

Diocese of Liverpool

Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2016

*Registered Charity Number 249740
Registered Company Number 18301*

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TRUSTEES' ANNUAL REPORT AND DIRECTORS' REPORT INCORPORATING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

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

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

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

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

Trustees

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

Elections to the Finance Committee take place every three years. There were elections in November 2015 for the current Finance Committee which runs from 1 January 2016 to 31 December 2018. The trustees who served in 2016 were:

David Greensmith, Chair (ex-officio)

David Burgess, Deputy Chair (elected)

The Right Reverend Richard Blackburn, Bishop of Warrington (ex-officio)

The Venerable Ricky Panter, Archdeacon of Liverpool (ex-officio) – retired 31 May 2017

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

The Venerable Roger Preece, Archdeacon of Warrington & St Helens (ex officio)

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

Rev Hannah Lewis (elected) – appointed 5 March 2016

Rev Crispin Pailing (elected) – appointed 1 January 2016

Rev Mark Stanford (elected)

Angela Matthewson (elected) – appointed 1 January 2016

Peter Owen (elected)

Michael Pitts (elected)

Philip Stott (elected) – appointed 1 January 2016

Andrew Wilcockson (elected) – appointed 1 January 2016

Cyril Barratt (Treasurer – co-opted by the Committee) – resigned 23 November 2016

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and co-opted members. Given the relatively large number of elected and ex-officio trustees the general approach has been to keep co-options to a minimum.

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

Organisational structure and decision-making

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

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

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

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

Networks and key relationships

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

- ♦ Diocesan Synod as the Board of Finance and governing body of the diocese
- ♦ Bishop's Council as the executive arm of Diocesan Synod
- ♦ The Bishop's Core Group, where decisions are taken about the deployment of clergy
- ♦ Other diocesan committees, especially the Diocesan Mission & Pastoral Committee, Lifelong Learning Committee and Board of Education
- ♦ Deanery Synods and Deanery Mission & Pastoral Committees, where local mission plans are decided and their pastoral implications worked through
- ♦ Parishes within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance
- ♦ Church schools in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- ♦ Liverpool Cathedral, on whose campus we are now located and with whom there is now an established pattern of close collaborative working
- ♦ Other dioceses, especially in the North West of England, with whom we have close collaborations and provide services, especially to schools

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- ◆ Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

More information on these benefits follows throughout this report.

3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. The strategic thrust of the current work is laid out in our strategic plan entitled *Growing in Christ*, enhanced by the publication of *Fit for Mission* in March 2015. Our aims can be summarised as follows:

- (i) Take forward the spiritual and numerical growth of the Church of England – including the growth of its capacity to serve the whole community of the country;
- (ii) Re-shape or re-imagine the Church's ministry for the century coming, so as to make sure that there is a growing and sustainable Christian witness in every local community;
- (iii) Focus resources where there is both greatest need and greatest opportunity.

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

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

The Finance Committee is working towards the following organisational outcomes:

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

Our main activities can be summarised as:

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

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

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We produce an annual statistical report to Diocesan Synod, based on a 'dashboard' of key data. This dashboard in particular seeks to establish the extent to which we are growing the giving base of committed individual givers to their local church. That giving base will underpin our future financial health and determine our decision-making freedom.

We undertake a biennial clergy survey. The 2015 survey produced generally strong results, although issues of clergy stress remain a significant concern. There were significant levels of buy-in to the Growth Agenda with over 90% of clergy stating that they both understood and supported the growth agenda.

We continue to increase the number of licensed ministers available for deployment. Following the implementation of our new vocations strategy, under the leadership of Simon Chesters, our Director of Vocations, we have record numbers of people offering for ordination and are ahead of our trajectory to increase our stipendiary numbers by 50% (the national church target). Our constructive engagement with both the All Saints Centre for Mission & Ministry and St Mellitus in the North West have been key to this, as has the establishment of our Directions course.

We remain at the leading edge of safeguarding both children and vulnerable adults. Our continuing work on the Child Friendly Church Award, our on-going training and development work on safeguarding issues and the wider work of our Disability Action Group all come together to demonstrate a serious and sustained commitment to excellence in this area, not least through our Disability Friendly Church Award, the first of its kind in the country.

Our Parish Share collection rate remains high; indeed our cash collection rate in 2016 was over 100%, an extraordinary figure. This is a significant vindication both of our Reversing the Payment Trend strategy as well as Transforming Wigan (a significant component in of the 100% cash collection rate was Parish Share arrears being cleared in Wigan). That said, Parish Share remains the single biggest area of concern for the Diocesan Board of Finance. We continue to monitor the situation closely and carefully and there are clear signs that the Parish Share Payment Plan process is firmly established as a constructive way of bringing parishes who fall into arrears back into full payment.

However, as reported previously, there are signs of clear financial strain. Parish Share is becoming a higher percentage of the regular giving received from church members, leaving less money available to parishes for local mission purposes. In view of this Diocesan Synod established a Parish Share Review Group to report back in September 2014 on Parish Share options into the future. A new Parish Share system (largely an update of the current one) was implemented from January 2016, having received the overwhelming support of Diocesan Synod.

We continue to update our Giving in Grace website which helps parishes continue to face the giving challenge head on. It remains the best resource available to the church and helps address the core issue of ageing money in an open and straightforward way. We continue to be strong advocates for the Parish Giving Scheme, a key part of both our stewardship and Making it Easier agendas.

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

Levels of church attendance remain a concern, despite the improvement noted above. The average age of our congregations is significantly higher than the average age of the general population. We now track and publish attendance on a parish by parish basis. It is a key focus of discussion at the newly constituted Archdeacon's Parish Review meetings. This focus will sharpen further as we move into the next iteration of the Growth Agenda.

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

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

II. FINANCIAL REVIEW

2016 was another mixed year financially. We once again set a breakeven budget with a 2% increase in total Parish Share, absolutely reflecting the increase in the cost of ministry in parishes and schools.

Performance against budget

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

Our management accounts loss was £52,000, a significant improvement on the £254,000 loss in 2015. Work on reviewing our financial strategy and 'zero-basing' our St James' House budget will continue in 2017.

The main negative variance was an overspend of £89,000 on Clergy Housing and Moves, offset by positive variance on Parish Share receipts.

Annual accounts

The Statement of Financial Activities on page 17 shows a significantly better position, namely a net increase in funds for the year of £392,309 (as against a net increase in funds in 2015 of £1,106,569). This is because in addition to the operating loss of £52,000 referred to above there were additional expenses, provisions, gains and revaluations as follows:

Expenditure and provisions (reducing funds):

- ♦ £209,000 in property grants to parishes
- ♦ £284,000 maintaining redundant churches prior to disposal
- ♦ £134,000 in provisions for bad debts (mainly parish share)
- ♦ £40,000 of expenditure on schools
- ♦ £25,000 of expenditure relating to designated and restricted funds

Gains and revaluations (increasing funds):

- ♦ £678,000 in net increases in funds relating to defined benefit pension schemes
- ♦ £387,000 in investment gains
- ♦ £71,000 in gains on property sales

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

Reserves

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

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We continue to ask God for a bigger church in order to make a bigger difference, that there might be more people knowing Jesus and more justice in the world

IV. PRINCIPAL RISKS AND UNCERTAINTIES

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

5. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Board is Custodian Trustee for trust assets with a market value of £8m at 31 December 2016. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2016. Most of these trusts are held on behalf of parishes whose charitable purpose is the advancement of religion and therefore is parallel to those of the Diocese. The funds are held in separate investments from those of the DBF and there is a separate bank account from which payments are made. We also hold a number of parish properties as Custodian Trustee, but we are unable to obtain a current valuation of these properties due to the complexity and substantial costs involved.

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

Further funds are held on behalf of Church of England Schools in the Diocese for capital building projects. At the 31 December 2016, these funds had a market value of £1.3 m (2015 - £2.1m).

6. NOTES AND QUERIES

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

Significant changes in fixed assets

These are now explained in notes 11 and 12 to the financial statements.

Related party transactions

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

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Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

By order of the Finance Committee



Mike Eastwood

Diocesan Secretary

20 July 2017

AUDITORS' REPORT

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Trustees' Report has been prepared in accordance with the applicable legal requirements.

Matters on which we are required to report by exception

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



Lesley Malkin BA F.C.A.

Senior Statutory Auditor

For and on behalf of BWM, Chartered Accountants

Statutory Auditor

Castle Chambers

43 Castle Street

Liverpool

L2 9SH

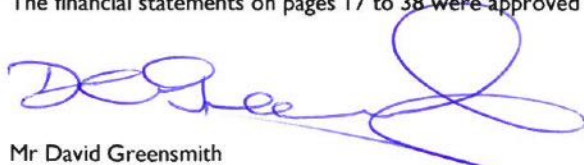
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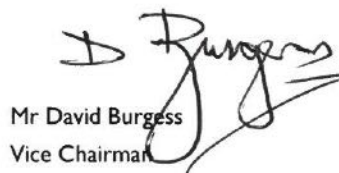
BALANCE SHEET

**BALANCE SHEET
AT 31 DECEMBER 2016**

	Notes	2016		2015	
		£	£	£	£
Fixed Assets					
Tangible Assets	11		42,131,976		42,380,546
Investments	12		9,029,659		8,643,159
Loans	13		50,000		80,000
			<u>51,211,635</u>		<u>51,103,705</u>
Current Assets					
Debtors: due within 1 year	14	857,806		715,053	
Debtors: due after 1 year		102,199		136,766	
Cash at bank and in hand		245,152		2,110,374	
		<u>1,205,157</u>		<u>2,962,193</u>	
Creditors:					
Amounts falling due within one year	15	(2,865,489)		(3,725,904)	
Net current liabilities					
			(1,660,332)		(763,711)
Total assets less current liabilities			<u>49,551,303</u>		<u>50,339,994</u>
Creditors: amounts falling due after more than one year					
Pension scheme liabilities	16		(4,162,000)		(5,313,000)
Other creditors			(1,164,150)		(1,194,150)
Net Assets					
			<u>44,225,153</u>		<u>43,832,844</u>
Accumulated Funds					
Endowment funds	22		36,036,694		36,206,292
Restricted funds			2,573,189		2,013,753
Unrestricted funds			5,615,270		5,612,799
			<u>44,225,153</u>		<u>43,832,844</u>

The financial statements on pages 17 to 38 were approved by the Finance Committee on 20 July 2017 and signed on its behalf by:


Mr David Greensmith
Chairman


Mr David Burgess
Vice Chairman

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

I. (a) Accounting policies

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

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

(b) Income

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

(c) Expenditure

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

- i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.
- iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.
- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 19). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. 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.

(d) Going concern

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

NOTES TO THE ACCOUNTS

manager and the beneficiary.

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

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

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

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

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

(k) Major Funds

Funds held by the charity are either:

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

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

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

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

Details of the major funds held by the Board are given in note 22 to the Financial Statements.

(l) Stipends

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

(m) Fixed assets

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

NOTES TO THE ACCOUNTS

2. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2016 £	Total Funds 2015 £
General Parish Share Income	7,175,032	-	-	7,175,032	6,914,283
	<u>7,175,032</u>	<u>-</u>	<u>-</u>	<u>7,175,032</u>	<u>6,914,283</u>
For the year ended 31 December 2015	<u>6,914,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,914,283</u>

Income from National Church Institutions

Church Commissioners' Allocation to Diocese	1,591,455	-	-	1,591,455	1,561,911
Parish Ministry Support Grant	220,980	-	-	220,980	220,910
Development Funding	-	201,767	-	201,767	90,420
Grant for Legal services	30,077	-	-	30,077	28,523
	<u>1,842,512</u>	<u>201,767</u>	<u>-</u>	<u>2,044,279</u>	<u>1,901,764</u>
For the year ended 31 December 2015	<u>1,811,344</u>	<u>90,420</u>	<u>-</u>	<u>-</u>	<u>1,901,764</u>

Other Donations

Discretionary Funds Grant	155,788	-	-	155,788	151,988
RITC, MOF and other projects	-	3,774	-	3,774	64,572
Marshalls Charity Grants for Parsonages	-	11,950	-	11,950	11,910
Partners in Mission Income	-	4,890	-	4,890	671
Inter-Diocesan Learning Community	-	-	-	-	15,419
Church Growth	16,242	-	-	16,242	24,442
Stipends	33,444	-	-	33,444	12,926
DBE Services Ltd	74,436	-	-	74,436	73,312
Church & Society	-	114,316	-	114,316	106,534
Assigned Fees	625,280	-	-	625,280	618,407
	<u>905,190</u>	<u>134,930</u>	<u>-</u>	<u>1,040,120</u>	<u>1,080,181</u>
For the year ended 31 December 2015	<u>881,075</u>	<u>199,106</u>	<u>-</u>	<u>-</u>	<u>1,080,181</u>

NOTES TO THE ACCOUNTS

7. Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2016 £	Total Funds 2015 £
Archbishops' Council	319,925	-	-	319,925	293,861
	319,925	-	-	319,925	293,861
For the year ended 31 December 2015	293,861	-	-	-	293,861
Resourcing Mission and Ministry					
Parish Mission and Ministry:					
Clergy stipends	4,561,475	-	-	4,561,475	4,726,542
Clergy Pension Costs	557,224	-	-	557,224	1,326,395
National insurance	360,186	-	-	360,186	369,176
Resettlement/removal grants etc	188,766	-	-	188,766	203,705
Lay Workers	101,607	-	-	101,607	123,628
Administration and other costs	99,774	-	-	99,774	101,182
Area Dean Grants	28,429	-	-	28,429	36,050
RITC, MOF and other projects	-	302,072	-	302,072	179,986
Clergy Housing	894,400	32,903	(13,469)	913,834	1,299,411
Deanery Mission and Growth Grants	396,173	-	-	396,173	269,648
Grants to Parishes from Property Sales	209,079	-	-	209,079	69,233
DBF Central Costs (25%)	115,435	-	-	115,435	(31,434)
St James' House Costs (15%)	21,358	-	-	21,358	21,762
	7,533,906	334,975	(13,469)	7,855,412	8,695,284
For the year ended 31 December 2015	8,168,971	205,945	320,368	-	8,695,284

NOTES TO THE ACCOUNTS

8. Other Resources Expended

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2016 £	Total Funds 2015 £
Governance:					
DBF Central Costs (15%)	69,261	-	-	69,261	(18,861)
Diocesan Registry	59,192	-	-	59,192	74,821
Audit and accounting fees	14,771	-	-	14,771	17,072
St James' House Costs (5%)	7,119	-	-	7,119	7,254
	<u>150,343</u>	<u>-</u>	<u>-</u>	<u>150,343</u>	<u>80,286</u>
For the year ended 31 December 2015	<u>80,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,286</u>
Other outgoing property resources:					
Pastoral Account	-	26,727	-	26,727	25,606
	<u>-</u>	<u>26,727</u>	<u>-</u>	<u>26,727</u>	<u>25,606</u>
For the year ended 31 December 2015	<u>-</u>	<u>25,606</u>	<u>-</u>	<u>-</u>	<u>25,606</u>
	<u>150,343</u>	<u>26,727</u>	<u>-</u>	<u>177,070</u>	<u>105,892</u>

9. Analysis of support costs

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2016 £	Total Funds 2015 £
Central administration	461,739	-	-	461,739	(125,738)
Diocesan Registry	59,192	-	-	59,192	74,821
St James' House	142,384	-	-	142,384	145,078
	<u>663,315</u>	<u>-</u>	<u>-</u>	<u>663,315</u>	<u>94,161</u>
For the year ended 31 December 2015	<u>94,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,161</u>

10. Staff Costs

Employee costs during the year were as follows:		2016 £	2015 £
Wages and salaries		1,497,551	1,512,892
National Insurance Contributions		139,411	119,371
Pension costs		364,284	378,338
		<u>2,001,246</u>	<u>2,010,601</u>
The average number of persons employed during the year:		2016 Number	2015 Number
Full time		36	36
Part time		30	31
		<u>66</u>	<u>67</u>

NOTES TO THE ACCOUNTS

11. Tangible Fixed Assets

	DBF Property £	DBF Glebe £	DBF VLL Property £	Team Vicars Glebe £	Parsonages £	Fixtures & Fittings £	Total Funds £
Deemed cost or historic cost							
At 1 January 2016	679,320	3,532,491	168,090	3,694,000	34,283,220	274,316	42,631,437
Additions	-	-	-	-	1,208,931	8,664	1,217,595
Disposals	-	-	-	-	(1,450,990)	-	(1,450,990)
At 31 December 2016	679,320	3,532,491	168,090	3,694,000	34,041,161	282,980	42,398,042
Depreciation							
At 1 January 2016	-	-	-	-	-	250,891	250,891
Charge for year	-	-	-	-	-	15,175	15,175
At 31 December 2016	-	-	-	-	-	266,066	266,066
Net book value							
At 31 December 2016	679,320	3,532,491	168,090	3,694,000	34,041,161	16,914	42,131,976
At 31 December 2015	679,320	3,532,491	168,090	3,694,000	34,283,220	23,425	42,380,546

All properties held as Tangible Fixed Assets are freehold.

12. Fixed Asset Investments

	Investment Properties £	UK Unquoted Investments £	Total Funds 2016 £	Total Funds 2015 £
Unquoted				
Market value at 1 January	3,935,345	4,707,814	8,643,159	8,137,446
Gains on Investment Assets	-	386,500	386,500	505,713
Market value at 31 December	3,935,345	5,094,314	9,029,659	8,643,159

Investment properties were valued by Peter Kenny Property Management as at 31st December 2015. The trustees have valued the investment properties at a current market value of £3,935,345 as at 31 December 2016.

NOTES TO THE ACCOUNTS

15. Creditors: amounts falling due within one year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2016 £	Total Funds 2015 £
Bank overdraft	308,163			308,163	-
Sundry creditors and accruals	1,326,814	-	-	1,326,814	2,558,579
Accruals	39,504	-	-	39,504	136,203
Deanery Mission and Growth Funds	494,191	-	-	494,191	274,122
Taxation and social security	47,817	-	-	47,817	-
Clergy Pension Deficit	-	611,000		611,000	644,000
Defined Benefit Pension Deficit	38,000	-	-	38,000	113,000
	2,254,489	611,000	-	2,865,489	3,725,904

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

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2016 £	Total Funds 2015 £
Loans from Church Commissioners	162,950	-	-	162,950	192,750
Loans from CCLA	1,000,000	-	-	1,000,000	1,000,000
Loans from CBF	-	1,200	-	1,200	1,400
Clergy Pension Deficit	-	4,162,000		4,162,000	5,278,000
Defined Benefit Pension Deficit	-	-	-	-	35,000
	1,162,950	4,163,200	-	5,326,150	6,507,150

Loans from Church Commissioners are secured on value-linked loan properties, included in fixed assets and are repayable on the sale of the property. There is no fixed repayment date for these. The total interest paid during 2016 was £14,067 at a rate of 7.5%. Loans in respect of curates' properties total £50,000 (2015- £80,000) (see note 13). Loans from CCLA are repayable on a flexible basis within ten years. Interest is payable at 0.55% above the daily declared CCLA CBF Deposit Fund interest rate.

17. Net (Outgoing) / Incoming Resources for the year

	2016 £	2015 £
This is stated after charging:-		
Auditors' remuneration		
Audit – BWMacfarlane	12,499	13,290
Non audit fees	-	2,700
Depreciation	15,175	17,994
VLL Loan Interest Paid	14,067	17,169
Operating Leases – Land & Buildings	75,000	75,000
Operating Leases – Plant and Equipment	8,024	9,621
Interest on bank loans and overdrafts	1,255	546
Interest on loans from CCLA	10,383	10,500

NOTES TO THE ACCOUNTS

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

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

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

	2016	2015
Balance sheet liability at 1 January	5,922,000	6,354,000
Deficit contribution paid	(611,000)	(631,000)
Interest cost (recognised in SoFA)	140,000	139,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(678,000)	60,000
Balance sheet liability at 31 December	4,773,000	5,922,000

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

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

	December 2016	December 2015	December 2014
Discount rate	1.5% pa	2.5% pa	2.3% pa
Price inflation	3.1% pa	2.4% pa	2.7% pa
Increase to total pensionable payroll	1.6% pa	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 a share of that employer's pension liabilities.

(b) Staff Pensions

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

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

Defined Benefits Scheme

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

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

NOTES TO THE ACCOUNTS

20. Analysis of net assets by funds as at 31 December 2016

	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long-term Liabilities £	Total £
Unrestricted funds	864,324	6,964,428	(1,049,332)	(1,164,150)	5,615,270
Restricted funds	6,186,034	1,160,155	(611,000)	(4,162,000)	2,573,189
Endowment funds	35,081,618	955,076	-	-	36,036,694
Total	42,131,976	9,079,659	(1,660,332)	(5,326,150)	44,225,153

Further details of individual funds are given in note 22 below.

21. Lease Obligations

At 31st December 2016, Liverpool DBF was committed to making the following payments under non-cancellable operating leases:

	2016		2015	
	Land and Buildings £	Plant and Equipment £	Land and Buildings £	Plant and Equipment £
Within 1 year	75,000	7,248	75,000	2,045
Within 2 to 5 years	300,000	23,556	300,000	-
After 5 years	75,000	-	75,000	-

22. Accumulated funds

The General fund is unrestricted. In 2010 £170,000 was designated to the Warrington Mission Development Fund from the sale proceeds of a former vicarage. As at 31 December 2016, total designated funds amounted to £101,988.

Pastoral Account: The Diocesan Pastoral Account represents the proceeds of redundant churches. These funds, held by the Diocesan Board of Finance, have not yet been applied to the purposes permitted by the Pastoral Measure 1983. The Pastoral Account can be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement or repair of churches once the legal obligations for redundant church buildings vested in the Board for disposal have been met. When authorised, surplus funds may be transferred to the Stipends Fund Capital Account. When these funds have been used to purchase or improve property this has been charged to the Pastoral Account in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the Board has used the funds to purchase or improve properties in its corporate capacity, these have been included as Fixed Assets in these financial statements.

NOTES TO THE ACCOUNTS

22. Accumulated Funds (continued)

	General	Specific Restricted	DBF Property Fund	Pastoral Account	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permanent Endowment	Total
	£	£	£	£	£	£	£	£	£
Movement in Year:									
Total Funds 2015	5,612,799	623,409	390,515	-	999,829	1,040,457	34,283,220	882,615	43,832,844
Incoming Resources	10,833,179	346,320	32,903	-	-	(1,137,666)	1,208,931	-	11,283,667
Outgoing Resources	(10,449,021)	(769,090)	(32,903)	-	(40,313)	1,464,459	(1,450,990)	-	(11,277,858)
Investment Asset									
Gains/losses	314,039	-	-	-	-	-	-	72,461	386,500
Revaluation of property									
Gains/losses	-	-	-	-	-	-	-	-	-
Transfers	(695,726)		1,022,519			(326,793)			-
Total Funds 2016	5,615,270	200,639	1,413,034	-	959,516	1,040,457	34,041,161	955,076	44,225,153
Represented by:									
Tangible Fixed Assets:	864,324	-	6,186,034	-	-	1,040,457	34,041,161	-	42,131,976
DBF Houses & Glebe	679,320	-	2,492,034	-	-	1,040,457	-	-	4,211,811
DBF Houses VLL	168,090	-	-	-	-	-	-	-	168,090
Parsonages & TV Glebe	-	-	3,694,000	-	-	-	34,041,161	-	37,735,161
Furniture & Fittings	16,914	-	-	-	-	-	-	-	16,914
Investments:	6,914,428	200,639	-	-	959,516	-	-	955,076	9,029,659
CCLA	2,979,071	200,639	-	-	959,516	-	-	955,076	5,094,302
Investment Property	3,935,345	-	-	-	-	-	-	-	3,935,345
DBE Services Ltd	12	-	-	-	-	-	-	-	12
VLL to parishes	50,000	-	-	-	-	-	-	-	50,000
Net Current Assets:	(1,049,332)	-	(611,000)	-	-	-	-	-	(1,660,332)
Debtors	960,005	-	-	-	-	-	-	-	960,005
Bank and Cash (net of overdraft)	(63,011)	-	-	-	-	-	-	-	(63,011)
Taxation & Social Security	(47,817)	-	-	-	-	-	-	-	(47,817)
Sundry Creditors & Accruals	(1,898,509)	-	(611,000)	-	-	-	-	-	(2,509,509)
Liabilities:	(1,164,150)	-	(4,162,000)	-	-	-	-	-	(5,326,150)
Loans From CCLA	(1,000,000)	-	-	-	-	-	-	-	(1,000,000)
Loans Church Comms	(162,950)	-	-	-	-	-	-	-	(162,950)
Loans from CBF	(1,200)	-	-	-	-	-	-	-	(1,200)
Clergy Pension Deficit	-	-	(4,162,000)	-	-	-	-	-	(4,162,000)
Defined Benefit Pension Deficit	-	-	-	-	-	-	-	-	-
	5,615,270	200,639	1,413,034	-	959,516	1,040,457	34,041,161	955,076	44,225,153
Analysis of Reserves:									
General Funds	5,615,270	-	-	-	-	-	-	-	5,615,270
Restricted Funds	-	200,639	1,413,034	-	959,516	-	-	-	2,573,189
Endowment Funds	-	-	-	-	-	1,040,457	34,041,161	955,076	36,036,694
	5,615,270	200,639	1,413,034	-	959,516	1,040,457	34,041,161	955,076	44,225,153