

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

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Registered Number: 00239561
Charity Number: 1107827

SATURDAY



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12/08/2017
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THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)
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REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)
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REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2016

President	The Bishop of Lichfield, (Vacant until 24 September 2016)
Chair	Mr J T Naylor
Vice Chair	The Archdeacon of Stoke upon Trent
Ex-Officio	The Bishop of Shrewsbury The Bishop of Stafford 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 John Allan Mr J Wilson Dr A Primrose
Elected	The Revd P Cansdale The Revd J Cody The Revd M Last The Revd M Rutter Mrs P Allen Mr D Beswick Mr A Charles Mr J Clark Mr C Gill Mr P Graetz Mr D C Jones Mrs J Locke Mr W Nicholls MBE Mr C Randles Mrs L Rawling
Nominated by the Bishop	None as at 31 December 2016
Co-opted Member	None as at 31 December 2016
Company Registered Number	00239561
Charity Registered Number	1107827
Registered Office	St Mary's House The Close Lichfield Staffordshire WS13 7LD
Chief Executive Officer & Company Secretary	Mrs J Jones BSc FCIPD
Director of Finance	Mr J R L Hill FCMA CGMA

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REFERENCE AND ADMINISTRATIVE DETAILS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Independent auditors	haysmacintyre 26 Red Lion Square London WC1R 4AG
Bankers	Lloyds Bank Plc 22 Conduit Street Lichfield WD13 6JS
Solicitors	FBC Manby Bowdler LLP Routh House Hall Court Hall Park Way Telford TF3 4NQ
Investment Advisors	CCLA Investment Management Ltd Senator House 85 Queen Victoria Street London EC4V 4ET Hargreave Hale Ltd Saggar House Princes Drive Worcester WR1 2PG EdenTree Investment Management Ltd 24 Monument Street London EC3R 8AJ
Surveyors	Mr C Glenn – Internal Diocesan Surveyor
Insurers	Ecclesiastical Insurance Group Beaufort House Brunswick Road Gloucester GL1 1JZ

THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)
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CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

Finances within the Diocese of Lichfield remain steady and secure. Overall, Lichfield Diocesan Board of Finance (LDBF), as a company, made a surplus in the Net Movement of Funds of £1.556m (2015: 0.396m). Total income and endowments amounted to £19.543m (2015: £18.053m) and Total Expenditure amounted to £17.897m (2015: £17.652m). In addition there were net gains on the revaluation of Investments and Property of £6.170m (2015: £2.813m). At 31st December 2016 Total Funds amounted to £131.267m (2015: £123.588m).

Our major source of Income is the Parish Contribution. Most of this giving, which in 2016 amounted to £11.172m (2015: £11.251m), goes to fund the salaries, housing, pension and other costs of our clergy. As a result of faithful and generous payments by our parishes, the total Parish Contribution represented 97.27% of the requested amounts, and by the end of January 397 parishes out of a total of 446 had paid their 2016 share in full - an increase of 33 on the previous year. In addition, we were grateful to receive financial support from the Archbishops' Council amounting to £2.541m, (2015: £2.428m). Statutory Fees amounted to £1.046m (2015: £1.232m).

The costs of resourcing Ministry and Mission within the diocese amounted to £12.511m, (2015: £12.088m) which included Housing costs of £3.068m (2015: £2.628m).

Exceptional items in 2016 included a reduction in Clergy Pension costs of £670k and an approved transfer of trust funds (restricted) of £1.036m.

St Chad's Retreat Centres (the trading subsidiary) made a surplus of £0.107m of which some £0.05m represented an operating surplus and the remainder was the result of a revaluation of the properties. There was a particularly pleasing performance by Dovedale House.

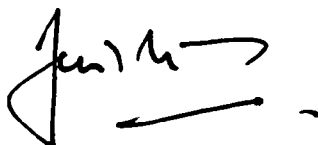
As a result, the consolidated Group made an overall surplus for the year of £7.816m, taking Total Group Funds to £131.677m.

In pursuit of our objective to provide a stable financial environment for the diocese we continue to apply our policy of matching our core financial commitments to the income which we can reasonably expect over the medium to long term. Any shorter term funding which we are fortunate enough to receive is used to support strategic initiatives with defined timescales.

I would like to record the Board's grateful thanks to all those who contribute to the financial health of our diocese. Our administrative sub-committees and our Officers and Staff continue to make dedicated and very effective contributions to the affairs of the diocese. In particular, thanks are again due to the members of each church family who work so hard and continue to give generously in support of the growth of the Kingdom of God within our parishes and our diocese.

We were delighted to welcome Bishop Michael Ipgrave as the 99th Bishop of Lichfield in September. Despite all the financial uncertainties within the UK at present, we believe that in our diocese we are financially well positioned to support his new leadership as together we seek to follow Christ in the footsteps of St Chad.

John Naylor
Chairman



16th May 2017

THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)
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TRUSTEES ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

Trustees Annual Report 2016

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2016.

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

Legal Objects

The Diocese of Lichfield serves a population of approximately 2.00 million covering 1,744 square miles throughout Staffordshire, the northern half of Shropshire and much of the Black Country. The diocese has 274 benefices, 423 parishes and 578 churches.

The diocese is arranged as four Archdeaconries, in three Episcopal Areas, with a total 29 Deaneries.

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 7th 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 Board is trying to find ways to ensure Growth within the churches and a Christian Presence in every parish throughout the Diocese. Like any vision, the Growth strategy needs to have both a sustainable strategy behind it and a set of common values. In October 2010, the Bishop's Staff considered what these values should be and agreed the following five themes. These had already been used as the mission indicators for the Plain Speaking consultation. Hopefully like an Olympic circle they will all feed off one another to promote a holistic sense of being a growing and healthy church.

TRUSTEES ANNUAL REPORT Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

i) Discovering the Heart of God

It is God who gives the growth (1 Cor 3:6) as a consequence of faithful prayer and waiting on the Spirit of God. We also seek to discern the will and purposes of God and then focus on His Kingdom priorities. The growth of the Church is not an end in itself. It is God's initiative and is achieved by his Spirit. Individuals need to know that sustaining their individual spiritual lives is the key to everything else. Churches need to focus on God and enable individual flourishing by identifying spiritual resources that can meet individuals where they are at. None of us can be complacent about our relationships, not least our relationship with God the Father. Our church leaders need to challenge and nurture us in this way.

ii) Growing Disciples

Remaining static in our response to God's love in Christ and his Kingdom is not an option. Discipleship means being made into the image and likeness of Christ. It is a work of grace and the consequence of a life of faith. The challenge of discipleship is that it should be a tangible thing and affect all those we come into contact with. The challenge for the local church is that we find a way to enable that to happen as creatively as possible within the context of the local situation.

iii) Reaching new Generations

Perhaps our greatest challenge is acknowledging and then acting on our need to reach the next generation for Christ. The age profile of the Church of England in general is high. We appear to lose our youth and not necessarily see them return again. Despite real efforts by many churches to engage with this issue we still need to do more as a diocese to engage with youth culture and provide an environment where a vibrant faith can grow. This might mean painful but creative changes to the way we have always done things. It may mean we need to offer a varied diet of liturgy that is not always Eucharistic.

iv) Transforming Communities

Christ's saving work brings about our personal transformation; through the presence of the Spirit, communities of church and grace become transformative; and in obedience to the Sovereign Will of the Father, we pray for the ultimate transformation of God's world. In this diocese we are committed to the whole of our local community, focusing our resources where there is both greatest need and greatest opportunity. We campaign for climate justice, support projects tackling debt and worklessness, and visit isolated elderly neighbours. We commit to respond to human need by loving service; and to seek to transform unjust structures of society; and to strive to safeguard the integrity of creation and sustain and renew the life of the earth.

v) Practising Generosity

It is important that our churches live out the grace of God. The Church, as a founding member of civil society needs to practise generosity as we place our networks, buildings and other assets at the disposal of collaborative ventures for the benefit of the most vulnerable at home and abroad. Practising generosity is not just about giving our money and time sacrificially but also ensuring the warmest of welcomes when our church receives a visitor. A spirit of openness, acceptance and hospitality should permeate everything we do.

OBJECTIVES FOR THE YEAR

In response to the above strategic priorities determined by the Diocesan Synod several groups, including the Bishops Council, Bishops Staff and Deanery Synods, have discussed and consulted widely to agree specific objectives for this and subsequent years. These objectives are:

- To ensure a Christian presence in every parish.
- To provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith.

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TRUSTEES ANNUAL REPORT Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

- To ensure that every church building to be used at least once every week for an activity other than formal worship.
- To establish a personal contact with every educational establishment in the diocese and to provide practical support on a regular basis.
- To engage actively in local debate and ensure that Christian voices are heard in all areas of public life.
- To identify areas of stress within each community and work together with other organisations to deliver a positive contribution to the health, both physical and spiritual, of those most in need.

Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the trustees are confident (having had regard to Charity Commission guidance) that the Board delivers public benefit through community engagement, resourcing education and supporting those in need both spiritually and physically.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

FUTURE PLANS

In September 2016, the Rt. Revd Michael Igrave was installed as the 99th Bishop of Lichfield, At Council in February 2017, the new Bishop set out his initial thoughts on the Direction of Travel for the Diocese. Following the Peer Review in December 2016, there was significant emphasis to launch a new narrative and a Direction for the future of the Diocese. The narrative of Going for Growth was dropped and replaced with "Come Follow Christ (in the footsteps of St Chad). Greater emphasis would be placed on Discipleship, Evangelism and Vocations, inclusive of the local figure and first Bishop of Lichfield – St Chad. It was hoped that the new phrase was descriptive, but invitational.

In conjunction with the new funding from the Commissioners, there would be four Mission projects across the Diocese – one central and one in each of the three Episcopal Areas, covering Chaplaincy Work, Schools, Parochial and Fresh Expressions. There would be a launch event on 20th May to inaugurate and bless the initiatives. This would be followed by a period of running and learning to Advent 2017. If successful this may lead to a larger bid to the National Church in April 2018. Some strategies and policies are already in place that are still on going and reflected in this section, others are new initiatives that are intended to be implemented in the coming year.

Deployment

As reported previously the diocese has undertaken a Plain Speaking/ Deployment exercise where every parish was asked to score themselves on a grid comparing strength in Mission and Ministry. The outcomes were reported at an event at Tillington Hall in January 2012. This showed that 38% of parishes were Sustainable, 8% were Static (Mission weak, Resources Strong), 33% Strategic (Mission Strong, Resources weak) and 21% Struggling.

With the provision for shortfall in income now embedded within the Diocesan Budget, the Trustees will continue to set annual budgets on a break-even basis, subject to maintaining Free Reserves at the target level and using any additional income to try and smooth the future impact of clergy pension increases. Future Budget Forecasts have filtered in a reduction of up to 40 stipendiary posts. In addition over £250,000 has been removed from central administration costs due to retirements and a change in the Pension Scheme. The Trustees will continue to look at setting priorities of work to ensure the Mission and Ministry are correctly resourced in furthering the aims of the charity. In addition, the Trustees will continue to seek to hold down Parish Share increases in order to allow local funds to be spent on Mission activity.

In addition the Church nationally is facing a reduction in stipendiary clergy in the coming years, with estimates of as much as 40% retiring by 2020, and insufficient Ordinands coming through to replace the retiring clergy. The potential shortfall due to this is around 96 posts. The question facing the diocese and the Church nationally is how to resource the Mission and Ministry in every parish across the diocese.

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FOR THE YEAR ENDED 31 DECEMBER 2016

Parish Health

The Mission and Financial data from parishes for 2015 is currently being analysed and linked to the data collected from the 2014 accounts. Early indications show that parishes are financially stronger than they were when the last exercise was carried out, however more parishes have become static in their Mission, slow or no growth. The largest risk to the diocese is that this may mean that parishes are reliant on fewer supporters or volunteers which in turn can have a detrimental to their financial health and future growth and sustainability within their locality.

Mission, Ministry and Vocations

One area and Theme that is high on the Agenda and supported by Synod is that of **Reaching New Generations**

In February 2016, the Board Trustees, Bishops Council agreed to reimagine the Mission Department strategy in this area. The Board are concerned and disappointed that the youth and children's mission statistics remain poor and recognise we need to do more to support parishes in this area of work. After considerable work, the Reaching New Generations implementation team believed that the current job descriptions should be changed and new posts created to fulfil the following specifications:

- Under 5's Enabler
- 6-10's schools Enabler
- Youth and Vocations Enabler

The Youth and Vocations post would also strengthen working relationships and Links with the Ministry Department and in particular Vocations. With changes in the Resourcing Ministerial Education National policies, this has also lead to changes within the Ministry Department, into two sections, Vocations and Training and Ministry Development and Well Being.

Vocations

With the potential shortfall in stipendiary clergy in the forthcoming future, the National Church has raised a challenge for the number of Ordinands to increase by 50% by 2018. This has resulted in a greater push towards vocations into Stipendiary Ministry, but also to look at various alternative forms of Ministry – which will help the parishes to create local leadership and embrace both sustainability and Growth with the right level of central support and encouragement.

Resourcing Future Ministry (2019 -2025)

In order for strategic pastoral re-organisation to be completed across the Diocese, it is essential that whilst the Budget factors in a reduction of 40 Stipendiary posts, these reductions are not harmful to the current and future wellbeing of Mission and Ministry across the community of the Diocese.

It is therefore possible that the reduction of posts may not be feasible in the time scale provided. In addition as mentioned later in this section the future of Church Commissioners funding or allocation to Dioceses is also under review. The historical "Darlow" formula that certainly favoured the less affluent dioceses is to be removed and replaced over time with a more strategic formula and distribution. In addition there are possible changes to the support and financing of Ministerial Education.

Rather than waiting for details on the next triennial (2017 – 2019) funding streams, it has been decided that the Board should start looking at a finance strategy from beyond 2019. This takes into consideration all the above factors.

The main part of this strategy will be to build a new restricted fund from either historical resources or surplus resources, that will be ring fenced and initially accumulate dividends to hopefully grow in size until the fund is required. From 2019 the fund will start to support the overall Diocesan Finances through the transitional stages of any required change. Once the transitional period is complete the income generated will 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.

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Details are still being worked on, but the initial thoughts are generating a fund that is close to £7m, generating around £350,000 per annum.

This fund will not be financed from the Parish Share. The aim is that at some stage in the future it will be designed to ease the burden on parishes through share requests. At the year-end £1.25m had been invested for this fund, with a further £250,000 set aside for investment. The investments will be held in accumulated share options until income is required in 2020.

In addition the investment property portfolio that is approx. £2m in value will be transferred to this fund, with effect from January 2017. The investment property portfolio is made up of properties that had been identified as surplus to requirements and would normally have been sold. However on undergoing an investment appraisal exercise it was deemed that the return and potential capital growth were far better if the asset was retained rather than sold and invested. There are seven properties in total.

Church Commissioners (National Church) Allocation

The current triennium of funding from the National Church ended in December 2016. It has been well publicised that future funding beyond 2017 will be based on a different allocation from the historical formula known as "Darlow". The new allocation will be based on deprivation and population and early indications suggest that the Lichfield Diocese will receive £2.2m per annum for the next ten years. However it should be noted that the Mission Development Funding, a grant of £277,000 for the Board over recent years ceased at the end of 2016 and will not be replaced. Rather than the Mission development funding, the Church Commissioners have made a large pot available for Dioceses to make grant applications for funding for specific projects. In essence it is centralising the fund rather than allocating the fund to Dioceses to apportion accordingly – all part of being more accountable.

This will mean that the Diocese will continue to receive approximately the same amount for the next ten years, based on the draft estimates, through the transitional change until 2021 – the sum will then be fixed until 2025 – as had been received for Ministry or Stipends in recent years. The Board within the budget has allocated £1.75m for this money to the day to day Budget under Stipend Allocation. The balance in the previous three years had been set aside toward Addition for Mission posts – strategic posts that are time limited that complement the Diocesan Strategy and Themes of Growth. From 2017 the additional money will be placed in a new fund called Strategic Budget and will be used to finance strategic work which will be consistent with the aims and objectives of the Direction of Travel. The funding will remain short term but will be able to be expended for a longer time than three years if desired – but will be subject to far more rigorous reviews and measures.

With the loss of the Mission Development Fund, it has been agreed some funds from the Strategic Budget will be set aside to support Parish projects and will fall under the guidance of a new Committee called Resourcing Parish Mission, which consolidates the work of the old Growth Fund with the work of Parish Projects Loans and Grants. This came into force on 1st January 2017.

In 2017 there will be an additional one off transitional payment, believed to be in the region of £730,000 – this will be used to support the aforementioned four projects to be inaugurated in May 2017. This funding has to be spent by the end of 2019 and reported to the Commissioners.

FINANCIAL REVIEW

Financial Performance

Parish Share, the money given by Parishes to the Diocese to fund its mission and ministry, is the main income resource for the Diocese. Due to deployment changes and reduced share following consultation with parishes paying significantly more than their Cost of Ministry the amount actually requested slightly fell. The amount of cash received in the year fell by around £0.277m, (2015: increase £0.406m). This resulted in the recognised income figure in the statements falling to £11.172m in 2016 compared to £11.250m in 2015. It was encouraging to see current year share collections marginally increase to 94.84% from 94.44% in the previous year. Overall receipts for the year represented 97.27% of the share requested in 2016, compared to 98.53% in 2015. The budget target is 96% in both years.

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FOR THE YEAR ENDED 31 DECEMBER 2016

The Parish Share formula is based on a Cost of Ministry model that does contain elements of Mutual Support and apportionment of the Commissioners Allocation to support Ministry in areas of deprivation, plus support for smaller parishes. This system was introduced in January 2013 and replaced a more complicated formula model that was predominantly based on attendance. It appears to have been well received by parishes, and allows them options regarding deployment and affordability, plus the added advantage of being able to forecast their share requests for up to ten years in advance, which assist with their budgeting.

The Trustees are 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 397 out of 446 parish paying units paid their allocation in full compared to 374 out of 447 in the previous year.

In addition to the Parish Share, there was an additional £1.045m (2015: £1.231m) that has come from parishes in way of Statutory fees from Weddings and Funerals.

The Board are fortunate to have received £2.541m in 2016 (2015: £2.428m) from the National Church in way of support. As agreed £1.750m was directly allocated to stipends, whilst £0.799m was set aside to support strategic posts approved by the Trustees, in the form of Addition for Mission posts. These are short term posts with specific criteria to meet the Diocesan Strategies and Themes. In addition £0.277m was set aside for Growth Fund Project and smaller Mission Development projects. Since the inception of the Growth Fund in 2006, in excess of £3.0m has been awarded to parishes towards Mission and Growth initiatives. The Growth Fund came to an end on 31 December 2016, although agreed and allocated grants will be paid out until the agreed repayment schedule has been completed in future years.

Overall consolidated income increased in the year to £19.543m (2015 £18.053m), whilst consolidated expenditure also increased to £17.897m (2015: £17.652m). The increase in income was in the main due to restricted funds introduced as part of the winding up of the Diocesan Trust, plus a favourable £0.670m gain on the Clergy Pension deficit.

The Board as a charity therefore made a surplus before Net Gains on Investments of £1.555m (2015: £0.401m). Unrestricted or General Fund made a deficit before Net Gains on Investments of £0.188m (2015 surplus £0.177m).

The Trustees have prepared a balanced budget for 2017. The key financial challenge will be receiving parish share contributions, and set the Diocesan Base increase at 1.75% for 2017 – an increase from 1.0% in 2016. The budget includes a 96% collection rate for the year and the Trustees consider that this is achievable.

The capital values of charity properties and investments continued to increase – properties by £4.048m (2015: £1.631m), investments by £2.106m (2015: £0.341m) – resulting in an overall increase in funds of £7.709m (2015: £2.808m). Consolidated reserves increased by £7.816m (£2015:£2.813m)

Significant Property Transactions

In the year the Board sold 4 properties (2015: 11). This raised £0.713m (2015: £2.960m) in net house proceeds. The adjusted net profit on sale of property for 2016 was £0.003m (2015: £0.327m).

In the year the Board purchased 2 properties (2015: 4) costing £0.623m (2015: £0.757m).

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.

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TRUSTEES ANNUAL REPORT Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

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 balance sheet date totalled £131.677m (2015: £123.861m) it must be remembered that included in this total are properties, mostly in use for the ministry, whose value amounted to £91,574m (2015: £87,891m). 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.

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 300 parochial stipendiary clergy, the upkeep of over 390 houses and the employment of approx. 80 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.

Approximately 67% of the income available for day-to-day activities is financed from the Parish Share, and only 12% from Investment Income, although this increased significantly in recent years from 3%.

Free (Unrestricted) Reserves – Liquidity

Having considered financial risk, liquidity requirement and the timing of cashflows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 3 months requested Parish Share for 2017. At 31 December 2016 the amount required under this policy totalled £2.880m (2015: £2.865m). Actual free reserves as at 31 December totalled £2.600m (2015: £3.092m). This is slightly less than anticipated but the Stipend Reserve shows a strong position and the trustees therefore feel that whilst this is not ideal it is satisfactory and work will be done to improve the situation, it does not warrant changing the current policy.

This level of Free Reserves gives the Board some flexibility in future years against potential increases in expenditure or a fall in income. A strong reserves base allows the diocese more flexibility in dealing with such issues, for example it can allow a phased introduction of any such change in circumstance in future years. In the meantime additional income generated by the Free Reserves will allow additional funds to be made available within the Budget each year, thus reducing the burden on parish income further.

Reserves tied up in fixed assets

The charity unrestricted fund comprises net assets amounting to £3.660m of which £0.202m is tied up in tangible fixed assets. Consolidated unrestricted funds amount to £3.798m of which £0.220m is tied up in tangible fixed assets.

Designated funds

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 23. At 31 December 2016 total designated reserves were £12.275m (2015: £11.980m).

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It should be highlighted that £7.100m of this reserve relates to DBF Property, and £4.517m relates to Investments that generate investment income to support the Diocesan Budget.

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 2016 restricted funds totalled £72.985m (2015: £66.878m) and endowment funds totalled £42.348m (2015: £41.003m). Neither are available for the general purposes of the Board. Consolidated restricted reserves amount to £73.257m (2015: £67.000m).

Within the Restricted Fund, £62.133m is invested in Property required to house the clergy of the Diocese and is therefore not readily accessible. Within the Endowment Fund £21.697m is invested in Property required to house the clergy of the Diocese and is therefore not readily accessible.

Stipend Reserve

This reserve originates from legacies left to the Board - *Ashworth/Lowe Stipends Fund (Designated Fund)* and *Fothergill Bequest (inc other Legacies) (Designated Fund)*. The legacies were 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 six months' clergy stipends. With the transfer of National Insurance and Pension liabilities from the Central Church, the reserve varied between four and five months of the accumulated Stipend costs.

Policy

With the creation of the Free Reserve and the relevant limits, it was agreed that the Stipend reserve be reset at a minimum of 5.0 months of the Stipend, NI and Pension Costs (£4.182m). It is also believed to be an appropriate level of investment to generate a required amount of income to assist with the Diocesan Budget income. Due to the restructure of Designated Reserves in 2016, the policy has slightly changed and now only includes the designated legacies and compared to the monthly Stipend payroll plus Pensions and Interim Ministers on the local payroll.

Year End Position

In order to maintain the capital value of the Reserve in line with regular increasing Pension liabilities, and, to a lesser extent, stipend increases, the reserve is heavily invested in equities and other capital growth investments.

At the year end, the total reserve policy was valued at £4.376m (2015: £4.070m), which represented the equivalent of 5.23 months of related costs.

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 2016 is indicated in note 12. 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, Ecclesiastical Investment Managers and Hargreave Hale 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.

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FOR THE YEAR ENDED 31 DECEMBER 2016

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.

In 2014 the Diocesan investment Group produced guidance notes and a revised policy in consultation with the Investment Advisers. This is reviewed triennially.

Ethical Policy

CCLA 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”*

In addition the EIAG recommends against investment in any company involved in indiscriminate weaponry. It recommends against investment in companies involved in conventional weapons if their strategic military supplies exceed 10% of turnover; and in companies deriving more than 10% of their turnover from the production or sale of non-military firearms or ammunition, excepting companies specialising exclusively in products specifically designed for hunting or sporting purposes.

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

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The investments held and their return during the year are set out in the following table:

	Funds at 31 December 2016 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
CCLA Managed				
CBF Investment Fund	13,414	47.03%	3.49%	+14.58%
CBF Investment Fund Acc.	288	1.01%	n/a	+15.48%
CBF Property Fund	3,685	12.92%	5.57%	+2.52%
CBF Global Equity	2,670	9.36%	3.86%	+16.32%
CBF Global Equity Acc.	296	1.04%	n/a	+18.26%
Managed Portfolio	5,132	17.99%	3.95%	+8.70%
Eden Tree				
Amity Balanced	1,236	4.33%	5.16%	+9.44%
Amity Balanced Acc.	275	0.97%	5.16%	+9.61%
Amity Global	1,229	4.31%	3.61%	+17.24%
Amity Global Acc.	295	1.04%	3.61%	+17.66%
	<u>28,522</u>	100.0%	4.20%	+12.10%

In addition the Board has 1,960 acres (2015: 1,997) of Glebe Land that is classified as investments. Due to the current land market it was considered there was no increase in value in 2016 (2015 £Nil). The land value for investment purposes is £10.563m (2015:£11.312m). The yield for the year was 1.80% (2014: 1.57%), giving a Total Return for the year of 1.80% (2015: 1.57%).

Furthermore there are 7 Investment properties owned by the Board, totalling a market value of £1.417m (2015:£1.362m). The yield on the investment properties for 2016 was 3.13% (2015: 3.61%). This gave a Total Return of 7.20% (2014: 5.18%). In addition Dovedale House which is leased to St Chads Retreats Centre is treated as an Investment Property as required by FRS102 and as at 31 December 2016 was valued at £0.338m (2015:£0.325m).

The Diocesan Investment Advisory Group regularly reviews the performance of the funds and makes recommendations to the Trustees on investments. The Investment Group historically set a benchmark of around 8% each year in Total Return although monitor this over an agreed period of time due to fluctuating markets. In June 2016, this was lowered due to the low inflation rate in the UK, and was reset to 4% plus CPI. So the benchmark in 2016 was 5.60% (2015: 4.20%). Each June there is an Investment appraisal with all the investment managers.

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:

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FOR THE YEAR ENDED 31 DECEMBER 2016

Parish Share: Collection is considerably less than the Budget figure (i.e. 96%).

- 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 employ 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

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 becomes uninhabitable.

- Insurance is in place
- Backups are made on a regular basis
- The disaster recovery plan is reviewed on an annual basis

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 42 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 nine 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.

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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.

Diocesan Synod

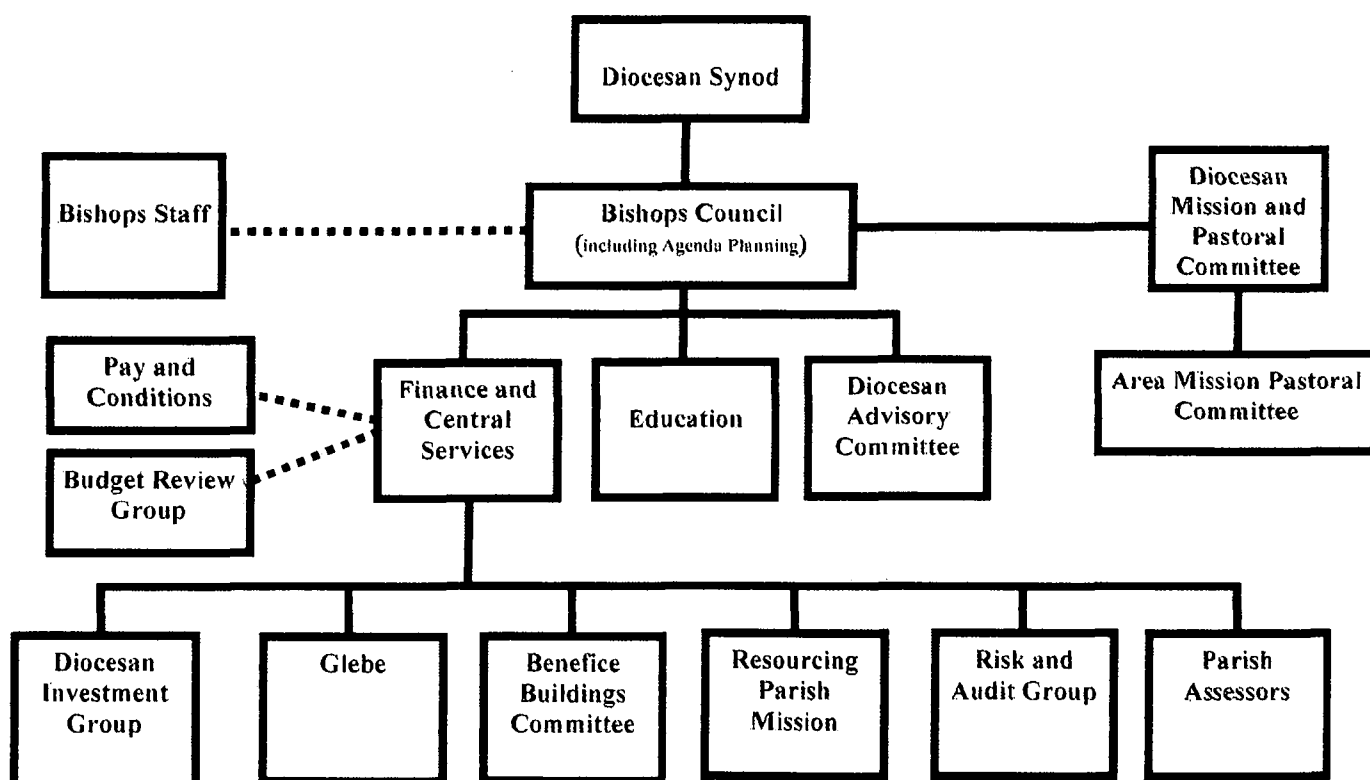
The Synod has broadly equal numbers of clergy and lay people meeting, normally three times a year, together in Diocesan Synod with the Diocesan Bishops and Archdeacons. Its role is to:

- 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 last occasion being in 2015. The current Synod will serve until 31 July 2018, when after the elections the newly elected Synod will serve from 1 August 2018 to 31 July 2021.

Decision Making Structure



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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. In 2016 they were the Diocesan Secretary/Chief Executive Officer, Director of Finance, Director of Property, 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 non 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.

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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:

- to agree Accounting Policy and recommend any changes to Bishop's Council;
- to recommend the Reserves Policies to the Bishop's Council;
- to monitor overall diocesan liquidity;
- to monitor monthly management accounts;
- to appraise, review and critically analyse the work of its sub-committees;
- to set the financial strategy in accordance with the strategic diocesan policies;
- to improve financial communications;
- to monitor and recommend the annual financial statements;
- to monitor and recommend the Diocesan Budget.

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

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.

Budget 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.

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.

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.

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.

Resourcing Parish Mission: responsible for the award and distribution to of grants to parishes for Growth initiatives 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 the management of loans and grants to parishes required either to maintain or to improve church buildings and halls, and overseeing parish project reviews as well grants to Community based projects.

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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.

Appointment of Trustees (Directors)

Trustees (and therefore Directors) are appointed by election every three years, with the exception of the ex-officio members. The last election was in August 2015, and current Trustees will serve until 31 August 2018. Following the Diocesan Synod elections a new Bishop's Council was elected and which members will serve until 31 August 2018.

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*.

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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- 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.

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Provision of Information to 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.

Website

Further details on the Lichfield Diocesan Board of Finance and its programmes can be obtained from the website: 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.

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 is 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 2016 was £347,373 (2015: £316,223).

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 4th 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.

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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.

Another connected charity with which the Board co-operates in pursuit of its charitable activities is:

Mercian Community Trust, a separate registered charitable company. The purpose of the company is:

"to provide access to human and financial advice and resources to help the parishes of the Diocese of Lichfield and the people of the communities they serve to develop projects which will provide facilities to address the issues of exclusion, isolation and exploitation of people from all walks of life who are oppressed by poverty, regardless of colour, race or creed."

Although the Board has no financial investment in the company it provides certain Senior Staff to act as Trustees and Directors of the company.

Reference and Administrative Details of the Board

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

President	The Bishop of Lichfield (Vacant until 24 September 2016)
Chair	Mr J T Naylor
Vice Chair	The Archdeacon of Stoke upon Trent
Ex-Officio	The Bishop of Shrewsbury The Bishop of Stafford 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 J Allan Mr J Wilson Dr A Primrose

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Elected

The Revd P Cansdale
The Revd J Cody (from 01 February 2016)
The Revd M Last
The Revd M Rutter
Mrs P Allen
Mr D Beswick
Mr A Charles
Mr J Clark
Mr C Gill
Mr P Graetz
Mr D C Jones
Mrs J Locke
Mr W Nicholls MBE
Mr C Randles
Mrs L Rawling

Nominated by the Bishop **None**

Co-Opted Member **None**

Principal Officers and Advisers

**Chief Executive Officer &
Company Secretary**

Mrs J Jones BSc FCIPD

Director of Finance

Mr J R L Hill FCMA CGMA

Registered Office:

St Mary's House, The Close, Lichfield WS13 7LD

Auditors:

haysmacintyre, 26 Red Lion Square, London. WC1R 4AG

Bankers:

Lloyds Bank PLC, 22 Conduit Street, Lichfield WS13 6JS

Legal Advisers:

FBC Manby Bowdler LLP, Routh House, Hall Court, Hall Park Way, Telford TF3 4NQ

Investment Advisers:

CCLA Investment Management Ltd, Senator House
85 Queen Victoria Street London EC4V 4ET
Hargreave Hale Ltd, Saggar House, Princes Drive, Worcester. WR1 2PG
EdenTree Investment Management Ltd, 24 Monument Street, London. EC3R 8AJ

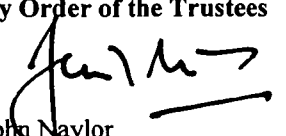
Surveyors:

Mr C Glenn – Internal Diocesan Surveyor

Insurers:

Ecclesiastical Insurance Group, Beaufort House, Brunswick Road, Gloucester GL1 1JZ

By Order of the Trustees


John Naylor
Chairman
16 May 2017

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of The Lichfield Diocesan Board of Finance for the year ended 31 December 2016 which comprise the Consolidate Statement of Financial Activities, Summary Income and Expenditure Account, the Consolidated and Company Balance-Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2016 and of the group's net movement in funds, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

INDEPENDENT AUDITORS' REPORT

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

Matters on which we are required to report by exception

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

- the charitable company and group have not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated 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.



*Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor*

16 May 2017

*26 Red Lion Square
London
WC1R 4AG*

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted Funds 2016 £'000	Restricted Funds 2016 £'000	Endowment Funds 2016 £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Income and endowments from:						
Parish contributions	4	11,172	-	-	11,172	11,251
Archbishops' Council	5	2,341	200	-	2,541	2,428
Other donations	6	347	252	-	599	600
Other trading activities	8	366	-	-	366	477
Investments	9	467	523	321	1,311	1,325
Charitable activities	7	1,786	-	-	1,786	1,972
Other income	10	61	1,037	-	1,098	-
Total income and endowments		16,540	2,012	321	18,873	18,053
Expenditure on:						
Raising funds	11	80	6	56	142	182
Charitable activities	13	16,690	669	199	17,558	17,203
Other expenditure	12	-	-	197	197	267
Total expenditure		16,770	675	452	17,897	17,652
Net income before investment Gains		(230)	1,337	(131)	976	401
Net gains on investments and Property		743	3,830	1,597	6,170	2,412
Net income before transfers		513	5,167	1,466	7,146	2,813
Gain on Pension Adjustments		-	-	670	670	-
Transfers between funds	17	(321)	(262)	583	-	-
Net income		192	4,905	2,719	7,816	2,813
Net movement in funds		192	4,905	2,719	7,816	2,813
Reconciliation of funds:						
Total funds at 1 January 2016	23	15,857	75,328	32,676	123,861	121,048
Total funds at 31 December 2016	23	16,049	80,233	35,395	131,677	123,861

All activities relate to continuing operations.

The notes on pages 29 to 58 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 2016

	Note	2016 Unrestricted Funds £'000	2016 Restricted Funds £'000	2016 Total Funds £'000	2015 Total Funds £'000
Income		16,540	2,012	18,552	18,403
Gains on investments		743	3,830	4,573	2,047
Gross income in the reporting period		17,283	5,842	23,125	20,450
Less: Total expenditure		16,770	675	17,445	17,652
Net income for the year before Transfers		513	5,167	5,680	2,798
Transfers between funds	17,23	(321)	(262)	(583)	15
Net income for the year after transfers		192	4,905	5,097	2,813
Net income for the financial year	23	192	4,905	5,097	2,813

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 29 to 58 form part of these financial statements.

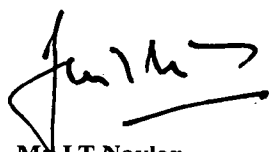
CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2016

		2016		2015	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	18		91,574		87,891
Investments	19		41,469		38,703
			<u>133,043</u>		<u>126,594</u>
Current assets					
Debtors: amounts falling due after more than one year	20	1,399		895	
Debtors: amounts falling due within one year		2,011		2,615	
Investments		484		373	
Cash at bank and in hand		3,885		4,957	
		<u>7,779</u>		<u>8,840</u>	
Creditors: Amounts falling due within one year	21	<u>(1,369)</u>		<u>(2,231)</u>	
Net Current Assets			<u>6,410</u>		<u>6,609</u>
Total assets less current liabilities			<u>139,453</u>		<u>133,203</u>
Creditors: amounts falling due after more than one year	22		<u>(7,776)</u>		<u>(9,342)</u>
Net assets			<u>131,677</u>		<u>123,861</u>
Charity Funds					
Endowment funds	23		35,395		32,676
Restricted funds	23		80,233		75,328
Unrestricted funds	23		16,049		15,857
Total funds			<u>131,677</u>		<u>123,861</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 £7.709m (2015: £2.813m).

The financial statements were approved by the Trustees on 16th May 2017 and authorised for issue on 16 May 2017 and signed on their behalf by:


Mr J T Naylor
Chairman

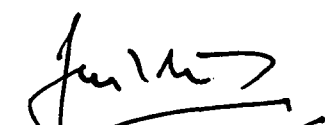
The notes on pages 29 to 58 form part of these financial statements.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	18	91,132	87,486
Investments	19	41,393	38,630
		<u>132,525</u>	<u>126,116</u>
Current assets			
Debtors: amounts falling due after more than one year	20	1,565	1,112
Debtors: amounts falling due within one year	20	2,067	2,626
Investments		484	373
Cash at bank		3,720	4,848
		<u>7,836</u>	<u>8,959</u>
Creditors: Amounts falling due within one year	21	<u>(1,318)</u>	<u>(2,175)</u>
Net Current Assets		<u>6,518</u>	<u>6,784</u>
Total assets less current liabilities		<u>139,043</u>	<u>132,900</u>
Creditors: amounts falling due after more than one year	22	<u>(7,776)</u>	<u>(9,342)</u>
Net assets		<u>131,267</u>	<u>123,558</u>
Charity Funds			
Endowment funds	23	35,395	32,675
Restricted funds	23	79,961	75,206
Unrestricted funds	23	15,911	15,677
Total funds		<u>131,267</u>	<u>123,558</u>

The financial statements were approved by the Trustees on 16th May 2017 and authorised for issue on 16 May 2017 and signed on their behalf by:



Mr T Naylor
Chairman

The notes on pages 29 to 58 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 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Net cash provided by operating activities	25	(123)	717
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,310	1,321
Proceeds from the sale of fixed assets		912	1,811
Purchase of fixed assets		(939)	(1,518)
Interest paid		(197)	(38)
Purchase of investments		(1,325)	(1,332)
Net cash provided by/(used in) investing activities		(239)	244
Cash flows from financing activities:			
Repayments of borrowings		(599)	(76)
Cash inflows from new borrowing		-	327
Net cash provided by financing activities		(599)	251
Change in cash and cash equivalents in the year		(961)	1,212
Cash and cash equivalents brought forward		5,330	4,118
Cash and cash equivalents carried forward	26	4,369	5,330

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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) (effective 1 January 2015) - (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 undertaking. The results of the subsidiary 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. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

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 2016

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

1.5 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 30). 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 2016

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. 2,017 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 2016

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 2016

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 for lay staff. The pension charges are based on a full actuarial valuation dated 31 December 2012 for the Church of England Funded Pensions scheme and 31 December 2013 for Church Workers Pension Fund.

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 critical accounting policies where judgements or estimating are necessarily applied are summarised below.

Depreciation and residual values

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of office equipment, and have concluded that asset lives and residual values are appropriate

3. INCOME FROM DONATIONS AND LEGACIES

	Total 2016 £'000	Total 2015 £'000
Parish contributions	11,172	11,251
Archbishops' Council	2,541	2,428
Other	599	600
	14,312	14,279

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

4. PARISH CONTRIBUTION	Total 2016 £'000	Total 2015 £'000
Current year apportionment requested	11,471	11,600
Less share written off not provided for	(235)	(209)
Less increase in provision for doubtful debts	(64)	(140)
	<u>11,172</u>	<u>11,251</u>
Provision for doubtful debts	2016 £'000	2015 £'000
Total share arrears as at 31 December	1,717	1,967
Arrears received in January 2016	(218)	(229)
Provision at year end	<u>1,499</u>	<u>1,738</u>
Provision for doubtful debts as at 1 January	1,738	1,769
Written off in the year	(303)	(171)
	<u>(1,435)</u>	<u>(1,598)</u>
Increase in provision for doubtful debts in the year	<u>64</u>	<u>140</u>

Current year receipts represent 93.06 % of the total apportioned (2015: 92.63%). At the end of January the current years receipts represented 94.84 % of the total apportioned (2015: 94.44%).

Current years receipts are recorded until the end of January each year with the January receipts being treated as year end debtors. All arrears at the 31 January each year are then provided for. When all receipts for previous and future years are included 97.27% of the total apportioned (2015: 98.53%).

5. ARCHBISHOP'S COUNCIL	Total 2016 £'000	Total 2015 £'000
Stipend allocation	2,263	2,150
Mission development funding	278	278
	<u>2,541</u>	<u>2,428</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 2016

6. OTHER DONATIONS	Total 2016 £'000	Total 2015 £'000
All Churches Trust	234	228
Walter Stanley Trust	113	112
Other donations	194	226
St Chad's Retreat Centre	58	34
	<u>599</u>	<u>600</u>
7. CHARITABLE ACTIVITIES	Total 2016 £'000	Total 2015 £'000
Statutory fees	1,046	1,232
Chaplaincy income	342	283
Guaranteed annuities	1	2
St Chad's Retreat Centre	397	455
	<u>1,786</u>	<u>1,972</u>
8. OTHER TRADING ACTIVITIES	Total 2016 £'000	Total 2015 £'000
Housing income	285	257
Parish services	31	193
St Chad's Retreat Centre	50	27
	<u>366</u>	<u>477</u>
9. INVESTMENT INCOME	Total 2016 £'000	Total 2015 £'000
Rents receivable	240	225
Dividends receivable	1,028	1,055
Interest receivable	40	42
St Chad's Retreat Centre	3	3
	<u>1,311</u>	<u>1,325</u>

THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

10. OTHER INCOME

	Total 2016 £'000	Total 2015 £'000
Gains on sale of assets	(2)	-
Funds Introduced From Lichfield Diocesan Trust	1,036	-
Grants written back from previous years	64	-
	<u>1,098</u>	<u>-</u>

11. RAISING FUNDS

	Total 2016 £'000	Total 2015 £'000
Agents fees	106	139
Rental costs	36	43
	<u>142</u>	<u>182</u>

12. OTHER EXPENDITURE

	Total 2016 £'000	Total 2015 £'000
Extra-Ordinary costs relating to Pensions	197	267

13. CHARITABLE ACTIVITIES

	Total 2016 £'000	Total 2015 £'000
Contribution to Archbishops' Council		
Training for Ministry	397	413
National Church responsibilities	337	345
Agency Pension Contributions	23	23
Retired Clergy Housing Costs	130	123
Pooling of Candidates Grants	70	(49)
	<u>957</u>	<u>855</u>
Resourcing Ministry and Mission		
Parish Ministry		
Stipends and related costs	7,263	7,316
Pensions	1,490	1,470
Housing costs	3,068	2,628
Removal, resettlement Grants	148	224
Other expenses	542	450
	<u>12,511</u>	<u>12,088</u>

THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

13. CHARITABLE ACTIVITIES (continued)

	Total 2016 £'000	Total 2015 £'000
Support for Ministry		
Support for Ministry	3,447	3,577
St Chad's Retreat Centre	417	510
	<u>3,864</u>	<u>4,087</u>
Expenditure on Education		
Education	226	173
Total	<u>17,558</u>	<u>17,203</u>

14. ANALYSIS OF SUPPORT COSTS

	Total 2016 £'000	Total 2015 £'000
Central administration	986	950
Support schools	226	173
Governance		
- Audit	22	23
- Registrar and chancellor	71	68
- Synodical costs	22	34
	<u>1,327</u>	<u>1,248</u>

15. ANALYSIS OF EXPENDITURE INCLUDING SUPPORT COSTS

	Activities Undertaken £'000	Grants 2016 £'000	Support 2016 £'000	Total 2016 £'000	Total 2015 £'000
Raising funds	142	-	-	142	182
Charitable activities	-	957	-	957	855
Resources parish summary	14,327	721	1,327	16,375	16,175
Education	217	9	-	226	173
Other	197	-	-	197	267
	<u>14,883</u>	<u>1,687</u>	<u>1,327</u>	<u>17,897</u>	<u>17,652</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

16. STAFF COSTS	2016	2015
	£'000	£'000
Employee costs were as follow:		
Wages and salaries	1,842	1,873
Social security costs	164	152
Other pension costs	276	267
	<u>2,282</u>	<u>2,292</u>

The wages and salaries include termination costs of £47,324 (2015: £24,182)

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

	2016	2015
	No.	No.
Management and administration	27	27
Addition for mission	10	9
Archdeacons and Bishop's support staff	10	10
Central sector ministers/advisers and support staff	34	36
St Chad's Retreat Centre	19	20
	<u>100</u>	<u>102</u>

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

	2016	2015
	No.	No.
£60,000 - £70,000	2	1
£70,000 - £80,000	1	2
	<u>3</u>	<u>3</u>

In the year pension payments of £27,239 (2015: £26,833) were made for these persons.

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 they were:

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

Remuneration, pensions and expenses for these 5 employees amounted to £320,035 (2015: £313,960).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee, 11 trustees (2015: 14 trustees) received travelling and out of pocket expenses, totalling £11,580 (2015: £16,474) 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:

		Housing	Stipend	
The Rt. Rev. Michael Ipgrave	Bishop of Lichfield	No	No	From Sept 16
The Rt. Rev. Mark Rylands	Bishop of Shrewsbury	Yes	No	
The Rt. Rev. Geoff Annas	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. Simon Baker	Archdeacon of Lichfield	Yes	Yes	
The Ven. Paul Thomas	Archdeacon of Salop	Yes	Yes	
The Ven. Matthew Parker	Archdeacon of Stoke	Yes	Yes	
The Ven. Dr Sue K Weller	Archdeacon of Walsall	No	Yes	
Mr John Naylor	Chair, DBF	No	No	
The Rev. Preb. John Allan	Chair, House of Clergy	Yes	Yes	
Mr John (Tug) Wilson	Chair, House of Laity	No	No	
Mrs Alison Primrose	Chair of the DBE	No	No	
The Rev P. Cansdale		Yes	Yes	
Revd. J Cody		Yes	Yes	
Revd. Michael Last		Yes	Yes	
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 2016 one trustee made a donation to the Board, totalling £1800. In 2015, two trustees made donations to the Board totalling £2,850.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

16. STAFF COSTS (continued)

Stipends cost note

The LDBF paid an average of 275 (2015: 288) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2016 £'000	2015 £'000
Stipends	6,684	6,895
National insurance contributions	534	545
Pension costs - current year	1,650	1,651
- deficit reduction	902	902
	<u>9,770</u>	<u>9,993</u>

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

The stipends of the Diocesan Bishop and Area/Suffragen Bishops are funded by the Church Commissioners and are in the range £ 34,980 - £43,220 (2015: £34,460 - £42,880). The annual rate of stipend, funded by the LDBF, paid to Archdeacons in 2016 was in the range £34,180 - £45,335 (2015: range £33,010 - £44,715) and other clergy who were Trustees were paid in the range £24,785 - £25,840 (2015: £24,175 - £25,585). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2016 at £10,404 (2015: £9,910).

17. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	General Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Investment income towards General Costs	859	(164)	(376)	(319)
Transfer to General Reserves	140	(140)	-	-
Transfer re Clergy Pensions deficit payments	(902)	-	-	902
Transfer re Mortgages payments	-	-	-	-
Bishops Ordination Fund	24	-	(24)	-
Telford Pioneer Post support	(32)	-	32	-
St Chad's Retreat Centre	(83)	-	83	-
Other transfers	(37)	14	23	-
	<u>(31)</u>	<u>(290)</u>	<u>(262)</u>	<u>583</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

18. TANGIBLE FIXED ASSETS	Freehold land and building £'000	Motor vehicles £'000	Office Equipment £'000	Total £'000
Group				
Cost or valuation				
At 1 January 2016	87,725	9	638	88,372
Additions	855	5	79	939
Disposals	(758)	-	(23)	(781)
Revaluation surplus	3,531	-	-	3,531
At 31 December 2016	91,353	14	694	92,061
Depreciation				
At 1 January 2016	42	-	439	481
Charge for the year	(42)	2	68	28
On disposals	-	-	(22)	(22)
At 31 December 2016	-	2	485	487
Net book value				
At 31 December 2016	91,353	12	209	91,574
At 31 December 2015	87,683	9	199	87,891
Company				
	Freehold Land and building £'000		Office Equipment £'000	Total £'000
Cost or valuation				
At 1 January 2016	87,290		635	87,925
Additions	855		75	930
Disposals	(733)		(23)	(756)
Revaluation surplus/(deficit)	3,518		-	3,518
At 31 December 2016	90,930		687	91,617
Depreciation				
At 1 January 2016	-		439	439
Charge for the year	-		68	68
On disposals	-		(22)	(22)
At 31 December 2016	-		485	485
Net book value				
At 31 December 2016	90,930		202	91,132
At 31 December 2015	87,290		196	87,486

THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

19. FIXED ASSET INVESTMENTS	Agricultural land £'000	Residential property £'000	Listed investments £'000	Total £'000
Group				
Market value				
At 1 January 2016	11,312	1,362	26,029	38,703
Additions	-	-	1,325	1,325
Disposals	(425)	-	(257)	(682)
Transfers/Reclassification	(325)	325	-	-
Revaluations	1	68	2,054	2,123
At 31 December 2016	10,563	1,755	29,151	41,469
Historical cost	<u>3,961</u>	<u>1,571</u>	<u>20,532</u>	<u>25,675</u>
Company				
Market value				
At 1 January 2016	11,312	1,362	25,956	38,630
Additions	-	-	1,325	1,325
Disposals	(425)	-	(257)	(682)
Transfer	(325)	325	-	-
Revaluations	1	68	2,051	2,120
At 31 December 2016	10,563	1,755	29,075	41,393
Historical cost	<u>3,961</u>	<u>1,571</u>	<u>20,468</u>	<u>25,675</u>

Group	At 1 January 2016 £'000	Additions £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2016 £'000
Unrestricted funds					
Unlisted investments	6,147	118	(135)	474	6,604
Investment properties	183	-	-	7	190
	<u>6,330</u>	<u>118</u>	<u>(135)</u>	<u>481</u>	<u>6,794</u>
Restricted funds					
Unlisted investments	12,910	1,187	(102)	1,170	15,165
Investment properties	773	-	-	30	803
	<u>13,683</u>	<u>1,187</u>	<u>(102)</u>	<u>1,200</u>	<u>15,968</u>
Endowment funds					
Unlisted investments	6,970	20	(20)	412	7,382
Investment Properties	408	325	-	29	762
Land investments	11,312	-	(750)	1	10,563
	<u>18,690</u>	<u>345</u>	<u>(750)</u>	<u>442</u>	<u>18,707</u>
	<u>38,703</u>	<u>1,650</u>	<u>(1,007)</u>	<u>2,123</u>	<u>41,469</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

19. FIXED ASSETS INVESTMENTS (continued)

Company	At 1 January 2016 £'000	Additions £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2016 £'000
Unrestricted funds					
Unlisted investments	6,114	118	(135)	475	6,572
Investment properties	183	-	-	7	190
	<u>6,297</u>	<u>118</u>	<u>(135)</u>	<u>482</u>	<u>6,762</u>
Restricted funds					
Unlisted investments	12,870	1,187	(102)	1,166	15,121
Investment properties	773	-	-	30	803
	<u>13,643</u>	<u>1,187</u>	<u>(102)</u>	<u>1,196</u>	<u>15,924</u>
Endowment funds					
Unlisted investments	6,970	20	(20)	412	7,382
Investment Properties	408	325	-	29	762
Land investments	11,312	-	(750)	1	10,563
	<u>18,690</u>	<u>345</u>	<u>(770)</u>	<u>442</u>	<u>18,707</u>
	<u>38,630</u>	<u>1,650</u>	<u>(1,007)</u>	<u>2,120</u>	<u>41,393</u>

In addition to the fixed asset investments, the Charity and Group held current asset investments of £484,000 (2015: £373,000). The current asset investments are short term deposits.

20. DEBTORS

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Due after more than one year				
Other debtors	-	3	-	3
Loans	1,399	892	1,565	1,109
	<u>1,399</u>	<u>895</u>	<u>1,565</u>	<u>1,112</u>
Due within one year				
Parish share (net of provision)	218	229	218	229
Amounts owed by group undertakings	-	-	67	42
Assigned fees	200	161	200	161
Loans	243	189	273	189
Prepayments	564	380	551	414
Recharges	342	615	342	615
Due from Board of Education	60	587	60	587
Sundry	384	454	356	389
	<u>2,011</u>	<u>2,615</u>	<u>2,067</u>	<u>2,626</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

20. DEBTORS (continued)	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Loans				
Due in under one year				
Staff loans	17	14	17	14
Clergy loans	13	19	13	19
Cathedral	148	50	148	50
Loans to Parishes	65	106	95	106
	<u>243</u>	<u>189</u>	<u>273</u>	<u>189</u>
Due in more than one year				
Staff loans	53	41	53	41
Clergy loans	37	32	37	32
Equity sharing loan (Perrycroft Crescent)	50	50	50	50
Loans to the Cathedral	300	300	300	350
Loans to Parishes	540	469	706	636
Loan to Academies Services	419	-	419	-
	<u>1,399</u>	<u>892</u>	<u>1,565</u>	<u>1,109</u>
Total	<u>1,642</u>	<u>1,081</u>	<u>1,838</u>	<u>1,298</u>
			2016 £'000	2015 £'000
Provision for doubtful debt - shares				
Share				
Balance as at 1 January			1,737	1,769
Provision written off in year			(302)	(171)
Current year arrears – added to provision			64	140
Provisions as at 31 December			<u>1,499</u>	<u>1,738</u>
Provision for doubtful debt				
Diocesan Loan Fund			352	338
Sundry sales accounts			23	23
			<u>375</u>	<u>361</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

21. CREDITORS: amounts falling due within one year	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Loans from Church Commissioners - CCLA	50	50	50	50
Loans from Church Commissioners - Mortgage	10	10	10	10
Payments received on account	7	16	-	-
Trade creditors	860	1,245	832	1,180
Amounts owed to group undertakings	-	1	-	-
Deferred Expenditure Grants	268	291	268	291
Other taxation and social security	77	7	69	62
Church Commissioners stipend account	-	441	-	423
Accruals	97	170	89	159
	<u>1,369</u>	<u>2,231</u>	<u>1,318</u>	<u>2,175</u>
22. CREDITORS: amounts falling due after more than one year	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Loans from Church Commissioners - CCLA	300	350	300	350
Loans from Church Commissioners - Mortgage	23	33	23	33
Loans from Church Commissioners – Value Linked loans	297	297	297	297
DBS pension	6,953	8,328	6,953	8,328
Deferred grants	203	334	203	334
	<u>7,776</u>	<u>9,342</u>	<u>7,776</u>	<u>9,324</u>

Included within the above are amounts falling due as follows:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Between one and two years				
Loans from Church Commissioners - CCLA	50	50	50	50
Loans from Church Commissioners - Mortgages	10	33	10	33
Between two and five years				
Loans from Church Commissioners - CCLA	200	200	200	200
Loans from Church Commissioners - Mortgages	13	-	13	-
Over five years				
Loans from Church Commissioners - CCLA	50	100	50	100
Loans from Church Commissioners - Mortgages	-	5	-	5

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

22. CREDITORS: amounts falling due more than one year (continued)

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Creditors include amounts not wholly repayable within 5 years as follows:				
Repayable by instalments	<u>50</u>	<u>100</u>	<u>50</u>	<u>100</u>

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 2016 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. STATEMENT OF FUNDS

	Brought forward	Income	Expenditure	Transfers in/out	Gains/ (losses)	Carried forward
	£'000	£'000	£'000	£'000	£'000	£'000
Designated funds						
Legacies	4,070	157	-	(157)	307	4,377
Strategic	973	618	(681)	(207)	-	703
Projects & Events	268	26	(112)	57	-	239
DBF Designated houses	6,057	8	(22)	(6)	284	6,321
Resourcing The Future	612	3	(4)	-	-	611
	<u>11,980</u>	<u>812</u>	<u>(819)</u>	<u>(313)</u>	<u>591</u>	<u>12,251</u>

THE LICHFIELD DIOCESAN BOARD OF FINANCE (INCORPORATED)
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

23. STATEMENT OF FUNDS (continued)

	Brought forward £'000	Income £'000	Expenditure £'000	Transfers in/out £'000	Gains/ (losses) £'000	Carried Forward £'000
General funds						
General	3,695	15,237	(15,500)	75	153	3,660
St Chad's Retreat Centre	181	491	(450)	(83)	(1)	138
	<u>3,887</u>	<u>15,728</u>	<u>(15,950)</u>	<u>(8)</u>	<u>152</u>	<u>3,798</u>
Total unrestricted funds	<u>15,857</u>	<u>16,540</u>	<u>(16,770)</u>	<u>(321)</u>	<u>743</u>	<u>16,049</u>
Endowment funds						
Diocesan Stipends Fund	40,657	307	(255)	(305)	1,566	41,970
Endowment & Gift	347	14	-	(14)	31	378
Clergy pensions	(8,328)	670	(197)	902	-	(6,953)
	<u>32,676</u>	<u>991</u>	<u>(452)</u>	<u>583</u>	<u>1,597</u>	<u>35,395</u>
Restricted funds						
Property reserve	2,835	-	-	162	108	3,105
Restricted Trust Reserve	3,986	1,280	(135)	(113)	448	5,466
Benefice Houses	56,512	-	(3)	(268)	2,403	58,644
Pastoral Fund	7,668	277	(246)	(157)	506	8,048
Diocesan Loan Fund	2,027	44	(14)	-	84	2,141
Clergy Widows & Orphans	820	26	(38)	-	83	891
Interior decoration scheme	206	17	(7)	-	23	239
Lent appeal	(3)	39	(36)	-	-	-
Ordination	102	21	(5)	(24)	10	104
Parish Mission Project	35	1	-	-	3	39
Church Building Support Officer	8	22	(44)	23	-	9
Misc. Projects	27	39	(75)	31	-	22
Resourcing the Future	983	229	(105)	1	145	1,253
St Chad's Retreat Centre	122	17	33	83	17	272
	<u>75,328</u>	<u>2,012</u>	<u>(675)</u>	<u>(262)</u>	<u>3,830</u>	<u>80,233</u>
Total funds	<u>123,861</u>	<u>19,543</u>	<u>(17,897)</u>	<u>-</u>	<u>6,170</u>	<u>131,677</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

Prior year restatement of funds

	Restricted Funds £'000	Endowment Funds £'000
As stated previously as at 31 December 2015	107,656	348
Re classification transfer		
Endowment & Glebe	(21,937)	21,937
Diocesan Stipends Fund	(4,857)	4,857
Glebe Land	(11,082)	11,082
Glebe Land Sales	(3,494)	3,494
Clergy Pensions Liability	8,328	(8,328)
Transfer of 2015 surplus	714	(714)
Net change in reserves	(32,328)	32,328
Restated Reserve as at 31 December 2015	75,328	32,676

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. It provides the Board with a contingency fund equivalent to a minimum of 4.7 months' stipends and is considered to be an appropriate level of investment to generate a required amount of income to assist the Diocesan Budget.

2. Strategic

This group of funds, includes short term strategic work funded by guaranteed short term funding. These include Addition for Mission posts, that are 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 this fund is 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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23. STATEMENT OF FUNDS (continued)

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.

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.

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23. STATEMENT OF FUNDS (continued)

Restricted Funds

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.

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.

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 2019. This income will be used to support Mission, potential Pension liabilities and any short term additional deployment in future years.

14. St Chads Retreats 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..

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.

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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. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total Funds £'000	2015 Total Funds £'000
Tangible fixed assets	7,320	62,557	21,697	91,574	87,891
Fixed asset investments	6,794	15,968	18,707	41,469	38,704
Debtors due after more than 1 year	858	540	1	1,399	887
Current assets	2,463	1,955	1,962	6,380	8,987
Creditors due within one Year	(789)	(573)	(7)	(1,369)	(3,266)
Creditors due in more than one year	(597)	(214)	(6,965)	(7,776)	(9,342)
	<u>16,049</u>	<u>80,233</u>	<u>35,395</u>	<u>131,677</u>	<u>123,861</u>

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

	2016 £'000	2015 £'000
Net income for the year (as per Statement of financial activities)	7,816	2,820
Adjustment for:		
Depreciation charges	28	98
Dividends, interest and rents from investments	(7,479)	(2,054)
Loss/(profit) on the sale of fixed assets	2	9
Increase in stocks	-	-
Increase in debtors	648	(581)
Increase/(decrease) in creditors	(1,138)	425
Net cash provided by operating activities	<u>(123)</u>	<u>717</u>

26. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £'000	2015 £'000
Cash in hand	3,885	4,957
Notice deposits (less than 3 months)	484	373
	<u>4,369</u>	<u>5,330</u>

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27. RELATED PARTY TRANSACTIONS

The Charity has taken advantage under Financial Reporting Standard Number 102 section 33 – “Related Party Disclosures” not to disclose transactions with other Group entities as the entities are wholly owned subsidiaries and their results are consolidated within these results.

28. CAPITAL COMMITMENTS

At 31 December 2016 the group and company had capital commitments of £Nil (2015: £nil).

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. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

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

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- investment returns of 2.66% p.a. on gilts and 4.6% p.a. on equities;
- RPI inflation of 3.2%p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;

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29. PENSIONS COMMITMENT (continued)

- Mortality in accordance with 80% of the S2MNA and S2NFA tables, with allowances for improvement in mortality cover rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.50%.

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

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are set out in the table below. Contributions since 205 are shown for reference.

% of pensionable stipends	1 January 2015 to 31 December 2017	1 January 2018 to 31 December 2025
Accrual of future service benefits (including expenses)	25.8%	28.0%
Deficit repair contributions	14.1%	11.9%
Total contribution rate	39.9%	39.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.10% of pensionable stipends until December 2025.

For Senior Office 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 provision is set out in the table below.

	2016 £'000	2015 £'000
Balance sheet liability at 1 January	8,328,000	9,111,000
Deficit contribution paid	(902,000)	(902,000)
Interest cost (recognised in SOFA)	197,000	199,000
Remaining change to the balance sheet liability* (recognised in (SOFA))	(670,000)	(80,000)
Balance sheet liability at 31 December	6,953,000	8,328,000

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

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

	December 2016	December 2015	December 2014
Discount rate	1.5%	2.5% pa	2.3% pa
Price inflation	3.1%	2.4% pa	2.7% pa
Increase to total pensionable payroll	1.6%	0.9% pa	1.2% pa

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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29. PENSION COMMITMENTS (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.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, (2016: £Nil, 2015 £Nil) plus any impact of deficit contributions (see below), giving a total charge of £Nil for 2016 (2015:£36,000)

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

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £10,800 per year.

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:

	2016 £'000	2015 £'000
Balance sheet liability at 1 January	-	36,000
Deficit contribution paid	-	-
Interest cost (recognised in SOFA)	-	-
Remaining change to the balance sheet liability* (recognised in (SOFA))	-	(36,000)
Balance sheet liability at 31 December	-	-

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29. PENSION COMMITMENTS (continued)

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

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

	December 2016	December 2015	December 2014
Discount rate	0.00% pa	0.00% pa	0.00% 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.

The next valuation of the scheme is being carried out as at December 2016.

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 (2016: £210,841, 2015: £214,861).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPF valuation date, 31 December 2016.

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30. OPERATING LEASE COMMITMENTS

At 31 December 2016 the group had no Operating Leases as at the end of 31 December 2016. There were none as at 31 December 2015. All operating equipment is purchased and depreciated in line with the policies set out in note 1.7.

31. SUBSIDIARY

Company name	Country	Percentage Holding	Description
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.

	2016 £'000	2015 £'000
Income	508	510
Expenditure	417	511
Net gains/(losses) on investments	16	3
Net income	107	2
Balance sheet	2016 £'000	2015 £'000
Tangible fixed assets	445	405
Investments	76	72
Current assets	203	156
Creditors: amounts falling due within one year	(148)	(136)
Creditors: amounts falling due in more than one year	(166)	(194)
Net assets	410	303
Restricted funds	272	122
Unrestricted funds	138	181
Total funds	410	303

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32. FINANCIAL INSTRUMENTS	2016	2015
	£'000	£'000
Financial assets measured at fair value	29,075	25,956
Financial liabilities measured at fair value	6,953	8,328
Financial assets measured at amortised cost	9,164	9,568
Financial liabilities measured at amortised cost	3,478	3,799

33. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (31 DECEMBER 2015)

	Unrestricted Funds 2015 £'000	Restricted Funds 2015 £'000	Endowment funds 2015 £'000	Total Funds 2015 £'000
Income and endowments from:				
Parish contributions	11,251	-	-	11,251
Archbishops' Council	2,228	200	-	2,428
Other donations	461	139	-	600
Other trading activities	477	-	-	477
Investments	475	835	15	1,325
Charitable activities	1,972	-	-	1,972
Other income	34	331	-	365
Total income and endowments	16,898	1,505	15	18,418
Expenditure on:				
Raising funds	78	104	-	182
Charitable activities	16,486	717	-	17,203
Other expenditure	148	119	-	267
Total expenditure	16,712	940	-	17,652
Net income before investment Gains	186	565	15	766
Net gains on investments and property	259	1,781	7	2,047
Net income before transfers	445	2,346	22	2,813
Transfers between funds	1,721	(1,706)	(15)	-
Net income	2,166	640	7	2,813
Net movement in funds	2,166	640	7	2,813