

**Leicester Diocesan Board
of Finance**

Report and Financial Statements

For the year ended

Company Registered No 227087
Registered Charity No 249100

31 December 2010

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Leicester Diocesan Board of Finance
Report and Financial Statements

For the year ended 31 December 2010

INDEX	PAGE
Chairman's Report	1 - 2
Directors' and Trustees' Report	3 - 15
Statement of Directors' and Trustees' Responsibilities	16
Independent Auditor's Report	17 - 18
Statement of Financial Activities	19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Report and Financial Statements	22 - 40

Leicester Diocesan Board of Finance
(a company limited by guarantee not having share capital)
CHAIRMAN'S REPORT

For the year ended 31 December 2010

I am pleased to report that the Board's financial results for the year show a significantly lower deficit than that budgeted and that, despite capital sums being expended as a contribution to the refurbishment of Launde Abbey, and St Martins House, the Board's overall asset position has strengthened, due to the revaluation of the Glebe portfolio and stock market asset appreciation.

At a time of financial uncertainty and continued international turbulence, it seems to me that it is remarkable that we have been able to proceed with and complete these two major projects largely on time and within budget. I should like, on behalf of the Directors of the Diocesan Board of Finance, to thank all who have been involved, not least all who have given both time and money to these projects so generously, but in particular to Ian Neale and Pete Hobson who have been largely responsible for the day to day management of these major capital works for Launde Abbey and St Martins House respectively.

As far as the Board's operating finances are concerned sources of income, excluding parish share, were ahead of budget. Yields from investments were between 6.67% and 3.33% averaging over 4.5%, the funding we receive from the Church Commissioners was slightly ahead of expectations and is expected to, at least, maintain the same level for 2011.

The fact that parish share receipts fell for the second year is, of course, a matter of concern. However during the year there was an unusually high level of clergy vacancies which in turn gave rise to rebates to parishes to reflect this. Had vacancies been at the anticipated level, parish share receipts would have increased slightly in comparison to 2009.

As far as expenditure is concerned, the relatively high level of clergy movements during the year resulted in stipend cost being lower than budget. Expenditure on clergy housing was also lower than budget, largely as a result of works to newly acquired houses being "capitalised." Notwithstanding this saving some works on the existing housing stock were brought forward to gain benefit from the alterations in VAT rates early in 2011.

The combined effect of these income and expenditure movements is that the deficit budgeted at £300k for 2010 was £143k.

As I noted in last year's statement our plan was "that the shortfall in 2010 would be funded from reserves and then in future years to return to a balanced budget. It was intended to achieve this by a combination of increases in parish share receipts, falling clergy numbers (as retirements will exceed ordinations), recovery in investment income as interest rates returned to more normal levels and changes to the pension scheme to be agreed by the General Synod."

We shall continue to do everything possible to achieve increases in Parish Share receipts during 2011. However, we shall need to be realistic about the fact that existing givers are under pressure from cost of living increases unmatched by wage rises while unemployment is likely to continue to rise. Additionally despite rising levels of inflation interest rates will apparently remain low, thus affecting our investment returns.

Your Directors remain committed, as agreed, to achieving a balanced budget for 2011. We believe that this can be done as a result of the further cost savings of some £300k, which were presented to, and have been agreed by the Diocesan Synod in September 2010, together with tight budgetary control during 2011.

Nevertheless we are conscious that the overriding aim of the Board of Finance is to sustain the mission and ministry of the Diocese in all places. Therefore we are working closely with the Area Deans and the Bishop's

Leicester Diocesan Board of Finance
(a company limited by guarantee not having share capital)
CHAIRMAN'S REPORT

For the year ended 31 December 2010

Council to consider how some of our historic assets could be made available in the form of a “growth fund” which would, among other things, encourage the flourishing of “Fresh Expressions” of the Church. We expect plans for this to be discussed at Diocesan Synod during 2011.

As you might imagine this has been a more than usually challenging year in the life of the Diocese from a financial perspective. I should therefore like to thank my colleagues on the Board of Finance for their wise council and support and in particular Andrew Roberts, the Assistant Diocesan Secretary, for his able work during the vacancy created when Jane Easton, the former Diocesan Secretary, resigned to take up a more senior post with the RAF.

The Church House and Cathedral staff should also be thanked for coping so well with the disruption caused by the move of their offices into St Martins House. I am also very pleased to welcome Jonathan Kerry as he takes up his role as our new Diocesan Secretary and Chief Executive.

Stephen Barney

March 2011

For the year ended 31 December 2010

The trustees, who are also directors for the purposes of company law, present their combined trustees' report and directors' report, together with the audited financial statements, for the year ended 31 December 2010.

Except for the section on the summary information about the structure of the Church of England this report refers to the Leicester Diocesan Board of Finance.

Reference and administrative details of the Leicester Diocesan Board of Finance

These are set out on pages 14 and 15.

Summary information about the structure of the Church of England

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

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

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are 112 bishops including Diocesan, Area and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

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

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

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

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

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

Leicester Cathedral

The Cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from St Martins House.

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

The Diocese

Diocesan Synod

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

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

Deanery Synod

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

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

The Bishop's Council

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

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

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2010

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chairman, the churchwardens and a number of elected and ex officio members. Each PCC is a charity and, until recently, were exempted from registration with the Charity Commission. Following the Charities Act 2006, however, PCCs with gross income over £100,000 are required to register with the Charity Commission. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

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

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

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

Structure, governance and management of the Diocese of Leicester

The Diocese of Leicester was restored in 1926, and consists of the City of Leicester and the County of Leicestershire, with the exception of a few parishes on its borders. It covers an area of 835 square miles and has a population of approximately 1 million. Whilst much of the diocese is rural, there are significant market towns and suburban centres. The City of Leicester has a population of approximately 300,000.

The diocese is arranged as two archdeaconries, with Loughborough broadly covering the western part, with 5 deaneries, and Leicester covering the city and eastern part with 5 deaneries. In total there are 238 parishes and currently 137 stipendiary clergy.

Diocesan governance

The Diocese is governed by the Synodical Government Measure 1969. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. The Diocesan Synod works according to Standing Orders which were approved by Synod in 2002. Members of the Synod hold office for a term of three years. Membership consists of ex officio members, namely the Bishops, the Dean of the Cathedral, the Archdeacons, the Chancellor of the Diocese, the Diocesan General Synod members and the chairs of the Board of Finance and the Diocesan Advisory Committee. Clergy members are elected by the houses of clergy in Deanery Synods, laypersons are elected by the houses of laity in Deanery Synods. Up to five persons may be co-opted by the house of clergy and five persons may be co-opted by the house of laity. A maximum of ten members (five clergy, five lay) may be nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to its Standing Committee, the Bishop's Council.

Company status

The company, Leicester Diocesan Board of Finance (LDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 4 January 1928 as a charitable company limited by membership guarantees (No. 227087) and its governing documents are the Memorandum and Articles of Association. LDBF is registered with the Charity Commission (No. 249100).

Every member of Diocesan Synod is a member of LDBF for company law purposes and has a personal liability limited to £1 under their guarantee as a company member in the event of its being wound up. The members of the Diocesan Finance Committee comprise the Board of Directors and the Trustees of LDBF.

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2010

Decision-making structure

Diocesan Synod has delegated the following functions to the Bishop's Council (Standing Committee of the Synod):

- planning the business of Synod including the preparation of agendas and papers
- initiation of proposals for action by the Diocesan Synod and provision of policy advice
- transacting the business of the Diocesan Synod when not in session

Diocesan Synod has delegated the following functions to the Board of Trustees (Finance Committee and Board of Directors):

- management of the funds and property of the Diocese
- preparation of annual estimates of expenditure
- advising on action needed to raise the income necessary to finance expenditure
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it
- 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 Trustees has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary who is supported by a number of heads of departments and their staff.

Committee structure

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

Those following are statutory committees:

Houses Committee, which is responsible for managing and maintaining the parsonage houses in each benefice, including buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by LDBF.

Glebe Committee, which is responsible for implementing policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese.

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

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

Leicester Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

Redundant Churches Uses Committee, which is responsible for finding appropriate alternative uses for churches that have been declared redundant.

For the year ended 31 December 2010

Bishop's Council

The Bishop's Council is the Standing Committee of Synod. Bishop's Council consists of 8 ex-officio members, including the Diocesan Bishop, the Assistant Bishop and the two Archdeacons, 3 clergy elected by the house of clergy from among their number and 5 lay persons elected by the members of the house of laity and a maximum of 2 members nominated by the Diocesan Bishop.

The *Finance Committee*, whose members are the Directors of the company and Trustees of the charity, is responsible for considering the financial affairs of the Diocese. Amongst other things, it draws up draft budgets for approval by the trustees prior to submission to Diocesan Synod and monitors expenditure and income.

The *Investment Committee (a sub-committee of the Finance Committee)* is responsible for determining and overseeing the investment policy of the LDBF.

The *Audit Committee (a sub-committee of the Finance Committee)*, which was formed in early 2007, and is responsible for assisting the trustees in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

Appointment of trustees

The Trustees are the members of the Finance Committee and are appointed as shown on page 14. Some senior staff have job titles incorporating the title 'Director' but they are not directors of the company for the purposes of company law.

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

Trustees' responsibilities

Company law requires the trustees (in their capacity as directors) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net incoming or outgoing resources of the company for that year.

The Trustees' Responsibilities are set out on page 16.

Related parties

General Synod, Church Commissioners and Archbishops' Council

LDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners and are reflected in the financial statements as costs funded by grants received from the Church Commissioners.

Parochial Church Councils (PCCs)

LDBF is required by Measure to be custodian trustee in relation to PCC property, but the Company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

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

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2010

Connected charities

Leicester Diocesan Board of Education and Higher & Further Education Chaplaincies

Through grant assistance the LDBF provides support to the work of the Leicester Diocesan Board of Education (charity no. 527812) and higher and further education chaplaincies in the Diocese.

Leicester Cathedral Chapter

By means of support in kind the LDBF provides accounting services to Leicester Cathedral Chapter.

Launde Abbey Trustees

By means of a long term loan of £500,000 to assist with the refurbishment of the Abbey, which is the Diocesan retreat house, and a small grant towards the costs of the Warden being the priest-in-charge of Loddington.

At the end of 2010 capital and interest outstanding totalled £523,058.

In addition, the Leicester Diocesan Board of Finance has agreed to contribute to the refurbishment work at Launde Abbey to a maximum of £1m. This was included in the 2009 financial statements as an exceptional item.

Coventry Diocesan Board of Finance

The trustees have a joint working arrangement with the Coventry Diocesan Board of Finance (company no. 319482; charity no. 247828) under which a number of staff are jointly employed.

St Martins Cathedral Properties Limited (SMCP Ltd)

This company oversees the Cathedral Square project, which has a vision for outreach in the Diocese. In 2009 The Bishop of Leicester, Leicester Cathedral and Leicester Diocesan Board of Finance agreed development plans for the refurbishment of St Martins House, which began in early 2010. The Diocesan and Cathedral staff relocated to the new offices in January 2011.

The Trustees of SMCP Ltd are The Bishop, The Dean, the Chairman of the Board of Finance and Mr John Nicholls. The Diocesan Secretary is secretary to the trustees.

The 2009 accounts declared an interest free loan made available to St Martins Cathedral Properties Limited loan totalling £1,100,013. During 2010, a further £2,190,585 has been made available on comparable terms, bringing the total made available to date to £3.29m.

The loan agreement with St Martins Cathedral Properties Limited ensures that the totality of the funds made available from Leicester Diocesan Board of Finance are secured as a second charge against the total value of the refurbished St Martins House, so that in the eventuality of its disposal, the Diocesan Board of Finance would recover an amount calculated as a percentage (based on the valuation of the property at 31 December 2011) of any future disposal proceeds. The property was valued by Andrew Granger & Co LLP as at 31 December 2010 at £3.85m.

Pension Schemes

All stipendiary clergy in the diocese and some licensed lay workers are members of the Church of England clergy pension scheme. The contribution rate for this scheme in the year was 45% of the previous year's national minimum stipend, which equates to £9,095 per clergy person.

The lay staff of the diocese are members of either a defined benefit or a defined contribution section of the Church Worker's Pension Scheme.

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2010

Risk management

The trustees confirm that the major risks, to which LDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees have delegated to the Audit Committee the task of ensuring that risks are reviewed and managed as part of the risk management strategy.

The Audit Committee reviews the risk register periodically and reports to trustees whether it is satisfied with its findings and makes recommendations as to areas for further work in subsequent years. The trustees review the risk register at least annually as part of the corporate risk management strategy. The last review was done in January 2010.

Objectives and activities

Aims and objectives

LDBF aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Leicester.

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

The trustees are aware of the Charity Commission's published guidance on the public benefit requirement in general and more particularly in *The Advancement of Religion for Public Benefit* and have had regard to it in their administration of the Diocese and in planning future activities and setting the grant making policy for the year.

The key activities may be summarised as:

- support for Mission and Ministry in the Parishes (includes all clergy training, housing, stipends, pension and all other expenditure supporting parish based ministry);
- support for the National Church institutions through an annual grant, including a contribution to the cost of training ordinands, and for providing retirement housing for clergy;
- support for the Diocesan Board of Education by way of a grant towards staffing costs and the provision of office accommodation and equipment.

Statutory functions

LDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

It is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.

The trustees act as custodian trustees in relation to PCC property and investments as necessary.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover proportions of its central costs, the cost of training for ministry and retired clergy housing (See note 5(b)(i) to the financial statements on page 28).

In addition grants are made as set out in note 7 to the Financial Statements on page 31 to a number of bodies, both Diocesan and non-Diocesan, and to individuals.

Grants are made on the basis of either statutory or budget obligation, individual need or towards the fulfilment of the objectives of LDBF.

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2010

Achievements and performance

Plans and achievements in 2010

During 2010 LDBF planned to:

- Achieve a budget deficit of £300k, while increasing clergy stipends in line with inflation
- Implement an average parish share increase of 2.5%
- Continue to review parish share collection through diocesan-wide consultation

During the year LDBF has:

- Made a deficit on operating activities of £325k (2009: £27k), see financial review below.
- Seen a decrease in the amount of parish share collected of £45k over 2009
- Increased clergy stipends and pensions in line with national guidelines

Operational performance

LDBF received £4.903 million of Parish Share due for the year (2009: £4.948 million) and has met all of its financial obligations to continue resourcing diocesan needs as these arise, including the support of the ministry, provision of well-maintained houses for the clergy, National Church responsibilities and enriching and facilitating many other aspects of church life throughout Leicester and Leicestershire.

External factors affecting performance

Every effort is made by the Diocese to hold down increases in the Parish Share, which is contributed by the PCCs towards the ministry and other costs of the Diocese. A large part of these other costs are staff salaries and building maintenance costs, which both tend to increase at a rate in excess of the Retail Price Index. In addition, the Diocese is having to manage increased contributions to pension schemes.

Financial review

Overall financial performance

The overall financial performance of the LDBF for the year may be summarised as follows:

	2010	2009
	£'000	£'000
Incoming resources from operating activities	8,130	8,201
Resources expended on operating activities	<u>(8,455)</u>	<u>(8,228)</u>
Deficit arising from ordinary operating activities	(325)	(27)
Exceptional Item – Grant to Launde Abbey	-	(1,000)
Movements in capital funds		
Surplus on sales of tangible fixed assets	<u>490</u>	<u>909</u>
Net incoming / (outgoing) resources per statement of financial activities	165	(118)
Net surplus on sales of investment properties & intangible investments	253	138
Net gains on revaluation of investment properties & intangible investments	3,358	1,790
Net movement in funds during the year as shown on the statement of financial activities	<u><u>3,776</u></u>	<u><u>1,810</u></u>

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2010

Principal Funding Sources

Around 60.3% (2009: 60.3%) of the incoming resources of the LDBF, excluding surpluses on the sales of tangible fixed assets, comes from the Parish Share, 14.1% (2009: 13.2%) from National Church Selective Allocations and 12.1% (2009: 13%) from Investment Income.

Principal Areas of Expenditure

Of the resources expended of £8.455m 82.6% (2009: 72.6%) is spent on resourcing and supporting parochial ministry and 11.3% (2009: 22.4%) on grants and similar items including the Board's contributions to the National Church, the Leicester Diocesan Board of Education and chaplaincies.

Review of the financial position

The balance sheet has strengthened significantly during the year. The above table shows a deficit of income over expenditure of £325k but also significant gains from the sale of tangible fixed assets and substantial unrealised gains on the valuation of fixed assets and investments, resulting in the net movement of funds of £3.8m.

Going concern

The Trustees are satisfied that LDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Non-investment Properties

All non-investment freehold properties, that is Parsonage Houses and DBF Properties, are shown at cost. In the opinion of the trustees the market value of these properties, assuming vacant possession, is substantially in excess of the cost value, but the amount of this excess is not economically quantifiable.

Investment policies and objectives

LDBF'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. In order to achieve this the Board adheres to the Ethical Investment policy of the Church of England.

Long-term responsibilities - the trustees are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions which seeks to maintain income while continuing capital growth.

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

Investment Financial Risk Management

The Board uses financial instruments, other than derivatives, as shown in this section of this report on Investment Policy and Returns.

As stated in this section the trustees' primary investment objective is to provide an adequate income return, whilst, as far as possible, maintaining the long-term value of the funds in real terms.

The main risks are those arising from the fluctuations in the stock market, interest and dividend rates, and liquidity. The trustees' investment policies are such as to mitigate such risks and are reviewed regularly. They are summarised below and have not changed from the previous year.

For the year ended 31 December 2010

Stock market fluctuations and interest and dividend rates: The trustees seek to ensure that the non-property investments of the Board are split between fixed interest and equity investments and comprise a substantial number of holdings in different bonds and equities.

Liquidity: Other than the property holdings, all the Board's investments are able to be turned into liquid funds at short notice. It is the trustees' policy to ensure that under normal circumstances there are enough liquid resources available in short-term deposits to enable the day-to-day business of the Board to be carried out without a requirement to sell investments.

Investment performance

The investments of the Board are represented by:

- Glebe investments in Land and Property
- Investments in CBF Church of England Investment, UK Equity and Property Funds managed by CCLA Investment Management Ltd.
- Equity and Fixed Interest investments managed by the trustees. These investments are held by the Board's stockbrokers, as nominee, as set out in the Reference and Administrative details section.

Glebe investments

The net income return on the Glebe investments was 4.64% (2009: 2.23 %).

Listed and unlisted investments

At the end of the year the ratio between equity and fixed interest investments was 87% to 13% compared to 82% to 18% in 2009. The income return achieved on the listed investments was 4.53% (2009: 5.72%), compared to that of the FTSE all-share index at 3.3% (2009: 3.2%). The income return achieved on the unlisted investments was between 4.36% and 6.67% (2009 average: 5.01%).

The changes in the value of the board's investments are shown at note 12 to the financial statements.

In the light of the market conditions prevalent during the year the Trustees consider the performance of its investments to be satisfactory.

Reserves policy

LDBF has considerable responsibilities including the remuneration of an average of 137 parochial stipendiary clergy in 2010, the upkeep of approximately 184 houses and the employment of some 48 full or part time staff. For this reason the Trustees believe it to be prudent to maintain adequate reserves to provide working capital resources.

The target figure for these resources is currently set at an amount equivalent to four months' budgeted parish share income for the ensuing year. At 31 December 2010 this figure was £1.7m. At 31 December 2010, LDBF's free reserves (i.e. excluding fixed assets and investments) were £2.5m as shown in note 18 to the financial statements.

The trustees intend to continue to maintain their current policy on general reserves so as to ensure adequate ongoing working capital resources.

Plans for future periods

The trustees will continue to set annual budgets, including a long-term sustainable use of reserves where required, and seek to manage Parish Share increases in order to allow funds to be spent on mission activity.

The ongoing objective is to be able to adequately resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

For the year ended 31 December 2010

To work towards these objectives the trustees in 2011 plan to:

- implement an increase in the parish share to a maximum of 2.0%
- continue to review parish share collection through diocesan-wide consultation
- make cost saving plans to deliver a balanced budget.

Funds held as Custodian Trustee

The Board acts as Custodian Trustee for a large number of parochial trusts which have either the Parochial Church Council or Vicar and Churchwardens of the particular parish as managing trustees. It also acts as a Custodian Trustee of Launde Abbey Trust, the Diocesan retreat house.

The assets of these funds consist of either cash deposits, investments in the CBF Common Investment Funds or equity and other fixed interest investments. The Board also acts as custodian trustee for real property owned by Parochial Church Councils. All such property and investments are held separately from those of the Board.

The total value of the assets, excluding real property, held as Custodian Trustee at 31 December 2010 was approximately £2.292 million (2009: £3.517 million).

Charitable Donations

Charitable donations have been made as part of normal expenditure in the exercise of the Board's objectives. Further details of the donations can be found in Note 7 to the Financial Statements.

No political contributions were made in the year.

Board members' interests in shares

The Board, which has no share capital, is a company limited by guarantee. The Board members may derive no benefit or income from or have any capital interest in the Board's financial affairs other than reimbursement of out-of-pocket expenses.

Appointment of auditors

The Charity's articles require annual reappointment of auditors. Grant Thornton UK LLP have indicated their willingness to continue in office. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting. A resolution to authorise the Trustees to fix their remuneration will also be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

.....
J Kerry Diocesan Secretary

.....
S Barney Chairman

8 June 2011

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2010

Reference and administrative details of the Leicester Diocesan Board of Finance

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

President (ex officio)	The Rt Revd T J Stevens (Lord Bishop of Leicester)
Chairman (nominated by the Bishop)	Mr S G Barney
Archdeacons (ex officio)	The Ven R W B Atkinson OBE (Archdeacon of Leicester) The Ven D Newman (Archdeacon of Loughborough)
Elected by Diocesan Synod	Mr B D Beeson Revd C Hebden Mrs S A Newbury Revd M Dale (resigned 31 August 2010) Mr D Whittington
Nominated by the Bishop	Mr J C F Roberson Mr G Newbury
Co-opted by the Board	None
Secretary	Mrs C J Easton (resigned 31 August 2010) Mr A Roberts (appointed 1 September 2010, resigned 14 March 2011) Mr J Kerry (appointed 14 March 2011)
Registered Office	St Martins House 7 Peacock Lane Leicester LE1 5PZ
Telephone	0116 261 5200
Company registration number	227087 (England & Wales)
Charity registration number	249100
Auditor	Grant Thornton UK LLP Chartered Accountants Regent House 80 Regent Road Leicester LE1 7NH

Leicester Diocesan Board of Finance

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 December 2010

Reference and administrative details of the Leicester Diocesan Board of Finance (continued)

Bankers	Barclays Bank plc Dominus Way Meridian Business Park Leicester
Solicitors	Latham & Co Charnwood House 2 & 4 Forest Road Loughborough Leicestershire LE11 3NP
Investment managers: Glebe Agents	Andrew Granger & Co LLP 2 High Street Loughborough Leicestershire LE11 2PY
Other investments	Brewin Dolphin 1st Floor, Waterfront House Waterfront Plaza 35 Station Street Nottingham NG2 3DQ Charles Stanley & Co. Limited 25 Luke Street London EC2A 4AR NW Brown Richmond House 16-20 Regent Street Cambridge CB2 1DB CCLA Investment Management Limited 80 Cheapside London EC2V 6DZ
Diocesan Surveyors	YMD Boon Ltd York House Fernie Road Market Harborough Leicestershire LE16 7PH
Insurance Brokers	Towergate Risk Solutions Towergate House, Five Airport West Lancaster Way Yeadon Leeds LS19 7ZA

Leicester Diocesan Board of Finance
STATEMENT OF DIRECTORS' AND TRUSTEES RESPONSIBILITIES

For the year ended 31 December 2010

The trustees (who are also directors of Leicester Diocesan Board of Finance for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Standards (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- 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 are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the trustees is aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEICESTER DIOCESAN BOARD OF FINANCE

We have audited the financial statements of Leicester Diocesan Board of Finance for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's Report and Directors' and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
LEICESTER DIOCESAN BOARD OF FINANCE (CONTINUED)**

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:

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

Peter Edwards
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
East Midlands

8 June 2011

Leicester Diocesan Board of Finance

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2010

	Note	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Income and expenditure							
Incoming resources							
Incoming resources from generated funds:							
Parish share	4a	4,903	-	-	-	4,903	4,948
Archbishop's council	4b	-	-	1,351	-	1,351	1,304
Donations, legacies and similar income	4c	137	1	104	-	242	187
Activities for generating funds	4d	122	6	-	-	128	119
Investment income	4e	149	14	64	760	987	1,070
Income from operating activities	4f	450	-	-	-	450	493
Other incoming resources	4g	60	-	7	2	69	80
Surplus on sales of assets		210	-	-	280	490	909
Total incoming resources		6,031	21	1,526	1,042	8,620	9,110
Resources expended							
Cost of generating funds	5a	151	-	-	120	271	262
Charitable expenditure:							
Archbishop's Council	5b(i)	350	-	-	-	350	345
Other grants and similar items	5b(ii)	448	30	129	-	607	1,718
Resourcing of Ministry in Parishes	5b(iii)	5,788	-	71	-	5,859	5,740
Support of Ministry in Parishes	5b(iv)	1,014	4	111	-	1,129	961
Governance costs	5c	239	-	-	-	239	202
Total resources expended		7,990	34	311	120	8,455	9,228
Net (outgoing)/incoming resources before transfers	3	(1,959)	(13)	1,215	922	165	(118)
Transfers between funds	17	1,470	21	(2,057)	566	-	-
Net (outgoing)/incoming resources after transfers		(489)	8	(842)	1,488	165	(118)
Realised gains and losses on investments		10	-	-	243	253	138
(Deficit)/Surplus of income over expenditure		(479)	8	(842)	1,731	418	20
Unrealised gains and losses on tangible fixed assets		-	-	-	-	-	(160)
Unrealised gains and losses on investments		159	8	-	3,191	3,358	1,950
Net movements in funds		(320)	16	(842)	4,922	3,776	1,810
Fund balances brought forward at 1 January 2010		12,021	667	2,336	43,879	58,903	57,093
Fund balances carried forward at 31 December 2010		11,701	683	1,494	48,801	62,679	58,903

All activities of the charitable company are classified as continuing.

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

Leicester Diocesan Board of Finance

BALANCE SHEET AT 31 DECEMBER 2010

	Note	£'000	2010 £'000	£'000	2009 £'000
Fixed assets					
Tangible assets	11		28,480		28,123
Investment assets	12		28,168		24,028
			56,648		52,151
Current assets					
Debtors	13	5,250		3,419	
Short term deposits		1,269		4,653	
Cash at bank and in hand		238		175	
		6,757		8,247	
Creditors: amounts falling due within one year	15	(690)		(1,459)	
Net current assets			6,067		6,788
Total assets less current liabilities			62,715		58,939
Creditors: amounts falling due after more than one year	16		(36)		(36)
			62,679		58,903
Funds					
Unrestricted funds:					
Designated funds	18	683		667	
General funds	18	11,701		12,021	
			12,384		12,688
Restricted funds	18		1,494		2,336
Endowment funds	18		48,801		43,879
Total funds	18		62,679		58,903

The financial statements were approved by the Board of Directors and authorised for issue on 8 June 2011.

S G Barney
Chairman

Company registered number 227087

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

Leicester Diocesan Board of Finance

CASH FLOW STATEMENT

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Net cash outflow from operating activities	20	(2,924)	(698)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,424)	(2,109)
Payments to acquire fixed asset investments		(2,302)	(2,145)
Receipts from sales of tangible fixed assets		778	1,917
Receipts from sales of fixed asset investments		<u>2,551</u>	<u>2,441</u>
		(397)	104
Net decrease in short term deposits and cash at bank		<u>(3,321)</u>	<u>(594)</u>

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

For the year ended 31 December 2010

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, the Companies Act 2006, the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005), the Church of England Diocesan Annual Reports and Financial Statements Guide 4th edition 2009 and under the historical cost accounting rules except that investment assets and certain other properties are included at valuation.

The principal accounting policies of Leicester Diocesan Board of Finance have remained unchanged from the previous year.

Tangible Fixed assets

Parsonage houses owned prior to 1 January 1996 are included at the lowest point of the council tax valuation this being taken as original cost in the absence of other data. Subsequent additions are included at cost.

Houses and properties owned by the Board of Finance are included at cost except in the case of any former parsonage houses transferred to the Board which are included at the book value at the time of transfer.

No depreciation is charged against properties held as tangible fixed assets but any expenditure on maintenance and improvements is written off as incurred. The market value of the properties is considerably in excess of their book value.

Fixed assets are capitalised where there is an individual item value of £500 or greater. Office equipment, furniture and fittings are depreciated at a rate of 20% per annum of original cost and Computer and other electronic equipment at 50% per annum of original cost.

Fixed asset investments

Land and buildings held under the Endowments and Glebe Measure 1976 are included at market value at 31 December 2010 as valued by Andrew Granger & Co LLP.

Listed investments are included at market value. Investments held by the Board as custodian trustee are not included in these financial statements.

Parish share and Parochial fee income

Parish share and Parochial fee income includes amounts received up to 31 January 2011 (2009: 31 January 2010) together with any arrears received from previous years.

Grants receivable and payable

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants payable are accounted for once the Charity has made an unconditional commitment to pay the grant and this is communicated to the beneficiary or the grant has been paid, whichever is the earlier.

Rental Income

Rental income is recognised on a receivable basis.

For the year ended 31 December 2010

1 Principal accounting policies (continued)

Investment gains and losses

Realised gains or losses are recognised when investments are sold. Unrealised gains or losses are accounted for on revaluation of investments at 31 December 2010.

Deferred Income

Income is recognised as deferred where the event or rental period to which the income relates occurs beyond the end of the financial period being reported on.

Resources expended

Expenditure is accounted for on an accruals basis and is allocated between:

- expenditure incurred in the cost of generating funds, including Parish Share
- expenditure incurred directly in the fulfilment of the charity's objectives
- expenditure incurred in the governance of the charity and its assets
- expenditure on support costs including central functions. These costs are subsequently allocated to the other categories of expenditure as described in the following note.

Support Costs

These costs have been allocated to the other categories of expenditure described in the above note on the basis of the proportion of staff time spent on each area of expenditure as follows:

- Cost of generating funds – 19.25%
- Charitable expenditure – 65.00%
- Governance – 15.75%.

Operating leases

Payments under operating leases are charged against income as incurred.

Staff pension schemes

Contributions to the Board's pension schemes are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the Board, contributions being accounted for in the year in which they are payable.

Fund accounting

The funds of the charity are analysed between Unrestricted (including Designated) Funds, Restricted Funds and Endowment Funds. Details of all funds together with the basis for identification under each category may be found in note 18 of these financial statements.

2 Staff pension schemes

The Board participates in two sections of the Church Workers Pension Fund, administered by the Church of England Pensions Board. The assets of the funds are held separately from those of the Board of Finance.

Defined contributions scheme

The Board participates in the Church of England Defined Contributions Scheme, part of the Church Workers Pension Fund. This scheme provides benefits based on the contributions paid into the fund.

The pension costs for the year of £41,755 (2009: £47,235) are equal to the contributions paid by the Board.

For the year ended 31 December 2010

2 Staff pension schemes (continued)

Defined benefits scheme

The Leicester DBF participates in the Church of England Defined Benefit Scheme (DBS), part of the Church Workers Pension Fund. During the year to 31st December 2010, the Leicester DBF made net contributions of £99,707 (2009: £122,725) and this has been taken as the pension cost shown in these accounts, as explained below. The Leicester Diocesan Board of Finance is also committed to contributing £84,510 per year for 5 years (2009 to 2013 inclusive) to cover the amount of pension deficit attributable to the Diocese from the defined benefits pension scheme.

It is not possible for an individual employer to determine its share of the underlying assets and liabilities as each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. In such cases, FRS 17 requires the employer to account for its contributions to the DBS as if it were a defined contribution scheme but to make certain additional disclosures based on available information. The required disclosures, together with a description of the operation of the DBS, are given below.

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

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

If following an actuarial valuation of the Life Risk Pool there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-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 being as at 31 December 2007. In this valuation, the Life Risk Section was shown to be in deficit by £5.5m and some £4.4m was notionally transferred from the employers' sub-pools to the Life Risk Pool. Of this, £53,900 was deducted from the Leicester DBF sub-pool. This increased the employer's contributions that would otherwise have been payable. Other available information relating to the valuation as at 31st December 2007 is given below:

Market value of DBS	£176.6m
Market value of Leicester DBF sub-pool	£0.979 m
Market value of Life Risk Pool (1,140 pensioners)	£67.7m

	Total Scheme members	Leicester DBF members
Deferred pensioners	1,432	19
Active members	1,504	25

The Board's contribution rate was reviewed as from 1 January 2006 and is now 20.23%.

This scheme provides benefits based on final pensionable salaries. Membership of this scheme was closed to new employees from 1 January 2006.

For the year ended 31 December 2010

2 Staff pension schemes (continued)

Clergy Pension Scheme

Diocesan clergy are members of the Church of England Funded Pensions Scheme, which provides benefits based on final pensionable salaries. This Scheme provides for that part of their pension that relates to pensionable service after 1 January 1998. The Scheme's assets are held independently of the employer or other responsible bodies. Pensions in respect of pensionable service before 1 January 1998 will be paid by the Church Commissioners of England under the previous arrangements.

The Board participates in the Church of England Funded Pensions Scheme and employs 139 members of the Scheme out of a total membership of approximately 9,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Board is unable to identify its share of the underlying assets and liabilities – each employer in the scheme pays a common contribution rate. A valuation of the scheme was carried out as at 31 December 2009. This revealed a deficit of £262 million, based on assets of £605 million and a funding target of £867 million, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from nil at 31 December 2009 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 4.4% p.a. on gilts and 5.9% p.a. on equities;
- RPI inflation of 3.8% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends 3.8% p.a.; and
- pPost-retirement mortality in accordance with 80% of the S1NA tables, with allowance for future improvements according to the “medium cohort” projections, and subject to a minimum annual improvement in mortality rates of 1.5% for males and 1.0% for females.

Following the results of the previous valuation as at 31 December 2006, the DBF's contribution rate was set at 39.7% of pensionable stipends with effect from 1 April 2008. Pensionable stipends are currently the same as the National Minimum Stipend. The contribution rate was subsequently increased to 45% with effect from 1 January 2010, reflecting unfavourable investment experience and changes in financial market conditions. Following the valuation of the scheme as at 31 December 2009 and some agreed changes to benefits, the contribution rate has been set at 38.2% of pensionable stipends with effect from 1 January 2011.

The next valuation of the scheme is due to be carried out as at 31 December 2012.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS17 requires the Board to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

The pension costs for the year of £1.246m (2009: £1.139m) are equal to the contributions paid by the Board.

For the year ended 31 December 2010

3 Net incoming/(outgoing) resources

Net incoming/(outgoing) resources is stated after charging/crediting:

	2010	2009
	£'000	£'000
Charged:		
Auditor's remuneration:		
- Audit	14	16
- Other services	22	12
Hire of office equipment	9	9
Depreciation of other fixed assets	1	1
	<u>490</u>	<u>909</u>
Credited:		
Surplus on disposal of tangible fixed assets	<u>490</u>	<u>909</u>

Limited liability agreement

The charitable company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2010. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the members on 16 March 2011.

For the year ended 31 December 2010

4 Analysis of incoming resources

a Parish Share

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Parish share assessed for year	5,216	-	-	-	5,216	5,334
Less: shortfall in contributions	(203)	-	-	-	(203)	(382)
	5,013	-	-	-	5,013	4,952
Add: arrears received from prior years	81	-	-	-	81	117
	5,094	-	-	-	5,094	5,069
Less: rebates granted and other adjustments	(191)	-	-	-	(191)	(121)
	4,903	-	-	-	4,903	4,948

At 31 December 2010 the total arrears outstanding, which had not been written off, amounted to £1,558,230 (2009: £2,016,977) of which £291,084 related to 2010. Full provision has been made against these arrears.

b Archbishops' Council

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Selective allocations	-	-	1,149	-	1,149	1,080
Special payments	-	-	72	-	72	95
Parish mission fund	-	-	117	-	117	108
Legal costs contribution	-	-	13	-	13	21
	-	-	1,351	-	1,351	1,304

c Donations, legacies and similar income

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Grants received	137	1	104	-	242	187
	137	1	104	-	242	187

d Income from activities for generating funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Rental income from non-investment properties	122	1	-	-	123	118
Other income	-	5	-	-	5	1
	122	6	-	-	128	119

For the year ended 31 December 2010

4 Analysis of incoming resources (continued)

e Investment income

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Glebe rents	-	1	-	364	365	362
Listed securities	124	-	-	229	353	409
Unlisted securities	19	8	56	163	246	236
Bank and deposit interest	6	5	8	4	23	63
	<u>149</u>	<u>14</u>	<u>64</u>	<u>760</u>	<u>987</u>	<u>1,070</u>

f Income from operating activities

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Parochial fees	334	-	-	-	334	332
Parish funding contributions	7	-	-	-	7	16
Contributions to Stipends	45	-	-	-	45	99
Other income	64	-	-	-	64	46
	<u>450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>493</u>

g Other incoming resources

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Other income	60	-	7	2	69	80
	<u>60</u>	<u>-</u>	<u>7</u>	<u>2</u>	<u>69</u>	<u>80</u>

5 Analysis of resources expended

a Cost of generating funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Investment management fees	-	-	-	21	21	17
Glebe management costs	-	-	-	99	99	113
Support costs	151	-	-	-	151	132
	<u>151</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>271</u>	<u>262</u>

b Charitable expenditure

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
(i) Archbishops' council						
National church	153	-	-	-	153	135
Training for ministry	153	-	-	-	153	169
Retired clergy housing	44	-	-	-	44	41
	<u>350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350</u>	<u>345</u>

For the year ended 31 December 2010

5 Analysis of resources expended (continued)

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
(ii) Other grants and similar items						
Grants to Parishes & other Diocesan bodies	248	17	125	-	390	1,457
Grants to Ordinands	124	-	-	-	124	91
Other grants	76	13	4	-	93	170
	448	30	129	-	607	1,718

Note
7

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
(iii) Resourcing of Ministry in Parishes						
Clergy costs	4,117	-	-	-	4,117	4,094
Clergy housing	1,433	-	-	-	1,433	1,377
Other costs	26	-	71	-	97	84
Support costs	212	-	-	-	212	185
	5,788	-	71	-	5,859	5,740

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
(iv) Support of Ministry in Parishes						
Ministry, social responsibility & partnerships	637	-	89	-	726	615
Parish funding	78	-	-	-	78	78
Other parish support	-	1	22	-	23	4
Support costs	299	3	-	-	302	264
	1,014	4	111	-	1,129	961

c Governance costs

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Synodical costs	13	-	-	-	13	11
Statutory costs & similar	102	-	-	-	102	83
Support costs	124	-	-	-	124	108
	239	-	-	-	239	202

For the year ended 31 December 2010

6 Support costs

i) Analysis of resources expended showing allocation of support costs

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2010 £'000	Total 2009 £'000
Cost of generating funds	120	-	151	271	262
Charitable expenditure:					
Archbishops' council	-	350	-	350	345
Other grants & similar	-	607	-	607	1,718
Resourcing of ministry in parishes	5,647	-	212	5,859	5,740
Support of ministry in parishes	830	-	299	1,129	961
Governance costs	115	-	124	239	202
	<u>6,712</u>	<u>957</u>	<u>786</u>	<u>8,455</u>	<u>9,228</u>

ii) Analysis of support costs

	2010 £'000	2009 £'000
Staff costs	527	492
Depreciation	1	1
Property costs	63	73
Other costs	195	120
	<u>786</u>	<u>686</u>

For the year ended 31 December 2010

7 Analysis of grants

	£'000	2010 £'000	£'000	2009 £'000
To other Diocesan and related bodies				
Launde Abbey	6		1,000	
Diocesan Board of Education	71		88	
University Chaplaincies	154		151	
Centre for Deaf	17		63	
Leicester Cathedral for Development Officer	-		5	
CUF Projects	17		12	
Grants from Commissioners Ministry Fund	65		102	
Grants to Parishes for Church Repairs	-		25	
St Paul's Leicester loan provision (note 13)	60		-	
Grants to External Bodies	-		11	
		390		1,457
To individuals for Ministry				
Grants to Ordinands	124		91	
		124		91
Other Grants				
St Philip's Centre	55		57	
Ecumenical Support & EMMTC	-		7	
Grants to retired clergy and widows	8		10	
Shepshed Youth Project	3		5	
CME Grants	(1)		16	
Other grants	28		75	
		93		170
Total grants made		607		1,718

8 Board members' emoluments and expenses

None of the Board members has received any emoluments from the Board of Finance for services performed as directors (2009: None).

The parochial clerical members of the Board and the Archdeacons are in receipt of a stipend, housing and other payments made to clergy paid by the Board by virtue of their office.

1 member received a total of £251 (2009: 1 & £219) in the year for travel expenses related to the activity of the Board.

3 clerical members received a total of £1,079 (2009: 12 & £2,773) in the year for travel and other expenses in connection with their membership of the General Synod of the Church of England, membership of which is not connected with their membership of the Board.

For the year ended 31 December 2010

9 Clergy costs

The average number of stipendiary clergy and licenced lay workers holding parochial or archidiaconal posts in the Diocese was 137 (2009: 142).

	2010	2009
	£'000	£'000
At a cost of:		
Stipends	3,104	3,165
Social security costs	182	204
Pension contributions	1,246	1,139
	4,532	4,508
Less: Stipends accounted for in grant expenditure	(415)	(414)
	4,117	4,094
Per note 5b (iii)	4,117	4,094

10 Average staff numbers and total remuneration

The average number of administrative and support staff employed during the year was 23 (2009: 23).

Cost of staff under contract during the year amounted to:

	2010	2009
	£'000	£'000
Salaries	560	591
Social security costs	49	52
Pension contributions	141	170
Total	750	813

One employee received remuneration in the band £60,000 - £70,000 (2009: 1). This employee is in the defined benefit scheme.

The Board has entered into joint working arrangements with the Diocese of Coventry. During 2010 an average of 13 staff (2009: 13 staff) came under these arrangements all of whom were employed by LDBF. The Diocese of Coventry contributed 50% of employment costs for which it receives 50% of the relevant employees' time. During the year these costs amounted to £226,362 (2009: £245,665) all of which are accounted for in these financial statements and deducted in the above figures.

For the year ended 31 December 2010

11 Tangible fixed assets

	Parsonage Houses £'000	Church House £'000	DBF properties £'000	Office equipment £'000	Total £'000
Cost or valuation					
At 1 January 2010	20,407	690	7,022	370	28,489
Additions	1,039	-	366	19	1,424
Disposals	(120)	-	(168)	-	(288)
Transfers	(208)	(690)	120	-	(778)
At 31 December 2010	<u>21,118</u>	<u>-</u>	<u>7,340</u>	<u>389</u>	<u>28,847</u>
Depreciation					
At 1 January 2010	-	-	-	366	366
Charge for the year	-	-	-	1	1
At 31 December 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>367</u>	<u>367</u>
Net book value					
At 31 December 2010	<u>21,118</u>	<u>-</u>	<u>7,340</u>	<u>22</u>	<u>28,480</u>
At 31 December 2009	<u>20,407</u>	<u>690</u>	<u>7,022</u>	<u>4</u>	<u>28,123</u>

Cost or valuation at 31 December 2010 represents fixed assets used for direct charitable purposes.

Church House, which has been held at market value, was transferred to the Glebe property portfolio during the year. All other tangible fixed assets are included at historical cost.

FRS 15

Under the requirements of FRS15 'Tangible Fixed Assets' entities are required to depreciate all tangible fixed assets including buildings, unless it can justify not so doing.

The trustees consider that it is not appropriate to charge depreciation on freehold property. The reason for this is that they consider that the residual value of the property will not overall be materially lower than the carrying value.

In order to assist with maintaining this value the Board has the policy and practice of regular and ongoing maintenance to a high standard, the cost of which is written off in the year it is incurred, unless it is considered to enhance the capital value of the relevant property.

In 2010 such expenditure on the properties charged to revenue amounted to £616,517 (2009: £532,677).

For the year ended 31 December 2010

12 Fixed asset investments

	Glebe properties £'000	Listed £'000	Unlisted £'000	Other £'000	Total £'000
Market value at 1 January 2010	11,442	7,719	4,817	50	24,028
Additions at cost	-	2,302	-	-	2,302
Disposals at opening market value	(288)	(2,010)	-	-	(2,298)
Transfers	778	-	-	-	778
Net gains on revaluation	2,477	558	323	-	3,358
Market value at 31 December 2010	14,409	8,569	5,140	50	28,168
Historical cost at 31 December 2010	Not available	9,073	3,895	13	12,981

Unlisted investments consist of holdings in CBF Church of England common investment funds managed by CCLA Investment Management Ltd.

The valuation of investments at 31 December 2010 was carried out by the Board's investment managers as shown in the Administrative Details on page 15.

The Glebe properties are valued by Andrew Granger & Co LLP, Chartered Surveyors at open market value at 31 December 2010.

The difference between the valuation of fixed asset investments and historical cost is included in the fund applicable to the investment.

The following investments represent more than 5% of the market value of the Board's Fixed Asset Investments, excluding Glebe properties and other investments, at 31 December 2010.

	As at 31 December 2010		
	Cost £'000	Market value £'000	%
CBF Investment Fund Income Shares	1,583	2,003	14.6
CBF Property Fund Income Shares	900	1,028	7.5

13 Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year		
Parish share and other trade debts	347	498
Loans	302	295
Other debtors	327	506
Prepayments and accrued income	168	132
	1,144	1,431
Amounts falling due after more than one year		
Loans	4,106	1,988
	5,250	3,419

For the year ended 31 December 2010

13 Debtors (continued)

The loans shown above are represented by:

	Due within 1 year £000	Due after 1 year £000	Total £000
Unsecured loans			
Loans to parishes	202	137	339
Other loans	100	523	623
	<u>302</u>	<u>660</u>	<u>962</u>
Secured loans			
Grange Park equity loan	-	150	150
Value linked loan on retired clergy housing	-	5	5
St Martins Cathedral Properties Limited loan	-	3,291	3,291
	<u>-</u>	<u>3,446</u>	<u>3,446</u>
Total loans outstanding	<u><u>302</u></u>	<u><u>4,106</u></u>	<u><u>4,408</u></u>

Unsecured loans

Included in Unsecured Loans are:

A loan of £159,872 to the PCC of St Paul's, Leicester in respect of the refurbishment of their Parish Centre and other costs. The loan is repayable from the proceeds of the sale of the redundant church building. The whole of this loan is included in loans due within 1 year. A provision of £59,872 was made against this loan during 2010.

A loan of £206,000 (including accrued interest) to the PCC of Holy Trinity with St John's, Hinckley in respect of the provision of a new church building. This loan is repayable in two tranches of £100,000 in 2011 and 2013. The loan bears an interest rate of 3%.

A loan of £89,226 (including accrued interest) to Shepshed PCC in respect of the re-ordering of St Botolph's Church, Shepshed repayable in annual instalments by 2017. The loan bears an interest rate of 3%. This loan was repaid in April 2011.

A loan to the Trustees of Launde Abbey for £523,058 which includes accrued interest. Repayment will be by annual instalments of not less than £1 each year until the year 2031 and then to repay the balance of the loan outstanding together with interest thereon at a rate of 2% compounded with annual rests from 2007. Leicester Diocese is the custodian trustee of Launde Abbey which is the Diocesan retreat house. The whole of this loan is included in loans due after 1 year.

A number of small loans to parishes in respect of church repairs and staff in respect of car loans. The repayment terms and interest rates vary and in total these loans amount to £44,000.

Secured Loans:

The Secured Loans are all secured on freehold properties where the loans represent no more than 75% of the market value of the property at the time the loan was granted.

For the year ended 31 December 2010

13 Debtors (continued)

The Grange Park equity loan was to purchase a property for a Methodist minister working in Loughborough. The loan is repayable in September 2012 when 56.18% of the disposal value plus interest at a rate of 2% above the Base Rate of HSBC will be paid to the Board of Finance.

The 2009 accounts declared an interest free loan made available to St Martins Cathedral Properties Limited loan totalling £1,100,013. During 2010, a further £2,190,585 has been made available on comparable terms, bringing the total made available to date to £3.29m.

The loan agreement with St Martins Cathedral Properties Limited ensures that the totality of the funds made available from Leicester Diocesan Board of Finance are secured as a second charge against the total value of the refurbished St Martins House, so that in the eventuality of its disposal, the Diocesan Board of Finance would recover an amount calculated as a percentage (based on the valuation of the property at 31 December 2011) of any future disposal proceeds. The property was valued by Andrew Granger & Co LLP as at 31 December 2010 at £3.85m.

14 Related party transactions

As noted in the Trustees' Report the Board is related to the Leicester Diocesan Board of Education and the University Chaplaincies at the three universities in the Diocese of Leicester. Details of grants made to these bodies are given in notes 5 and 7 of the financial statements. In addition in the year the Board charged £30,061 (2009: £25,584) to the Leicester Diocesan Board of Education for accounting and related services.

A loan was made to St Martins Cathedral Properties Limited in the year, see note 13 for details of this loan. Salaries totalling £88,947 were recharged to St Martins Cathedral Properties Limited during the year.

At the end of the year the following amounts, all of which are included in debtors as appropriate, were receivable by the Board in respect of related parties:

	2010 £'000	2009 £'000
Amounts receivable by the Board		
Leicester Diocesan Board of Education	53	68
St Martins Cathedral Properties Limited – loan	3,291	1,100
St Martins Cathedral Properties Limited - salary recharges	8	-

15 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	151	109
Taxation and social security	42	46
Other creditors	159	145
Accruals	42	55
Deferred income	73	104
Grant payable to Launde Abbey	223	1,000
	690	1,459

For the year ended 31 December 2010

16 Creditors: amounts falling due after more than one year

Loans

Value-linked (see note below) - 51, Laurel Road, Blaby, Leicester 36 36

The value-linked loan is secured by guarantee against the property. The loan is repayable when the property is sold, in proportion of the sale value to the original % of the cost of the house originally loaned. The proportion of the loan in the case of this property is 94.77 % and at 31 December 2010 the estimated value of the property and amount repayable if the property were sold were £150,094 and £142,195 respectively.

17 Analysis of transfers between funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2010 £'000
Church Commissioners' Restricted Fund income used to fund payments of stipends	1,234	-	(1,234)	-	-
Glebe income used to fund payment of stipends	266	-	-	(266)	-
Diocesan Stipends Capital Fund income used to fund payment of stipends	397	-	-	(397)	-
Endowment income used to fund payment of stipends	50	-	(50)	-	-
Mission fund transfers	133	-	(133)	-	-
Property transfers & transactions	(570)	-	(640)	1,210	-
Other transfers	(40)	21	-	19	-
	<u>1,470</u>	<u>21</u>	<u>(2,057)</u>	<u>566</u>	<u>-</u>

For the year ended 31 December 2010

18 Statement of funds

	Balance at 31/12/09 £'000	Income £'000	Expenditure £'000	Transfers £'000	Revaluation Gains/(losses) £'000	Balance at 31/12/10 £'000
Unrestricted funds						
General fund						
General fund capital	9,225	-	-	-	-	9,225
General fund income	2,796	6,031	(7,990)	1,470	169	2,476
Total unrestricted funds	12,021	6,031	(7,990)	1,470	169	11,701
Designated funds						
Retired clergy fund	98	5	(11)	9	6	107
Church extension fund	494	11	-	-	-	505
Workplace Chaplaincy	4	-	(1)	-	-	3
Archdeacon's discretionary	61	5	(5)	-	2	63
Diocesan CUF fund	10	-	(17)	12	-	5
Total designated funds	667	21	(34)	21	8	683
Total all unrestricted funds	12,688	6,052	(8,024)	1,491	177	12,384
Restricted funds						
Pastoral accounts	1,937	29	(130)	(640)	-	1,196
CCs restricted income	-	1,234	-	(1,234)	-	-
Endowment income	88	59	(7)	(50)	-	90
CCs mission funding	278	117	(86)	(133)	-	176
Bishop Jeune ordinands	2	-	-	-	-	2
Former Archdeacon's Fund	31	70	(82)	-	-	19
Alan Everitt Memorial Fund	-	17	(6)	-	-	11
Total restricted funds	2,336	1,526	(311)	(2,057)	-	1,494
Endowment funds						
<i>Expendable:</i>						
Parsonage houses	20,407	280	-	431	-	21,118
<i>Permanent:</i>						
Stipends Glebe	22,069	762	(120)	135	3,386	26,232
Other endowment capital	1,403	-	-	-	48	1,451
Total endowment funds	43,879	1,042	(120)	566	3,434	48,801
Total funds	58,903	8,620	(8,455)	-	3,611	62,679

Fund accounting

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

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes below.

Endowment funds are funds held on trust to be retained for the charity as capital funds. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is a power of discretion to convert endowed funds into income, the fund is classed as expendable endowment.

For the year ended 31 December 2010

18 Statement of funds (continued)

Designated Funds

The Retired Clergy Fund represents funds set aside for the benefit of retired clergy and their spouses, including those widowed, divorced or separated.

The Church Extension Fund represents funds put aside over a number of years by the Board to give loans to Parochial and District Church Councils to help with extensions, improvements and repairs to church buildings.

Workplace Chaplaincy fund represents funds to support people in workplace environments by offering confidential and independent support on a range of issues.

The Archdeacons Discretionary Fund is used by the Archdeacons to pay grants to needy clergy and their families within the Diocese.

The Diocesan CUF Fund was established in 2005 to set aside funds on a 3 year rolling basis to give grants towards projects supported by the Church Urban Fund (CUF).

Restricted Funds

The Pastoral Fund is a capital and income fund where both may be expended. It may be used for a variety of purposes except for employment costs. It is the Board's policy to use these funds primarily for the purchase of and improvement to parsonage houses.

Prior to 2007 the balance included funds of £281,989 held by the Church Commissioners from the sale of Parsonage Houses which could not be released for other uses until such time as new Pastoral Schemes for the parishes involved had become operative and the appropriate PCC consents to the funds being released.

In 2007 these funds were released to the Diocese but had to be ring-fenced for the same reason. £286,530 including accumulated interest was received by the Diocese, a small amount of which was immediately expendable but the remainder placed in a separate fund in relation to one parish. At 31 December 2010 this fund stood at £312,126 and is included in the Pastoral Fund balance.

The Restricted Income from the Church Commissioners is funds received from them to support Stipends and Clergy Pension Costs and is transferred to the General Fund to be applied against payment of such costs.

The Endowment Income Funds represent accumulated income and income arising from Endowment Funds that has not yet been expended.

The Church Commissioners' Mission Fund represents additional funds given to the Board by the Church Commissioners that have arisen as a result of better returns on their investment assets.

The Bishop Jeune Ordinands' Fund arose from accumulated income received from the Diocese of Peterborough arising from a fund set up by the late Bishop Jeune in 1868. It is available to be used for the benefit of ordinands.

The former Archdeacon's Fund arose in 2009 to fund the continuation of the former Archdeacon Paul Hackwood in connection to his new role with the Church Urban Fund.

The Alan Everitt Memorial Fund, which commenced in 2010, is specifically for drama and dance based projects that promote the self esteem of young people in a Christian environment.

For the year ended 31 December 2010

18 Statement of funds (continued)

Endowment Funds

Parsonage Houses

This represents the deemed value of the Parsonage Houses calculated as set out in note 1 to these financial statements.

Glebe Properties and Diocesan Stipends Capital Fund

These funds represent the value of property and investments held under the Endowments and Glebe Measure 1976 invested to produce income to be applied for the augmentation of stipends.

Endowment Capital Funds

The majority of the Endowment Capital Funds are for the augmentation of stipends.

19 Analysis of net assets between funds

	General fund £000	Designated funds £000	Restricted funds £000	Endowment funds £000	Total 2010 £000
Fund balances at 31 December 2010 are represented by:					
Tangible fixed assets	7,362	-	-	21,118	28,480
Investments	2,122	156	-	25,890	28,168
Net current assets	2,253	527	1,494	1,793	6,067
Long term liabilities	(36)	-	-	-	(36)
Total net assets	11,701	683	1,494	48,801	62,679

20 Reconciliation of net outgoing resources before transfers to net cash outflow from operating activities

	2010 £'000	2009 £'000
Reconciliation of changes in resources to net cash outflow from operating activities		
Net incoming / (outgoing) resources before realised and unrealised gains & losses	165	(118)
Depreciation	1	1
Surplus on disposal of tangible fixed assets	(490)	(909)
Increase in debtors	(1,831)	(605)
(Decrease) / increase in creditors due within 1 year	(769)	933
Net cash outflow from operating activities	(2,924)	(698)

Leicester Diocesan Board of Finance

MANAGEMENT FINANCIAL STATEMENTS

For the year ended 31 December 2010

Reconciliation of deficit on management financial statements to net movement in funds

	2010	2009
	£'000	£'000
Deficit per income and expenditure account	(143)	(1,076)
Add		
Realised surplus on sales of tangible fixed assets	<u>490</u>	<u>909</u>
	347	(167)
Net (outgoing)/incoming resources from other funds	(182)	49
Net incoming/(outgoing) resources	<u>165</u>	<u>(118)</u>
Loss on revaluation of fixed assets	-	(160)
Gains on investment assets:		
Realised	253	138
Unrealised	<u>3,358</u>	<u>1,950</u>
Net movement in funds per statement of financial activities (see page 19 of the financial statements)	<u><u>3,776</u></u>	<u><u>2,088</u></u>
	<u><u>3,776</u></u>	<u><u>1,810</u></u>

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 17 and 18 of the financial statements.

Leicester Diocesan Board of Finance

MANAGEMENT FINANCIAL STATEMENTS

For the year ended 31 December 2010

Income and expenditure account for the year ended 31 December 2010

	2010 £'000	2009 £'000
Income		
From the central church	1,202	1,196
From the parishes - parish share	4,903	4,948
From the parishes - fees and other income	318	332
Parish funding contributions	7	16
Other stipend support income	118	99
Glebe income	364	361
Investment income and deposit interest	547	652
Rents and other property income	122	118
Grants	132	100
Board of Ministry	25	15
Social Responsibility	7	17
Retired clergy, widows and dependants committee	13	5
Church extension fund	5	7
Income from publications	22	27
Other income	61	32
Total income	7,846	7,925
Expenditure		
Central church costs	357	351
Parochial stipends inc. NI and pensions	4,117	4,094
Other clergy costs	398	346
Grants to Diocesan and other associated bodies	330	445
Glebe costs	99	113
Housing and property costs	1,111	1,008
Board of Ministry	436	365
YP4L	180	224
Social Responsibility	62	97
Retired clergy, widows and dependants committee	11	13
Church extension fund	-	25
Communications including publications	126	124
Partnerships	58	80
Parish funding costs	77	77
Central administration including synodical costs	570	551
Legal and other professional fees	138	102
Depreciation	1	1
Total expenditure	8,071	8,016
Deficit before exceptional items and transfers	(225)	(91)
Less: Exceptional items		
- Grant for Launde Abbey	-	(1,000)
- Shaped by God (Mission Partnerships)	(67)	(49)
Deficit after exceptional items	(292)	(1,140)
Add: Transfers from other board funds	182	59
Less: Transfers to other board funds	(33)	5
General fund deficit for the year (carried forward to page 41)	(143)	(1,076)

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 17 and 18 of the financial statements.