,613
Restricted Trust Reserve	6,548	178	(109)	(132)	177	6,662
Benefice Houses	62,844	-	(5)	(761)	4,746	66,824
Pastoral Fund	9,136	445	(72)	(179)	142	9,472
Diocesan Loan Fund	2,278	1	-	-	-	2,279
Clergy Widows & Orphans	1,103	33	(49)	-	73	1,160
Interior decoration scheme	372	22	(7)	-	39	426
Lent appeal	1	13	(13)	-	-	1
Ordination	110	7	(1)	-	9	125
Parish Mission Project	51	1	-	-	3	55
Church Building Support Officer	(30)	-	-	30	-	-
Misc. Projects	13	18	(18)	53	-	66
Resourcing the Future	2,115	888	(1)	(5)	181	3,178
Res Ministerial Education	51	302	(266)	-	-	87
Direction of Travel	105	78	(53)	-	-	130
Telford New Minster (SDF)	(18)	259	(358)	126	-	9
St Chad's Retreat Centre	29	-	-	-	-	29
Mercian Community Trust	370	96	(104)	-	-	362
	<u>88,474</u>	<u>2,341</u>	<u>(1,056)</u>	<u>(868)</u>	<u>5,587</u>	<u>94,478</u>
<b>Total funds</b>	<u><u>150,168</u></u>	<u><u>16,557</u></u>	<u><u>(17,470)</u></u>	<u><u>-</u></u>	<u><u>9,035</u></u>	<u><u>158,290</u></u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT OF FUNDS**

**2019 Comparative**

	<b>Brought Forward</b>	<b>Income &amp; Pensions</b>	<b>Expenditure</b>	<b>Transfers in/out</b>	<b>Gains/ (losses)</b>	<b>Carried Forward</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Designated funds</b>						
Legacies	4,517	172	-	(171)	651	5,169
Strategic	116	1	(214)	123	-	26
Projects & Events	73	21	(12)	1	-	83
DBF Designated houses	8,358	11	(20)	414	289	9,052
Resourcing The Future	111	-	-	(64)	-	47
	<u>13,175</u>	<u>205</u>	<u>(246)</u>	<u>303</u>	<u>940</u>	<u>14,377</u>
<b>General funds</b>						
General	2,746	15,683	(16,669)	462	326	2,548
St Chad's Retreat Centre	483	524	(478)	(4)	8	533
Mercian Community Trust	(5)	-	(5)	3	-	(7)
	<u>3,224</u>	<u>16,207</u>	<u>(17,152)</u>	<u>461</u>	<u>334</u>	<u>3,074</u>
<b>Total unrestricted funds</b>	<u>16,399</u>	<u>16,322</u>	<u>(17,308)</u>	<u>763</u>	<u>1,275</u>	<u>17,451</u>
<b>Endowment funds</b>						
Diocesan Stipends Fund	44,149	329	(110)	(589)	1,621	45,400
Endowment & Gift	402	15	-	(15)	65	467
Clergy pensions	(5,194)	-	(101)	754	2,917	(1,624)
	<u>39,357</u>	<u>344</u>	<u>(211)</u>	<u>150</u>	<u>4,603</u>	<u>44,243</u>
<b>Restricted funds</b>						
Property reserve	3,321	-	-	-	75	3,396
Restricted Trust Reserve	5,684	270	(71)	(144)	809	6,548
Benefice Houses	61,623	-	-	(418)	1,639	62,844
Pastoral Fund	8,246	326	(119)	(335)	1,018	9,136
Diocesan Loan Fund	2,270	8	-	-	-	2,278
Clergy Widows & Orphans	936	32	(33)	-	168	1,103
Interior decoration scheme	292	23	(7)	-	64	372
Lent appeal	1	36	(36)	-	-	1
Ordination	97	24	(6)	(24)	19	110
Parish Mission Project	44	1	-	-	6	51
Church Building Support Officer	(10)	1	(33)	12	-	(30)
Misc. Projects	45	6	(38)	-	-	13
Resourcing the Future	1,705	54	(1)	(5)	362	2,115
Res Ministerial Education	44	270	(263)	-	-	51
Direction of Travel	73	279	(247)	-	-	105
Telford New Minster (SDF)	-	-	(18)	-	-	(18)
St Chad's Retreat Centre	25	3	(12)	4	9	29
Mercian Community Trust	297	197	(121)	(3)	-	370
	<u>84,693</u>	<u>1,530</u>	<u>(1,005)</u>	<u>(913)</u>	<u>4,169</u>	<u>88,474</u>
<b>Total funds</b>	<u>140,449</u>	<u>18,196</u>	<u>(18,524)</u>	<u>-</u>	<u>10,047</u>	<u>150,168</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Designated funds**

**1. Legacies**

This fund arose from legacies left to the Board for general purposes and a stipends reserve fund created to hold sufficient funds in cash or "near cash" to cover the cost of 6 months' clergy stipends, National Insurance and pensions. This fund has now been transferred to general reserves with effect from 31 December 2020.

**2. Strategic**

This group of funds, includes short term strategic work funded by guaranteed short term funding. This fund has included Addition for Mission posts, that were funded for a maximum of three years before review from the additional allocation received from the Church Commissioners, as well as Mission Development work, financed partly by the Mission Development Grant from the Commissioners plus a proportion of the grant from the All Churches Trust. Also included in the fund was the Double Glazing project to ensure all vicarages have adequate double glazing and a small fund for Pension Administration costs. Finally the fund includes additional funding that has been set aside to help with the Recruitment Strategy and improvement on our housing stock. The work is now completed and funds transferred to the general reserves at the end of 2020.

**3. Projects & Events**

This group of funds covers unrestricted funds set aside for various projects and events within the diocese. These included, Vacancy in See contingencies, accumulated funds towards the next Lambeth Conference, Swanwick, the Chairman's Fund (for clergy holidays) and a variety of specific areas of work that are due to either take place or be completed in later years, funded from Budget surpluses in previous years.

**4. DBF Designated Houses Fund**

The fund is represented by property purchased from Unrestricted Funds, including providing housing for deserted clergy spouses. There are twelve properties in this class, of which the fund has less than 50% interest in six properties, four of which are wholly owned by the Church Commissioners via an Equity Sharing Loan. Details of the Loan Agreements are shown under Accounting Policies Section 2b.

**5. Resourcing The Future (RTF)**

This includes identified surplus funds that are being invested to generate income to support Mission Orientated Projects in future years. The concept is the fund (including the restricted RTF) will raise sufficient capital to help generate approx. £350,000 per annum with effect from January 2019. This income will be used to support Mission, potential Pension liabilities and any short term additional deployment in future years.

**23. STATEMENT OF FUNDS (continued)**

**Restricted Funds**

**1. Property Reserve**

This fund derives from historical Pastoral Schemes, where property has been transferred to the DBF, but within it there are clauses pursuant to the relevant section of the Pastoral Measure. Consequently any sale proceeds may be subject to various restrictions.

**2. Restricted Trust Reserve**

This fund originates from Trust funds, either left direct to the Board of Finance, or vested in the Diocesan Authority and wound up under the Charities Act 2011. The main purpose is to support the diocesan Budget towards stipend costs; however some are specific to support areas of work within the Diocese or parishes.

**3. Benefice Property**

This fund only contains Benefice Property - Vicarages etc. for Incumbents and Team Rectors. When a property is sold, the proceeds are transferred to the Pastoral Fund. When a property is purchased the funds are transferred from the Pastoral Fund Account back into this fund.

**4. Pastoral Fund (Restricted Fund)**

Under the Pastoral Measure 1983 section 78(3), dioceses are allowed to use this fund for the repair of parsonage houses and for the payment of clergy stipends. It is the Board's policy to apply the fund as follows:

- Invest liquid assets, the income from which will support the Parish Share;
- Retain the balance to cover expenditure for other liabilities of the Pastoral Fund such as redundant churches' costs and the purchase of new houses for clergy.

**5. Diocesan Loan Fund**

The fund originates from the Diocesan Bishop's Million Shilling Fund at the turn of the 20th Century. The funds are made available to be loaned out to parishes to assist with the cost of church buildings. No grants are permitted from this fund, solely loans that are charged at a Variable Debit Rate of 1% above that earned on CBF Deposit. The rates and terms of the loans are governed and overseen by the Resourcing Parish Mission Committee (previously Parish Projects and Loans Committee to 31 December 2016).

**6. Clergy Widows and Orphans**

The fund derives from numerous legacies. Only the income can be used to support Widows and Dependent Children of deceased clergy. The income may also be used to support clergy infirmed or disabled. Initial grants are traditionally given at the time of the clergy person's death and the widows and dependents are supported further by annual Christmas grants.

**7. Interior Decoration Scheme**

The fund is designed to assist parishes in meeting the costs of internal decoration of either Benefice or Glebe Houses. The parishes are requested to contribute £250 per annum, and provided the money remains in the possession of the fund for 12 months, a bonus of 25% is awarded.

**8. Lent Appeal**

Each year the Diocesan Bishop launches his Lent Appeal across the diocese. The donations received in the year are awarded to specific areas of work specified at the time of the launch. Historically 50% of the donations are used for Local projects in the diocese and 50% to Overseas Mission.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**23. STATEMENT OF FUNDS (continued)**

**Restricted Funds**

**9. Ordination Candidates Fund**

This fund supports the training of Ordinands in the diocese. Each year the surplus in the fund is transferred to the Unrestricted Training Budget to assist with the costs. The donations arrive from collections at Licensing and Confirmation services and are shared between this fund and local projects once the costs of the service have been met.

**10. Church Mission**

The fund was created by the World Mission officer in 2001 - to help support parish overseas and mission projects. The fund gives grants to assist with projects and receives donations from participating parishes.

**11. Church Building Support Officer**

Due to funding made available from English Heritage, an Officer has been employed to help churches both raise funds for their church building but also offer advice on how the properties can be used more effectively and efficiently. It is currently a three year funded post supported by funds made available from the Designated Projects and Events Budget and therefore the deficit on this fund will be reversed in future accounting periods.

**12. Miscellaneous Projects (Restricted)**

The fund derives from donations or grants to support specific areas of work, including Evangelism & Discipleship, Newchapel Hub, Ministry @ Work and Lichfield Theological Forum.

**13. Resourcing The Future (RTF)**

This includes identified restricted surplus funds that are being invested to generate income to support Mission Orientated Projects in future years. The concept is the fund (including the designated RTF) will raise sufficient capital to help generate approx. £350,000 per annum with effect from January 2025. This income will be used to support Mission, potential Pension liabilities and any short-term additional deployment in future years.

**14. Direction of Travel**

The fund represents restricted funds from the National Church under Transitional Funding that supports four main Mission Initiatives in the Diocese as well as some miscellaneous projects or Areas of work that promote the Bishops First Steps and Direction of Travel across the Diocese under Come Follow Christ in the footsteps of St Chad.

**15. Telford New Minster – SDF Bid**

This fund represents the first Diocesan Strategic Funding Bid from the National Church. The new Telford Minster is a new Church based at Meeting Point House and will serve the Telford Deanery and wider diocese. This currently has a negative reserve, however it will be cleared once the SDF funding is drawn down from the National Church once the project has commenced the building work.

**16. Resourcing Ministerial Education**

This fund represents grants received and paid in furthering the Education in Ordinands. This new initiative which was piloted in the Diocese in the previous years is part of the strategy between the National Church and the Theological Training establishments in supporting Ordinands in Training.

**17. St Chads Retreat Centre**

The fund represents restricted funds for Development and Mission work at both Dovedale and Shallowford House, including donations received from the Friends of both sites.



**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**18. Mercian Community Trust**

The fund represents restricted funds for Projects and also the Diocesan Community Fund. The Diocesan Community Fund awards grants for communities within the Diocese that have a high level of deprivation. Also under the Mercian Community Trust is the Telford Christians Against Poverty project at Wellington All Saints.

In addition to the Restricted Funds, the Board also has three Endowment Funds as follows: -

**Endowment & Gift Fund**

The fund originates from anonymous donations in 1955. The fund was set up as an Endowment to support the furtherance of the charitable objectives of the Board and as a result the income generated in the year is transferred to the Unrestricted Funds. Although the fund is an endowment there are terms and conditions which allow the capital to be spent in the same manner as the income. However, the Board's policy is to retain the capital in investments for the time being to generate income to support the overall work of the Board.

**Diocesan Stipends Fund (Restricted)**

In accordance with the Diocesan Stipends Fund Measure 1953, as amended by Section 9, 35(1) and (2), 47 (4) and schedule 8 of the Endowments and Glebe Measure 1976, and various other later Measures, the reserves in the Diocesan Stipends Fund (or Stipends Capital) must be retained, with the income made available towards meeting the cost of the clergy stipends in the year. Therefore the income generated assists with reducing the burden on the parishes through the amount required in Parish Share.

This fund is also used for purchasing Curates Houses and Team Vicarages, and it receives the proceeds of sales of any Glebe Land.

**Clergy Pensions**

The fund represents the Lichfield apportionment of the Clergy Pensions (CFPS) deficit.

**24. 2020: GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>	<b>2020 Total Funds £'000</b>
Tangible fixed assets	13,544	70,534	27,200	111,278
Fixed asset investments	6,257	18,176	19,689	44,122
Debtors due after more than 1 year	180	645	-	825
Current assets	(951)	5,576	678	5,303
Creditors due within one Year	(1,387)	(453)	(10)	(1,850)
Creditors due in more than one year	(492)	-	(896)	(1,388)
	<u>17,151</u>	<u>94,478</u>	<u>46,661</u>	<u>158,290</u>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**24. 2019: GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<i>Unrestricted Funds £'000</i>	<i>Restricted Funds £'000</i>	<i>Endowment Funds £'000</i>	<i>2019 Total Funds £'000</i>
<i>Tangible fixed assets</i>	12,131	66,522	25,156	103,809
<i>Fixed asset investments</i>	6,218	18,544	19,403	44,165
<i>Debtors due after more than 1 year</i>	242	660	-	902
<i>Current assets</i>	1,375	2,798	1,324	5,497
<i>Creditors due within one Year</i>	(1,848)	(48)	(16)	(1,912)
<i>Creditors due in more than one year</i>	(667)	(2)	(1,624)	(2,293)
	<u>17,451</u>	<u>88,474</u>	<u>44,243</u>	<u>150,168</u>

**25. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Net income for the year (as per Statement of financial activities)	8,122	9,719
<b>Adjustment for:</b>		
Depreciation charges	50	74
Dividends, interest and rents from investments	(1,253)	(1,492)
Gains/(Losses) on investments	(9,035)	(7,130)
Loss/(profit) on the sale of fixed assets	-	2
Decrease/(Increase) in debtors	66	(272)
Increase/(decrease) in creditors	(888)	(3,188)
<b>Net cash used in operating activities</b>	<u>(2,938)</u>	<u>(2,287)</u>

**26. ANALYSIS OF GROUP CASH AND CASH EQUIVALENTS**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Cash in hand	3,391	3,596
	<u>3,391</u>	<u>3,596</u>

**27. RELATED PARTY TRANSACTIONS**

In respect of St Chads Retreat Centres, the Charity uses the centres on an occasional basis for continuing work activities. The amounts are minimal and paid for at normal commercial rates. However there are four loans from the Board to St Chads Retreat Centres totalling £98,185 as at 31 December 2020. There are no transactions between the Board and the Mercian Community Trust. There were no other related party transactions in the current year or the previous year.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**28. CAPITAL COMMITMENTS**

At 31 December 2020 and 2019 the group and company had no capital commitments.

**29. PENSION COMMITMENTS**

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

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

**Church of England Funded Pensions Scheme (CEFPS)**

Lichfield Diocesan Board of Finance participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

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 2020: £1,637M (2019: £1,562M), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £2,387M for 2020 (2019: £2,316M).

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% per annum,
- 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 tables, with allowances for improvement in mortality cover rates in line with the CMI 2018 extended model with a long term annual rate of improvement of 1.50%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% per annum.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**29. PENSIONS COMMITMENT (continued)**  
**Church of England Funded Pensions Scheme (CEFPS) (continued)**

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.

<b>% of pensionable stipends</b>	<b>1 January 2018 to 31 December 2020</b>	<b>1 January 2021 to 31 December 2022</b>
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 and 31 December 2019 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 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior officer holders, pensionable stipends are adjusted in the calculation 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.

	<b>2019 £'000</b>	<b>2019 £'000</b>
Balance sheet liability at 1 January	1,624,000	5,194,000
Deficit contribution paid	(750,000)	(754,000)
Interest cost (recognised in SOFA)	14,000	101,000
Remaining change to the balance sheet liability* (recognised in (SOFA))	8,000	(2,917,000)
Balance sheet liability at 31 December	<u>896,000</u>	<u>1,624,000</u>

\* 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.

	<b>December 2020</b>	<b>December 2019</b>	<b>December 2018</b>
Discount rate	0.2%	1.1%	2.1%
Price inflation	3.1%	2.8%	3.1%
Increase to total pensionable payroll	1.6%	1.3%	1.6%

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**29. PENSIONS COMMITMENT (continued)**

Lichfield DBF (DBS) participates in the **Defined Benefits Scheme** section of CWPf for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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.

**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.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £Nil, 2019: £Nil) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £65,000 for 2020 (2019: £65,000).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, 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 DBS is carried out once every three years. The most recent was 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 Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £14,500 per year. In addition, deficit payments of £65,378 per year have been agreed for 5.00 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.

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:

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**29. PENSION COMMITMENTS (continued)**  
**Defined Benefits Scheme - continued**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Balance sheet liability at 1 January	207,000	265,000
Deficit contribution paid	(65,000)	(65,000)
Interest cost (recognised in SOFA)	2,000	4,000
Remaining change to the balance sheet liability* (recognised in (SOFA))	2,000	3,000
	<u>146,000</u>	<u>207,000</u>

\* 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:

	<b>December 2020</b>	<b>December 2019</b>	<b>December 2018</b>
Discount rate	0.30% pa	1.20% pa	1.90% pa

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.

**Pension Builder Scheme**

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

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

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2020: £256,365, 2019: £249,999).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**29. PENSION COMMITMENTS (continued)**  
**Pension Builder Scheme (Continued)**

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

**30. OPERATING LEASE COMMITMENTS**

The group had no Operating Leases as at the end of 31 December 2019. There were none as at 31 December 2019. All operating equipment is purchased and depreciated in line with the policies set out in note 1.7.

**31. SUBSIDIARY**

<b>Company name</b>	<b>Country</b>	<b>Percentage Holding</b>	<b>Description</b>
St Chad's Retreat Centre Company number: 08922281	England and Wales	100	Operation of Dovedale House and Shallowford House

A summary of the financial activities undertaken by the subsidiary is set out below.

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Income	246	527
Expenditure	(318)	(490)
Net gains/(losses) on investments	36	17
<b>Net income</b>	<b>(35)</b>	<b>54</b>
<b>Balance sheet</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Tangible fixed assets	523	489
Investments	91	89
Current assets	112	222
Creditors: amounts falling due within one year	(125)	(158)
Creditors: amounts falling due in more than one year	(72)	(80)
<b>Net assets</b>	<b>527</b>	<b>562</b>
Restricted funds	29	29
Unrestricted funds	498	533
<b>Total funds</b>	<b>527</b>	<b>562</b>

**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

31	<b>SUBSIDIARY</b>	<b>Percentage Holding</b>	<b>Description</b>
	<b>Company Name:</b> Mercian Community Trust Company Number 04345177	100	Overseeing Community Projects in the Diocese
	<b>Country</b> England and Wales		
A summary of the financial activities undertaken by the subsidiary is set out below.			
		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
	Income	96	197
	Expenditure	(108)	(126)
	Net gains/(losses) on investments	-	-
	<b>Net income</b>	<u>(12)</u>	<u>71</u>
	<b>Balance sheet</b>	<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
	Tangible fixed assets	-	-
	Investments	-	-
	Current assets	386	415
	Creditors: amounts falling due within one year	(35)	(52)
	Creditors: amounts falling due in more than one year	-	-
	<b>Net assets</b>	<u>351</u>	<u>363</u>
	Restricted funds	361	370
	Unrestricted funds	(10)	(7)
	<b>Total funds</b>	<u>351</u>	<u>363</u>



**THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>32. FINANCIAL INSTRUMENTS</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets measured at fair value	32,272	31,616
Financial liabilities measured at fair value	1,041	1,831
Financial assets measured at amortised cost	5,405	5,445
Financial liabilities measured at amortised cost	1,808	2,315

**33. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (31 DECEMBER 2019)**

	<b>Unrestricted Funds 2019 £'000</b>	<b>Restricted Funds 2019 £'000</b>	<b>Endowment Funds 2019 £'000</b>	<b>Total Funds 2019 £'000</b>
<b>Income and endowments from:</b>				
Parish contributions	11,062	-	-	11,062
Archbishops' Council	2,168	460	-	2,628
Other donations	279	334	-	613
Other trading activities	497	-	-	497
Investments	488	660	344	1,492
Charitable activities	1,830	16	-	1,846
Other income	(2)	60	-	58
<b>Total income and endowments</b>	<b>16,322</b>	<b>1,530</b>	<b>344</b>	<b>18,196</b>
<b>Expenditure on:</b>				
Raising funds	92	3	8	103
Charitable activities	17,209	1,002	102	18,313
Other expenditure	7	-	101	108
<b>Total expenditure</b>	<b>17,308</b>	<b>1,005</b>	<b>211</b>	<b>18,524</b>
<b>Net (expenditure)/income before investment</b>				
<b>Gains</b>	<b>(986)</b>	<b>525</b>	<b>133</b>	<b>(328)</b>
Net gains on investments and Property	1,275	4,169	1,686	7,130
<b>Net (expenditure) income before transfers</b>	<b>289</b>	<b>4,694</b>	<b>1,819</b>	<b>6,802</b>
Gain on Pension Adjustments	-	-	-	-
Transfers between funds	763	(913)	150	-
<b>Net movement in funds</b>	<b>1,052</b>	<b>3,781</b>	<b>4,886</b>	<b>9,719</b>