Diocese *of* Liverpool

Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2021

Registered Charity Number 249740

Registered Company Number 18301

CONTENTS

Chairman's Report
I am pleased to introduce the Report of the Trustees and the Financial Accounts for the Liverpool Diocesan Board of Finance (LDBF) for the year ending 31 December 2021.

The year began as the Covid-19 vaccine programme was getting underway in earnest and the impact of the pandemic was felt throughout the year and, indeed has continued beyond the year end. That impact showed in the obstacles faced by Church members and clergy as they continued to worship and conduct church life under restrictions and later sought to re-establish normal church life, attendance and giving. The goodwill of parishes and the commitment of many church members is reflected in the ongoing support received by the Diocese. We are again grateful for the support received from the National Church institutions which has been passed on to parishes through our parish share credit scheme.

Although the situation remains challenging financially, the strength of the relationship between the Diocese, our parishes and the national institutions is demonstrated in these financial statements. While we hope that the worst impact of Covid on health and public services is now behind us, we are very conscious that our churches are still feeling the impact of Covid-19 and that some church members have not yet felt able to return to church for any one of a number of reasons. We therefore remain vigilant as we continue to chart our way through changing circumstances.

The financial result for the 2021 year was a surplus of £7,000 against a budgeted surplus of £33,511. This masks the significant impact of Covid-19 on parishes but is reflective of the national church support received by the diocese, cost savings and the goodwill of parishes, many of whom continued to pay their parish share regularly and in full. Not all were able to make payment in full and there was a shortfall of Parish Share receipts against budget of £1,283 million which was offset by the £1million sustainability funding from the Church Commissioners and £757k parish share credit carried forward from 2020. Further Parish share Credit funding was designated towards 2022.

The Statement of Financial Affairs (SoFA) shows an increase in funds of £996,626. This reflects the operational results and also movements in designated and Strategic Development Funding (SDF) restricted funds. Fuller details are provided on pages 24 and 25. We have been able to maintain our level of reserves in the year and, as already indicated, have committed further support for parishes through Parish Share Credit.

Looking ahead to 2022, the focus remains on supporting parishes, schools, and chaplaincies so that we remain focussed on making a bigger church to make a bigger difference, more people knowing Jesus and more justice in the world. To this end, the budget has been set with a deficit of £32k, which is within the financial rules. It will be subject to ongoing scrutiny as national and global uncertainties continue.

Finally, I would like to thank the staff at St James' House, the parishes and the clergy of the diocese for their ongoing commitment and support. The new Finance Committee took office in 2022 and will exercise stewardship over the work of the Liverpool Diocesan Board of Finance for the coming three years. We are grateful to those who served on the previous Committee and particularly to David Greensmith who served as Chair for 12 years.

Maggie Swinson
Chair
31 October 2022

TRUSTEES' ANNUAL REPORT AND DIRECTORS' REPORT INCORPORATING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

1. 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 2021 for the current Finance Committee which runs from 1 January 2022 to 31 December 2024. The trustees who served in 2021 were:

David Greensmith, Chair (ex-officio) – until 31 December 2021
Maggie Swinson, Chair (ex officio) – from 1 January 2022
David Burgess, Deputy Chair (elected) – until 31 December 2021
Philip Stott, Deputy Chair (elected as Deputy Chair from 1 January 2022)
The Right Reverend Beverley Mason, Bishop of Warrington (ex-officio)
The Venerable Mike McGurk, Archdeacon of Liverpool (ex officio)
The Venerable Pete Spiers, Archdeacon of Knowsley & Sefton (ex officio)
The Venerable Simon Fisher, Archdeacon of St Helens & Warrington (ex officio)
Keith Cawdron (elected)
Gabriel Chiu - from 1 January 2022
Richard Denno - from 1 January 2022
Stephen Derringer - from 1 January 2022
Rev Peter Dawkin (elected)
Rev Hannah Lewis (elected) - until 31 December 2021
Angela Matthewson (elected)
Michael Pitts (elected) – until 31 December 2021
Rev Dr Miranda Threlfall-Holmes - from 1 January 2022
Andrew Wilcockson (elected) - until 31 December 2021

Rev Emma Williams - from 1 January 2022
The Venerable Jennifer McKenzie, Archdeacon of Wigan & West Lancashire (ex officio) – until 31 July 2021

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

Mike Eastwood, Diocesan Secretary
Stuart Haynes, Assistant Diocesan Secretary & Director of Communications
Debbie Brisco, HR Manager (from October 2021)
Simon Chesters, Director of Vocations (until September 2021)
Matt Elliott, Director of Finance
Stuart Harrison, Director of Education
Ellen Loudon, Director of Social Justice
Suzanne Matthews, Director of Vocations (from March 2022)
Steve Pierce, Director of Learning & Stewardship
Sharon Townson, Director of HR (until September 2021)
Richard Gedge – Diocesan Programme Manager

Bankers and professional advisers

Auditors
BWM, Suite 5.1, 12 Tithebarn Street, Liverpool, L2 2DT

Bankers
Lloyds Bank plc, Merchants Court, 2-12 Lord Street, Liverpool L2 1TS

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

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

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

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

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

Trustees

The Finance Committee is the trustee board. It has a mixture of ex-officio, elected and co-opted members. Elections take place every three years at the first meeting of the new diocesan synod (itself elected every three years). The most recent set of elections were in November 2021, with all newly elected members of the Finance Committee serving from 1 January 2022. The trustees have the power to co-opt members according to their assessment of possible imbalances or skills gaps among the elected and co-opted members. Given the relatively large number of elected and ex-officio trustees the general approach has been to keep co-options to a minimum.

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

Organisational structure and decision-making

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

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

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

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

Networks and key relationships

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

- Diocesan Synod as the Board of Finance and governing body of the diocese
- Bishop's Council as the executive arm of Diocesan Synod
- The Diocesan Oversight Team and Appointments & Wellbeing Committee, where decisions are taken about strategy and the deployment of clergy
- Other diocesan committees, especially the Diocesan Mission & Pastoral Committee and Board of Education
- Deanery Synods and Deanery Mission & Pastoral Committees, where local mission plans are decided, and their pastoral implications worked through
- Parishes within the diocese with whom we are intimately connected both in supporting local mission and ministry and in financing the Diocesan Board of Finance

- Church schools in the diocese to whom we offer support and guidance over a range of appointment, curriculum, governance and building matters
- Liverpool Cathedral, on whose campus we are located and with whom there is now an established pattern of integrated working
- Other dioceses, especially in the North West of England, with whom we have close collaborations and provide services, especially to schools
- Providers of pre-ordination and Reader training, namely Emmanuel Theological College and residential theological colleges
- The national church institutions (Archbishops' Council, Church Commissioners, and the Pensions Board) from whom we receive significant funding, policy directives and legal consents to transactions.
- Other Christian denominations with and through whom we work on matters of workplace chaplaincy, safeguarding and ecumenical relations notably through Churches Together in the Merseyside Region and Mission in the Economy
- Interfaith bodies, such as Merseyside Council of Faiths and Liverpool Community Spirit, as part of our cross-community work to promote good interfaith relations
- Key infrastructural bodies on Greater Merseyside (notably VS6, volunteer centres and councils for voluntary service) on which we represent ecumenical partners and lead on provision in rural areas.
- Liverpool Diocesan Council for Social Aid whose key roles are running Adelaide House Women's Bail Hostel and working on penal affairs and social inclusion

In 2017 the Diocese established the Liverpool Diocesan Schools Trust as multi-academy trust as part of its on-going engagement with the academisation agenda. This sits alongside the Liverpool Diocesan Educational Trust which was established in 2012 to enhance links with church school academies. DBE Services Ltd continued trading, as did Emmanuel Theological College. DBE Services Ltd is an inter-diocesan company for the dioceses of Liverpool, Blackburn, Carlisle, Chester, Manchester, and York, providing property and other services to schools. Emmanuel Theological College (ETC) was formed out of the former All Saints Centre for Mission & Ministry. The board of All Saints was formally reconstituted as ETC in April 2021. The Diocese of Liverpool is one of 4 member bodies. We also maintained our joint venture with the Church Urban Fund entitled Together Liverpool which seeks to support and resource parishes as they seek to serve their wider community. In 2018 we established the Good Funerals Company to help re-imagine the way in which we engage with bereavement ministry.

The single most important relationship we have continues to be with the clergy and lay people within the churches in our diocese whose ministry is the heartbeat of the diocese. We currently have c 180 serving parish and cathedral-based stipendiary clergy, around 60 self-supporting and ordained local clergy, 30 Local Missional Leaders, 200 readers and over 100 active retired clergy. We have c. 20 clergy serving full-time as chaplains in schools, hospitals, universities, and prisons plus others serving in a part-time capacity. We also have an active committed church membership of c. 30,000.

Public benefit

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

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

individuals and society as a whole.

More information on these benefits follows throughout this report.

3. OBJECTIVES AND ACTIVITIES

The principal object of the charity is to further the interests of the Church of England, mainly, but not exclusively, in the area covered by the Diocese of Liverpool. For many years we have been working to achieve growth in our diocese. We have used different ways to express this, but the aim and direction of travel has remained the same – consistent with the whole of the Church of England. Our vision and strategy is to ask God for a bigger church so we can make a bigger difference so that there are more people knowing Jesus more justice in the world.

In 2021, as part of our Fit for Mission work (see below), we refined this into 4 priorities:

i. Introducing people to Jesus
ii. Deepening discipleship
iii. Developing Christian leaders
iv. Working for justice

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 strategy
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, archdeacons, parishes, schools, chaplaincies, fresh expressions, and church bodies (mainly through employed staff)
- The support, training, payment, and housing of clergy
- The support and training of lay people
- The management and development of staff members
- Contributing to the national work of the Church of England

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

Grant-making policy

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

Mission in the Economy – £35,000 (2020 -£35,000) to support mission and chaplaincy in the world of work.

Churches Together in the Merseyside Region – £8,284 (2020 - £8,284) to support initiatives with ecumenical partners

Volunteers

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

We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. After Covid restrictions were lifted and as churches re-started in person worship and community activity, we have noted that not all volunteers have come back. Many have, understandably, reflected on their life and priorities and are choosing to spend their time in different ways. This has significant implications for the church, not least because the service provided to a community through this church managed volunteering also has a significant impact, for example, on people's approaching the church at times of crisis, for baptisms, funerals and the other aspects of church life and community engagement.

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

Significant departures

In any year there are significant comings and goings in an organisation of the size and complexity of the Diocese of Liverpool. In the period covered by this report there are 2 departures of significant note:

- Bishop Paul Bayes, the 8th Bishop of Liverpool, retired in March 2022. Bishop Paul was an outstanding bishop who left an indelible mark on the diocese and a significant legacy. He was the architect and advocate for our strategy of a bigger church making a bigger difference. We are hugely thankful for his ministry here and we wish him and Kate many happy years of retirement.
- David Greensmith stepped down at the end of 2021 after 12 years as Chair of the DBF. In that time, he commanded the deepest respect of Synod, the Finance Committee and the DBF staff. He combined financial and strategic rigour with a deftness of organisational touch. We are enormously indebted to David for his time, commitment, and considerable expertise.

Bishop Bev, Bishop of Warrington, stepped into the role of Acting Bishop of Liverpool after Bishop Paul's retirement. Maggie Swinson was elected as Chair of the DBF to succeed David.

4. STRATEGIC REPORT

I. ACHIEVEMENTS AND PERFORMANCE

As flagged in last year's Annual Report we conducted a comprehensive strategic review in 2021. While retaining a continued focus on growing a bigger church to make a bigger difference we asked fundamental questions as to how we give full effect to our vision that there are ever more people knowing Jesus and more justice in the world. This review ended culminated in a successful bid for £7.5 million from the national church programme for Strategic Transformation Funding. Our programme is entitled Fit for Mission and seeks to re-imagine how we undertake mission and ministry in the across our parishes.

There is much more information on Fit for Mission on the diocesan website, but we would summarise Fit for Mission as an ambitious, growth-orientated, and locally delivered change programme to enable mission and ministry to flourish in the Diocese of Liverpool. It simultaneously invests in our 4 priority areas (introducing people to God through Jesus, deepening discipleship, developing Christian leaders, working for justice) while dealing head-on with the intransigent problems that significantly inhibit growth (constraining structures, inappropriate buildings, non-delivery of expectations). Each deanery within our diocese will be supported and resourced to work through a 2-year change process (in three consecutive cohorts of two, six and five deaneries respectively), in which they shape the detail and make good and contextually appropriate local decisions.

To develop this missional culture, we will:

- Form deanery leadership teams, understood to be a missional imperative to enable prioritisation of capacity e.g., towards younger and more diverse, planting etc.
- Coach teams for genuine collaborative relationships to be formed, improving mutual support and wellbeing
- Develop an overriding focus on growth and discipleship, with portfolio working across larger parishes
- Invest significantly in lay leader development through Cultivate, our proven training, mentoring and leadership support programme. These leaders will be commissioned as Local Missional Leaders.
- Plant many small lay led worshipping communities, following our Joshua Centre and Wigan experience, focussing significantly on creating a younger and more diverse church.
- Intentionally and visibly invest in justice initiatives, key to engaging the missing generation.

To overcome the intransigent problems, we will:

- Intentionally change structures, consolidating to just one or two LSPs in each deanery, creating a platform for local decisions to be made on:
    - Buildings use – closure where a building is no longer needed, repurposing with community partners where appropriate
    - Stipend and other leadership and resource deployment
- Supply chain resource to facilitate the difficult decisions and then take the burden of delivering on those decisions.
- Create support services in each deanery so that missional leaders have more time for mission and ministry
- Design LSP teams to have a clear leader (Rector) accountable to the Archdeacon and to develop relationships and a culture of accountability for all clergy and lay leaders

The end result of this programme will be growth and resilience because:

- Local leadership teams will have the resources, tools, support, training, and authority to develop and implement mission plans for their area of responsibility
- This way of working will be embedded in the culture of the Diocese of Liverpool, with systems that reinforce it, and a real programme of accountability for all
- Local and diocesan teams will have received the coaching and facilitation they need to make the changes necessary to move to this new way of working.

We would summarise the key outcomes of Fit for Mission as follows:

- Discipleship culture …
    - Overriding focus on growth – in numbers and depth
    - Radically expanded network of kindness
    - Many more lay leaders
    - Many new and diverse worshipping communities
    - Growing giving and diversified income base
- … enabled by re-imagined structures
    - Radically fewer parishes, properly resourced
    - Fewer buildings and more creative use of what we have
- … underpinned by new ways of working
    - Aligned and accountable culture
    - Genuine collaborative and collegial teamwork

By 2027 we would expect to see:

- A general confidence of seeing sustained annual increase in people in worshipping communities
- Clear signs of a maturing discipleship culture
    - 100 new worshipping communities led by Local Missional Leadership teams
    - 200 newly commissioned Local Missional Leaders who plant new and refresh existing worshipping communities with a focus on younger and more diverse leaders and disiciples
    - 25 Deacons (some deployed, more in training) growing the ministry of missional outreach and pastoral care
    - 125 new justice initiatives (some of which will be or become worshipping communities)
- Re-imagined structures beginning to work well
    - 80% of current parishes in Larger Single Parishes
    - 100% of deaneries with a dynamic Deanery Leadership Team with robust cycles of mission planning and implementation
    - Emerging pattern of breakeven budgets over a three-year cycle through disciplined adherence to fiscal rules

Covid

In last year's report we wrote: *The impact of Covid has clearly been immense and, at the time of writing, its full effects are still not known. It is primarily a story of loss and profound sadness, way beyond the scope of a report like this. The myriad stories of pastoral and practical support offered by our clergy and lay people across the diocese represent both the church at its very best. We have conducted funerals, offered one to one support, fed and clothed people at points of extreme need and offer the hope of the Christian faith in the saddest and darkest of times and places. The personal toll on many, both comforting and comforted, has been extraordinary.* We would absolutely echo all this in this report.

Covid remained a very significant reality through the period of this annual report with regular patterns of lockdown, lifting of restrictions, a further unlocking, and then further cycles of lockdown. We had at least 5 significant waves of Covid; and then probably just stopped counting. As a church community we supported throughout the government's advice, including when church buildings should be significantly closed for public worship. So many churches pivoted to on-line and other creative means of continuing to offer prayer and worship accessible to all people.

Our education team worked tirelessly to support our schools as they navigated their way through on-line teaching, bubbles, hybrid models and exam-free assessments – and much more besides. Nobody would pretend that this was the best way of offering education and life experience to our young people; but we remain absolutely certain that our schools offered the best possible education in the circumstances. We want to pay enormous tribute to teachers, governors, parents, and our young people as they navigated their way through all of this with grace and fortitude. And who would have thought that people would be relieved to be sitting exams?!

From a financial perspective Covid remained a huge challenge. We took several decisions early and stuck to them. These included:

- An understanding that nobody was going to be fully insulated from the financial impact of Covid
- Consequently, there had to be a close partnership between parish, diocese, and national church if we were to navigate our way through without undue damage to the long-term prospects for the church in our diocese
- Taking full advantage of the government's furlough scheme for DBF staff – the majority of staff were furloughed from March 2020, and many remained at least part furloughed for the whole of 2020 and into 2021.
- Investing as much time and capacity as we could to promote the Parish Giving Scheme as the most effective way of creating a sustainable and resilient giving base. This remains core to our Talking Money strategy designed to stabilise and then reinvigorate parish giving.
- Being the first diocese to furlough clergy – a group of 1st year curates were offered and took furlough for 4 weeks
- Senior staff at St James House undertaking voluntary salary sacrifice
- Asking parishes to make as full contribution to Parish Share as early as they could

Our parishes in 2020 and 2021 were outstanding in their commitment to Parish Share, with many paying in advance and pretty much everybody doing all that they could to pay as much Parish Share as possible in the face of major income losses and reductions. We were the diocese which showed the biggest increase in giving via the Parish Giving Scheme, even though we were already starting from a relatively high base. This created a level of resilience and predictability in the single most important income line for parishes.

The national church was similarly committed and creative in their response. They advanced the whole of our 2020 Low Income Communities funding in April 2020, and in January 2021, giving an important level of liquidity and sending an important signal of support. They then offered Sustainability funding to help dioceses support parishes through the crisis.

We applied for and were awarded £1 million of Sustainability funding in the summer of 2020 and then again in 2021. We were able to match this with a total of £1.1 million of DBF support in Parish Share Credit.

Another key feature of 2020 and 2021 was the honesty and transparency of the engagement between archdeacons and parishes over their financial position and resulting need for support. We undertook 5 surveys over the course of the two years to ensure that each parish was supported appropriately via Parish Share Credit. This came in one of two forms:

- Credit against unpaid Parish Share for 2020 and 2021 – to ensure that there was no additional carry over of Parish Share deficit into 2021 and 2022 respectively
- Support for balance sheets where parishes had dipped unduly into their reserves to pay 2020 and 2021 Parish Share

Over the 2-year period we awarded around £3.1 million of Parish Share Credit, split between immediate in-year credit and further support for the following year. Not every parish received Parish Share Credit; those that didn't need it didn't ask for it (this is typical of the generosity and commitment to mutual support in the Diocese of Liverpool). And a very small minority were deemed not to have made sufficient effort or sacrifice to warrant Parish Share Credit.

We estimate that the cumulative financial impact of Covid on our parishes in 2020 and 2021 was c. £5 million, £3.1 million of which was mitigated through Parish Share Credit. We want once again to put on record our thanks for the excellence of the response both of our parishes and the national church as we worked all this through together.

As indicated above the Covid crisis, unsurprisingly, changed much of our planning and engagement with parishes and schools. It also affected the work of St James House, in our immediate priorities, a move to remote and then hybrid working and as we took advantage of the government's furlough scheme. It is too early to say what the medium and long-term impact will be, but it is clear that it will be felt for years to come, most especially in those families that have suffered bereavement and loss but also in the mental health impacts of the relentless pressure and insecurity that so many of us have been facing. And all that before the current cost of living crisis. As churches and school communities we will continue to stand with and for all those for whom this has been the toughest of times.

Fit for Mission is our substantive medium-term response to the considerable impact of the Covid pandemic. However, the work continues in 2022 to identify short and medium-term financial solutions as it is clear that the Covid impact will be deep-rooted and long- lasting. We won't simply be able to revert to church life and financial settlements as they were in 2019.

Strategic Development Projects

We continue to engage constructively in the national church's visions and strategy programme. We have previously reported on our first 3 Strategic Development Fund programmes – Transforming Wigan, Joshua Centre and Transform North West. These are all in the process of being integrated into our Fit for Mission project work.

Our 4th Strategic Development Fund project – Missing Generations – began its work in earnest in September 2020. It aims to grow 2 major resource churches at St James in the City and St Barnabas Penny Lane with a view to planting a 3rd resource church in 2025. Each of these churches will be central to our future planting and revitalising work and capacity, not least as they are focussed on the under 30-year-old generations. The Missing Generations project is also geared at working in secondary schools, FE colleges and universities in Liverpool and Wigan, again to reach out to people currently unconnected with church. Overall, the Missing Generations project represents a c. £5 million investment over 5 years. At the time of writing the overall work of Missing Generations was encouragingly broadly on trajectory, despite having taken place through Covid.

Social justice

In 2021 there was a significant re-gearing of Together Liverpool, our key social justice partner, significantly aided by a successful application for National Lottery funding. Together Liverpool's research shows that if Liverpool were a diocese of 100 churches:

- 64 would be involved in food banks
- 41 would be involved with toddler groups or playgroups
- 54 would be providing lunch clubs or drop ins for older people
- 28 would be involved in community cafes
- 16 would be helping provide money and debt advice
- 20 would be providing breakfast or after school activities
- 17 would be involved with provision for homeless people
- 32 would be involved in other social action work and projects

Together Liverpool also holds our vital work on Slavery Truth.

Good Funerals Company

We have established the Good Funerals Company as a subsidiary trading company of the Diocesan Board of Finance. This is part of a long-term strategy to reverse the decline in church-led funerals in the Diocese of Liverpool as well as engaging constructively and compassionately with bereaved families. It was launched in the summer of 2019 and developed significantly through the Covid crisis. We continue to plan and work towards its continued growth and impact.

Church attendance

Levels of church attendance remain a concern, despite the good work of our Strategic Development Fund projects noted above. The pre Covid average age of our congregations was significantly higher than the average age of the general population. And it's clear that the net impact of Covid on church attendance has been negative. The number of people engaged in the worshipping life of the church remains a key focus of discussion at Archdeacon's Parish Review meetings; it is central to Fit for Mission.

Schools

We continue to maintain our 'market share' of children attending schools with c. 40,000 children in Church of England schools. Over 90% of our schools are currently rated good or outstanding by Ofsted, in line with our target. LDST, our multi-academy trust (MAT) is now well established, and we continue to work on plans relating to the Government's Schools White Paper. We continue to be ambitious in promoting high quality, distinctively Christian primary and secondary education.

Access and inclusion

We remain absolutely committed to sustained excellence in safeguarding both children and vulnerable adults in the diocese. We have invested significantly in the capacity of our safeguarding team and the level of training and information produced. We have a clear strategy in place. Our second Past Cases Review (PCRs) was finished in December 2021 – the timescale set by the national church for all dioceses – and was published in October 2022.

The DBF's commitment to access and inclusion has continued through the work on Disability Awareness and the Disabled Friendly Church Award. The move to on-line worship has been one of the few upsides to Covid in terms of making church accessible to people who would otherwise be unable to attend physically.

Information gathering

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

Asset management

2021 was a more positive year for investment markets and increased activity in the property market. Our CCLA investments saw an unrealised gain of £567,170

Similarly, after a period of reduced activity during the height of the pandemic in 2020, improvement works on clergy housing increased during 2021 and planning works for further investment in housing were accelerated. This work will continue in the period from 2022 to 2024 with an additional £1.75m in financial investments beyond the existing housing budget.

We continue to monitor closely our cash and broader reserve levels and think and plan on the basis of the medium rather than the short-term investments. We have not deemed it necessary or advantageous to change our investment policies.

Property

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

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

2021 saw some minor changes in our property portfolio. Two former vicarages were sold during the year for a total of £511,565 having previously been held at carrying values totalling £418,995, therefore yielding a net gain of £92,570.

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. The second rent review was undertaken during 2020 and an 8% uplift in the annual rental was negotiated. The increase has been deferred to take effect from 2022.

II. FINANCIAL REVIEW

2020 and 2021 were hugely challenging financial years. We continued to budget according to our fiscal rules although the means by which we met them were exceptional (see 1. Achievements and Performance above for a fuller description of Covid impact and response). Although we achieved a surplus for the year of £996,626, it was through a series of exceptional measures which will not be available to us in the medium term, so it is important that we continue to attend to the underlying financial position in line with our fiscal rules.

We applied for and received a second tranche of Strategic Ministry Funding (SMF), having received support in 2020 for the cohort being ordained in 2021. This was in recognition of the growth in the numbers of people being ordained as curate (in line with the national church's commitment to a 50% increase in stipendiary clergy numbers). SMF will support the stipend and housing costs of these additional curates, thereby relieving pressure on what has been the most overheated part of the DBF budget, namely Missional Leadership costs.

We also continue to recognise that the clergy housing budget is inadequate to ensure a safe, warm, and comfortable home for all our clergy. We began a process of strategic review to analyse what investment will be required to get and maintain our clergy housing in good condition. We plan to inject a further £2 million of investment into clergy housing over a 5-year period.

Our fiscal rules are:

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

Investment and cash reserves are to be maintained at a minimum of four months operating expenditure

Performance against budget

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

For 2021 we set a budget with an overall surplus of £33,500 incorporating increases in the costs of ministry in parishes and schools, but with the corresponding increase in parish share offset in full by a rebate.

Our management accounts profit was £7,000, reflecting the substantial impact of the COVID-19 pandemic on church finances and Parish Share, but also the measures introduced to mitigate those losses. Parish Share receipts fell short of budget by £1,283,000, with additional shortfalls in income from investments (£68,000) and St James' House income (£20,000).

These shortfalls were offset by additional grant receipts from the Church Commissioners (£1,000,000), £757,000 applied from the Parish Share Credit Designated Fund (carried froward from 2020) and a range of savings achieved in the St James' House budget.

Annual accounts

The Statement of Financial Activities on page 24 shows a significantly better position than the management accounts, namely a net increase in funds for the year of £996,626. This is because in addition to the profit of £7,000 referred to above there were additional expenses, provisions, gains, and revaluations as follows:

Expenditure and provisions (reducing funds):

- £13,000 in depreciation and minor adjustments
- £263,000 in the Parish Share Credit designated fund
- £98,000 in Clergy Housing Capital investment

Gains and revaluations (increasing funds):

- £325,000 in reductions to funding liabilities on pension schemes
- £567,000 in equity investment gains
- £472,000 in additional gains on property sales

We believe that our overall financial management is sound. Despite the challenges of the pandemic, we achieved a small profit in the management accounts. Together with the overall effect of the above adjustments, nearly £1m was added to the Diocese's accumulated funds over 2021.

Reserves

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

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

Our fiscal rules established in 2018 state that investment and cash reserves are to be maintained at a minimum of 4 months operating expenditure. At the end of 2021 the value of investments had risen to the equivalent of 4.7 months budgeted expenditure but is unlikely to remain at or above 4 months until we are able to diversify our investment portfolio away from property and into liquid assets such as equities. Work to enable this will continue in 2022.

Investment markets proved volatile in 2021 due to ongoing economic uncertainty and in particular the impact of the COVID-19 pandemic. We were able to maintain sufficient cash flow during the year to manage through the volatility in investment values and allow time for values to recover by the end of the year, without crystalising losses mid-year.

The unrestricted reserve stands at £8.9m (after deduction of Designated Funds of £694k). £3.5m representing 3 months' operating expenditure, is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining reserves at a minimum of three months will cushion the diocese from short-term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

Designated reserves amounted to £694k. £677k of this was the Parish Share Credit to be awarded in 2022. The balance of £17k is to be used for the Warrington Mission Development Fund.

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

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

Grants received
Our main source of income is Parish Share. We also receive grants from Archbishops' Council through the Lowest Income Communities Fund, Strategic Development Fund, Strategic Ministry Fund and Sustainability Fund. These issues are discussed elsewhere in this report. We continue to be very grateful for the support of Marshall's Charity in the improvement of our housing stock and for the ongoing support of the Allchurches Trust.

III. FUTURE PLANS
We remain committed to asking God for a bigger church to make a bigger difference so that there are more people knowing Jesus and more justice in the world. As reported above these were refined into 4 mission priorities and we obtained significant funding for our Fit for Mission programme. If we cannot reverse the underlying long-term decline, amplified by Covid, we will find our future increasingly constrained. These are key times for the long-term future of the Diocese of Liverpool.

We also look forward to the arrival of the 9th Bishop of Liverpool, Right Reverend Doctor John Perumbalath who will start work here in early 2023. There is much for the new Bishop to do, and much to build on.

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). In 2021 we began a process of re-working our risk and assurance processes; we will report more fully on these in 2022. Our risk register continues to highlight a number of risks which could impact seriously on the charity's operation and development. These range from the failure to reverse numerical decline to the failure to generate new disciples; from the failure to develop resilient finances to the failure to develop and maintain a robust safeguarding culture and practice; from the failure to invest in new technology to the implications of the climate crisis. 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 £7.3m at 31 December 2021. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2021. 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 31 December 2021, these funds had a market value of £3.8m (2020 - £1.8m).

6. NOTES AND QUERIES

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

Significant changes in fixed assets

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

Related party transactions

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

In 2008 a loan of £25k was issued to Emmanuel Theological College, (originally known as the Southern North West Training Partnership), a related party, and a further loan of £25k was issued in 2009. In December 2020, a further loan of £10,000 was issued to support the development of the new theological college (renamed to Emmanuel Theological College). A total of £15,000 remained outstanding as at 31 December 2021.This balance is included within the figure of £88,991 for parish and other concessionary loans at note 12.

Post Balance Sheet Events

Since the year end, the day-to-day impact of the Covid-19 pandemic began to lessen, with all formal restrictions relating to the pandemic ending in February 2022. The longer-term impact of the pandemic is still to be determined and we continue to engage with the challenges and uncertainty that remain after the more acute phases of the pandemic., including work to mitigate the financial impact of the pandemic on parishes, with further Parish Share Credit applied during 2022.

In 2022 we launched our Fit for Mission programme of change, supported by Strategic Transformation Funding from the Archbishops' Council. This programme allows us to work with deaneries to re-imagine how we undertake mission and ministry in the Diocese.

Bishop Paul retired in March 2022, leaving a significant legacy in our strategy of seeking a bigger church to make a bigger difference.

In October 2022 it was announced that the Right Reverend Doctor John Perumbalath would become the next Bishop of Liverpool, starting in early 2023. We look forward to the start of his ministry with us, knowing that there is much to build on and much still to do.

Fundraising

There have been no significant fundraising activities at diocesan level in 2021.

Insurance

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

Trustees' interest in shares

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

Taxation status

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

Contingent liabilities

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

7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

8. DISCLOSURE OF INFORMATION TO AUDITORS

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

By order of the Trustees

Maggie Swinson
Trustee
31October 2022

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

Opinion

We have audited the financial statements of Liverpool Diocesan Board of Finance (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposesof company law, for the financial year for which the financial statements are prepared is consistent with thefinancial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been receivedfrom 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.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, theirknowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws andregulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Louise Casey ACA (Senior Statutory Auditor)
for and on behalf of BWM
Chartered Accountants
Statutory Auditor
31 October 2022

Suite 5.1
12 Tithebarn Street
Liverpool
L2 2DT

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2021

Current financial year	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Income from						
Donations	2					
Parish Share		7,910,352	-	-	**7,910,352**	**7,982,877**
Archbishop's Council		2,952,085	1,737,743	-	**4,689,828**	**4,793,347**
Other Donations		781,738	147,929	-	**929,667**	**1,005,540**
Charitable Activities	3	329,561	25,755	-	**355,316**	**480,751**
Investments	4	633,837	12,958	-	**646,795**	**600,111**
Other	5	471,570	-	-	**471,570**	**260,643**
Total income		13,079,143	1,924,385	-	**15,003,528**	**15,123,269**
Expenditure on						
Charitable activities	6	12,702,087	1,664,685	-	**14,366,772**	**13,278,043**
Other	7	207,300	-	-	**207,300**	**344,442**
Total expenditure		12,909,387	1,664,685	-	**14,574,072**	**13,622,485**
Net income before investment gains		169,756	259,700	-	**429,456**	**1,500,784**
Net gains on investments	11	567,170	-	-	**567,170**	**248,489**
Net income	15	736,926	259,700	-	**996,626**	**1,749,273**
Transfers between funds	20	(226,835)	316,046	(89,211)	-	-
Net movement in funds		**510,091**	**575,746**	**(89,211)**	**996,626**	**1,749,273**
Total funds brought forward		8,715,599	5,026,352	34,019,736	47,761,687	**46,012,414**
Total funds carried forward		**9,225,690**	**5,602,098**	**33,930,525**	**48,758,313**	**47,761,687**

All activities derive from continuing activities.

The notes on pages 28 to 54 form part of the financial statements

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2021

Prior financial year	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £
Income from					
Donations	2				
Parish Share		7,982,877	-	-	**7,982,877**
Archbishop's Council		2,633,999	2,159,348	-	**4,793,347**
Other Donations		944,775	60,765	-	**1,005,540**
Charitable Activities	3	455,000	25,751	-	**480,751**
Investments	4	590,006	10,105	-	**600,111**
Other	5	260,643	-	-	**260,643**
Total income		12,867,300	2,255,969	-	**15,123,269**
Expenditure on					
Charitable activities	6	10,951,408	2,326,635	-	**13,278,043**
Other	7	321,187	23,255	-	**344,442**
Total expenditure		11,272,595	2,349,890	-	**13,622,485**
Net income (expenditure) before investment gains		1,594,705	(93,921)	-	**1,500,784**
Net gains on investments	11	248,489	-	-	**248,489**
Net income (expenditure)	15	1,843,194	(93,921)	-	**1,749,273**
Transfers between funds	20	(873,759)	873,759	-	-
Net movement in funds		**969,435**	**779,838**	**-**	**1,749,273**
Total funds brought forward		7,746,164	4,246,514	34,019,736	46,012,414
Total funds carried forward		**8,715,599**	**5,026,352**	**34,019,736**	**47,761,687**

All activities derive from continuing activities.

The notes on pages 28 to 54 form part of the financial statements

BALANCE SHEET

AT 31 DECEMBER 2021

	Notes		2021		2020
		£	£	£	£
Fixed Assets					
Tangible Assets	10		39,896,056		39,988,783
Investments	11		10,352,068		9,784,898
			50,248,124		49,773,681
Current Assets					
Debtors: due within 1 year	12	1,325,455		905,556	
Debtors: due after 1 year		15,000		110,546	
Cash at bank and in hand		2,446,685		2,720,943	
		3,787,140		3,737,045	
Creditors:					
Amounts falling due within one year	13	(4,691,351)		(4,840,939)	
Net current liabilities			(904,211)		(1,103,894)
Total assets less current liabilities			49,343,913		48,669,787
Creditors: amounts falling due after more than one year					
Pension scheme liabilities	14		-		(322,500)
Other creditors	14		(585,600)		(585,600)
Net Assets			48,758,313		47,761,687
Accumulated Funds	20				
Endowment funds			33,930,525		34,019,736
Restricted funds			5,602,098		5,026,352
Unrestricted funds			9,225,690		8,715,599
Total funds			48,758,313		47,761,687

The financial statements on pages 24 to 54 were approved by the Finance Committee on 31 October 2022 and signed on its behalf by:

Maggie Swinson
Trustee

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	£	2021 £	£	2020 £
Cash flows from operating activities:					
Net cash (used in) provided by operating activities	i		(1,089,909)		716,115
Cash flows from investing activities:					
Investment income		646,795		600,111	
Sale of tangible fixed assets		511,565		778,643	
Purchase of tangible fixed assets		(339,484)		(250,704)	
Purchase of fixed asset investments		-		(26,410)	
Interest on loans and bank overdrafts		(3,225)		(6,320)	
Net cash provided by investing activities			815,651		1,095,320
Cashflows from financing activities:					
Cash inflows from new borrowings		-		500,000	
Net cash provided by financing activities			-		500,000
Net Change in cash and cash equivalents			(274,258)		2,311,435
Cash and cash equivalents brought forward			2,720,943		409,508
Cash and cash equivalents carried forward			2,446,685		2,720,943

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

i, Reconciliation of net income to net cash (used in) provided by operating activities

	2021 **£**	**2020** **£**
Net income for the reporting period (as per the statement of financial activities)	**429,456**	**1,500,784**
Depreciation	13,216	11,516
Investment income	(646,795)	(600,111)
Interest on loans and bank overdrafts	3,225	6,320
Gains on disposal of property	(92,570)	(260,643)
Increase in debtors	(324,352)	(74,019)
(Decrease) increase in creditors	(472,089)	132,268
Net cash (used in) provided by operating activities	**(1,089,909)**	**716,115**

ii, Analysis of cash and cash equivalents

	1 January 2021 **£**	**Cash flow** **£**	**Other non cash changes** **£**	**31 December 2021** **£**
Net Cash:-				
Cash at bank and in hand	2,720,943	(274,258)	-	2,446,685

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

	2021 **£**	**2020** **£**
(Decrease) increase in cash	(274,258)	2,311,435
Opening net funds	2,720,943	409,508
Closing net funds	2,446,685	2,720,943

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. (a) Accounting policies

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

The charity has claimed exemption from preparing consolidated financial statements as its subsidiary, The Good Funeral Company Limited, remained dormant throughout 2021 and its activities have been recorded within the income and expenditure of the Diocese.

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

(b) Income

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

(c) Expenditure

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

i) **Costs of raising funds** are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii) **Charitable expenditure** is analysed between contributions to the Archbishops' Council, expenditure on resourcing and supporting mission and ministry in the parishes of the diocese and expenditure on education and Church of England schools in the diocese.

iii) **Grants payable** are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

iv) **Support costs** consist of central management, administration, and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

v) **Pension contributions**. The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 17). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

vi) **Parish share credit** Parish Share Credit was calculated in two stages, the first of which was targeted at those parishes with very low levels of reserves and a shortfall in income, with the second stage considering those parishes that had suffered reductions in reserve levels and faced a reduced ability to pay Parish Share in the subsequent year. The sums credited were calculated using parish financial data and forecasts, in dialogue with deanery leaders.

(d) Going concern

Significant financial challenges resulting from the COVID-19 pandemic remained during 2021.

The need to mitigate the impact of those parishes' losses and to put in place relief measures has placed pressures on the payment of parish share.

During 2021, we continued to access available Government financial assistance, such as the Job Retention Scheme as well as working with the National Church Institutions, securing financial funding from the Church Commissioners. We achieved financial stability in both 2020 and 2021with plans to mitigate the impact of continuing challenges in 2022.

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

(e) Financial Instruments

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

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

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

(f) Basic financial assets

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

(g) Basic financial liabilities

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

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(h) Derecognition of financial liabilities

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

(i) Critical accounting estimates and judgements

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

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

(j) Investment assets and income arising

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

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

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

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

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

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

(k) Major Funds

Funds held by the charity are either:

Restricted funds – these funds consist of trust and other funds, which may only be used for specific purposes imposed by the settlor, donor, or legislation.
Permanent Endowment funds – these are funds where there is no power to convert capital into income. Where the trustees have the power to convert endowments into income, these funds are known as expendable endowments.

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

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

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

(l) Stipends

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

(m) Fixed assets

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

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. The LDBF has a policy of regular structural inspection, repair, and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

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

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

(n) Netting off of expenses and income

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

(o) Designated funds

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

(p) Reserves

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

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

(q) Irrecoverable VAT

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

(r) Taxation

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

(s) Operating Leases

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

2. Donations and legacies

Current financial year	**Unrestricted Funds**	**Restricted Funds**	**Permanent Endowment**	**Total Funds 2021**	**Total Funds 2020**
	£	**£**	**£**	**£**	**£**
General Parish Share Income	7,910,352	-	-	7,910,352	7,982,877
	7,910,352	-	-	7,910,352	7,982,877

Income from National Church Institutions

Current financial year					
Lowest Income Communities Funding	1,907,068	-	-	1,907,068	1,590,108
Sustainability Funding	1,000,000	-	-	1,000,000	1,000,000
Strategic Development Funding	-	1,246,308	-	1,246,308	1,559,822
Ordination Training Block Grant	-	378,494	-	378,494	486,585
Strategic Ministry Fund for Curates	-	112,941	-	112,941	112,941
Grant for Legal services	45,017	-	-	45,017	43,891
	2,952,085	1,737,743	-	4,689,828	4,793,347

Other Donations

Current financial year					
Discretionary Funds Grant	176,167	-	-	176,167	172,000
Coronavirus Job Retention Scheme	32,863	-	-	32,863	185,448
MOF Projects	-	-	-	-	1,006
Transform North West		61,500	-	61,500	43,021
Joshua Centre Fund	-	960	-	960	-
Marshalls Charity Grants for Parsonages	-	11,730	-	11,730	-
Partners in Mission Income	-	-	-	-	2,000
Inter-Diocesan Learning Community	-	1,800	-	1,800	-
Church Growth	-	-	-	-	-
Stipends	6,708	-	-	6,708	35,515
Social Justice	5,000			5,000	-
DBE Services Ltd	84,265	-	-	84,265	69,182
Church & Society	-	71,939	-	71,939	14,738
Assigned Fees	476,735	-	-	476,735	482,630
	781,738	147,929	-	929,667	1,005,540

2 Donations and legacies

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
General Parish Share Income	7,982,877	-	-	7,982,877
	7,982,877	-	-	7,982,877

Income from National Church Institutions

Prior financial year

Lowest Income Communities Funding	1,590,108	-	-	1,590,108
Sustainability Funding	1,000,000	-	-	1,000,000
Strategic Development Funding	-	1,559,822	-	1,559,822
Ordination Training Block Grant	-	486,585	-	486,585
Strategic Ministry Fund for Curates	-	112,941	-	112,941
Grant for Legal services	43,891	-	-	43,891
	2,633,999	2,159,348	-	4,793,347

Other Donations

Prior financial year

Discretionary Funds Grant	172,000	-	-	172,000
Coronavirus Job Retention Scheme	185,448	-	-	185,448
MOF Projects	-	1,006	-	1,006
Transform North West	-	43,021	-	43,021
Joshua Centre Fund	-	-	-	-
Marshalls Charity Grants for Parsonages	-	-	-	-
Partners in Mission Income	-	2,000	-	2,000
Inter-Diocesan Learning Community	-	-	-	-
Stipends	35,515	-	-	35,515
Social Justice	-	-	-	-
DBE Services Ltd	69,182	-	-	69,182
Church & Society	-	14,738	-	14,738
Assigned Fees	482,630	-	-	482,630
	944,775	60,765	-	1,005,540

3. Charitable Activities

Current financial year	**Unrestricted Funds**	**Restricted Funds**	**Permanent Endowment**	**Total Funds 2021**	**Total Funds 2020**
	£	**£**	**£**	**£**	**£**
Gift Aid Scheme	11,714	-	-	11,714	19,139
General DBF Income	141,247	-	-	141,247	231,607
Fellfield Income	(30)	-	-	(30)	2,339
Board of Education	134,359	-	-	134,359	125,396
Communications Office	23,963	-	-	23,963	39,938
Lifelong Learning	9,950	-	-	9,950	36,581
Clergy Housing Income	8,358	-	-	8,358	-
Church Inspection Fees	-	25,755	-	25,755	25,751
	329,561	25,755	-	355,316	480,751

Prior financial year	**Unrestricted Funds**	**Restricted Funds**	**Permanent Endowment**	**Total Funds 2020**
	£	**£**	**£**	**£**
Gift Aid Scheme	19,139	-	-	19,139
General DBF Income	231,607	-	-	231,607
Fellfield Income	2,339	-	-	2,339
Board of Education	125,396	-	-	125,396
Communications Office	39,938	-	-	39,938
Lifelong Learning	36,581	-	-	36,581
Clergy Housing Income	-	-	-	-
Church Inspection Fees	-	25,751	-	25,751
	455,000	25,751	-	480,751

4. Investment Income

Current financial year	**Unrestricted Funds**	**Restricted Funds**	**Permanent Endowment**	**Total Funds 2021**	**Total Funds 2020**
	£	**£**	**£**	**£**	**£**
DBF Investment Income	129,483	-	-	129,483	125,312
Church House Rental Income	86,000	-	-	86,000	86,000
Parsonages Rental Income	418,354	-	-	418,354	378,694
Glebe Rental Income	-	12,958	-	12,958	10,105
	633,837	12,958	-	646,795	600,111

Prior financial year	**Unrestricted Funds**	**Restricted Funds**	**Permanent Endowment**	**Total Funds 2020**
	£	**£**	**£**	**£**
DBF Investment Income	125,312	-	-	125,312
Church House Rental Income	86,000	-	-	86,000
Parsonages Rental Income	378,694	-	-	378,694
Glebe Rental Income	-	10,105	-	10,105
	590,006	10,105	-	600,111

5. Other income

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Property Transactions	92,570	-	-	92,570	260,643
Share of proceeds of school site	379,000	-	-	379,000	-
	471,570	-	-	471,570	260,643

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
Property Transactions	260,643	-	-	260,643
Share of proceeds of school site	-	-	-	-
	260,643	-	-	260,643

6 Charitable Activities

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Archbishops' Council	**113,748**	-	-	**113,748**	209,340
	113,748	-	-	**113,748**	209,340

Resourcing Mission and Ministry

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
Parish Mission and Ministry:					
Clergy stipends	**4,774,696**	-	-	**4,774,696**	4,619,104
Clergy Pension Costs	**1,447,480**	-	-	**1,447,480**	1,248,610
National insurance	**428,237**	-	-	**428,237**	400,027
Resettlement/removal grants etc	**197,907**	-	-	**197,907**	115,304
Lay Workers	**21,988**	-	-	**21,988**	21,813
Administration and other costs	**324,566**	-	-	**324,566**	74,116
Parish share grant credit	**1,362,376**			**1,362,376**	-
Area Dean Grants	**44,200**	-	-	**44,200**	49,750
Strategic Development Funding	**160,535**	**1,298,712**	-	**1,459,247**	1,750,833
Clergy Housing	**1,083,531**	**11,730**	-	**1,095,261**	749,441
Deanery Mission and Growth Grants	**359,571**	-	-	**359,571**	286,039
Grants to Parishes from Property Sales	**17,004**	-	-	**17,004**	90,334
DBF Central Costs (25%)	**135,911**	-	-	**135,911**	335,384
St James' House Costs (15%)	**21,562**	-	-	**21,562**	28,027
	10,379,564	**1,310,442**	-	**11,690,006**	9,768,782

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
6 Charitable Activities (continued)					
Current financial year					
Support for Parish Mission and Ministry:					
Clergy Training	**280,041**	**-**	**-**	**280,041**	280,044
Lifelong Learning	**225,470**	**-**	**-**	**225,470**	170,102
Social Justice	**58,137**	**71,939**	**-**	**130,076**	87,118
Disability Discretionary	**5,510**	**-**	**-**	**5,510**	3,401
Church Growth & Ecumenism	**47,756**	**-**	**-**	**47,756**	38,335
Resources Department	**106,645**	**-**	**-**	**106,645**	134,874
Ordinands in Training	**278,022**	**169,971**	**-**	**447,993**	794,318
General Synod Members' Expenses	**291**	**-**	**-**	**291**	2,615
Church Inspections	**-**	**26,680**	**-**	**26,680**	17,570
Communications Office	**166,830**	**-**	**-**	**166,830**	171,568
Legal Fees	**(6,656)**	**-**	**-**	**(6,656)**	-
Pastoral Committee	-	**37,510**	**-**	**37,510**	11,183
Diocesan Synod	**877**	**-**	**-**	**877**	7,468
Safeguarding and Inclusion	**168,169**	**-**	**-**	**168,169**	119,625
Diocesan Advisory Council	**39,580**	**-**	**-**	**39,580**	38,614
Ecumenical Funding	**44,784**	**-**	**-**	**44,784**	35,000
DPA Parish Housing & DPA Grants	**36,000**	**-**	**-**	**36,000**	21,624
Additional Pension Costs	**39,771**	**-**	**-**	**39,771**	11,385
DBF Central Costs (60%)	**326,186**	**-**	**-**	**326,186**	804,918
St James' House Costs (80%)	**114,997**	**-**	**-**	**114,997**	149,480
Other	**13,757**	**25,158**	**-**	**38,915**	38,994
	1,946,167	**331,258**	**-**	**2,277,425**	2,938,236
Expenditure on Education					
Current financial year					
Support for church schools and parishes	**262,608**	**-**	**-**	**262,608**	288,754
Property Expenditure on Schools	**-**	**22,985**	**-**	**22,985**	72,931
	262,608	**22,985**	**-**	**285,593**	361,685
Total Charitable Activities 2021	**12,702,087**	**1,664,685**	**-**	**14,366,772**	**13,278,043**

6 Charitable Activities (continued)

Prior financial year	**Unrestricted Funds**	**Restricted Funds**	**Permanent Endowment**	**Total Funds 2020**
	£	**£**	**£**	**£**
Archbishops' Council	209,340	-	-	209,340
	209,340	-	-	209,340

Resourcing Mission and Ministry

Prior financial year

Parish Mission and Ministry:				
Clergy stipends	4,619,104	-	-	4,619,104
Clergy Pension Costs	1,248,610	-	-	1,248,610
National insurance	400,027	-	-	400,027
Resettlement/removal grants etc	115,304	-	-	115,304
Lay Workers	21,813	-	-	21,813
Administration and other costs	74,116	-	-	74,116
Parish share grant credit	-	-	-	-
Area Dean Grants	49,750	-	-	49,750
Strategic Development Funding	41,415	1,709,418	-	1,750,833
Clergy Housing	749,441	-	-	749,441
Deanery Mission and Growth Grants	286,039	-	-	286,039
Grants to Parishes from Property Sales	90,334	-	-	90,334
DBF Central Costs (25%)	335,384	-	-	335,384
St James' House Costs (15%)	28,027	-	-	28,027
	8,059,364	1,709,418	-	9,768,782

Prior financial year

Support for Parish Mission and Ministry:				
Clergy Training	280,044	-	-	280,044
Lifelong Learning	170,102	-	-	170,102
Social Justice	72,380	14,738	-	87,118
Disability Discretionary	3,401	-	-	3,401
Church Growth & Ecumenism	38,335	-	-	38,335
Resources Department	134,874	-	-	134,874
Ordinands in Training	326,890	467,428	-	794,318
General Synod Members' Expenses	2,615	-	-	2,615
Church Inspections	-	17,570	-	17,570
Communications Office	171,568	-	-	171,568
Legal Fees	-	-	-	-
Pastoral Committee	-	11,183	-	11,183
Diocesan Synod	7,468	-	-	7,468
Safeguarding and Inclusion	119,625	-	-	119,625
Diocesan Advisory Council	38,614	-	-	38,614
Ecumenical Funding	35,000	-	-	35,000
DPA Parish Housing & DPA Grants	21,624	-	-	21,624
Additional Pension Costs	11,385	-	-	11,385
DBF Central Costs (60%)	804,918	-	-	804,918
St James' House Costs (80%)	149,480	-	-	149,480
Other	5,627	33,367	-	38,994
	2,393,950	544,286	-	2,938,236

6 Charitable Activities (continued)

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
Expenditure on Education				
Prior financial year	**£**	**£**	**£**	**£**
Support for church schools and parishes	288,754	-	-	288,754
Property Expenditure on Schools	-	72,931	-	72,931
	288,754	72,931	-	361,685
Total Charitable Activities 2020	**10,951,408**	**2,326,635**	**-**	**13,278,043**

7 Other Resources Expended

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
Governance:	**£**	**£**	**£**	**£**	**£**
DBF Central Costs (15%)	**81,545**	**-**	**-**	**81,545**	201,230
Diocesan Registry	**100,055**	**-**	**-**	**100,055**	93,961
Audit and accounting fees	**18,513**	**-**	**-**	**18,513**	16,654
St James' House Costs (5%)	**7,187**	**-**	**-**	**7,187**	9,342
	207,300	**-**	**-**	**207,300**	321,187
Other outgoing property resources:					
Pastoral Account	**-**	**-**	**-**	**-**	23,255
	-	**-**	**-**	**-**	23,255
	207,300	**-**	**-**	**207,300**	**344,442**

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
Governance:	**£**	**£**	**£**	**£**
DBF Central Costs (15%)	201,230	-	-	201,230
Diocesan Registry	93,961	-	-	93,961
Audit and accounting fees	16,654	-	-	16,654
St James' House Costs (5%)	9,342	-	-	9,342
	321,187	-	-	321,187
Other outgoing property resources:				
Pastoral Account	-	23,255	-	23,255
	-	23,255	-	23,255
	321,187	**23,255**	**-**	**344,442**

8 Analysis of support costs

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Central administration	543,642	-	-	543,642	1,341,532
Diocesan Registry	100,055	-	-	100,055	93,961
St James' House	143,746	-	-	143,746	186,849
	787,443	-	-	787,443	1,622,342

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
Central administration	1,341,532	-	-	1,341,532
Diocesan Registry	93,961	-	-	93,961
St James' House	186,849	-	-	186,849
	1,622,342	-	-	1,622,342

9 Staff Costs

	2021	2020
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,523,677	1,450,385
National Insurance Contributions	138,672	130,225
Pension costs	293,168	376,718
	1,955,517	1,957,328

	2021	2020
	Number	Number
The average number of persons employed during the year:		
Full time	33	34
Part time	26	21
	59	55

Remuneration of key management personnel

Key management personnel are deemed to be those having the authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Liverpool Diocesan Board of Finance. At the end of 2021 these were:

Diocesan Secretary & Company Secretary	Mike Eastwood
Assistant Diocesan Secretary & Director of Communications	Stuart Haynes
HR Manager (from October 2021)	Debbie Brisco
Director of Vocations (until September 2021)	Simon Chesters
Director of Finance	Matt Elliott
Director of Education	Stuart Harrison
Director of Social Justice	Ellen Loudon
Director of Learning & Stewardship	Steve Pierce
Director of HR (until September 2021)	Sharon Townson
Diocesan Programme Manager	Richard Gedge

Total remuneration and pensions for these employees amounted to £496,497 (2020: £483,506)

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

	2021	2020
£60,001 - £70,000	2	-
£80,001 - £90,000	-	1

Trustees' emoluments

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

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

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

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

The LDBF paid an average of 182 (2020 - 172) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021 £	2020 £
Stipends	4,774,696	4,619,104
Pension costs	1,447,480	1,248,610
National Insurance Contributions	428,237	400,027
	6,650,413	6,267,741

10. Tangible Fixed Assets

	DBF Property	DBF Glebe	DBF VLL Property	Team Vicars Glebe	Parsonages	Fixtures & Fittings	Total Funds
	£	£	£	£	£	£	£
Deemed cost or historic cost							
At 1 January 2021	758,840	2,659,971	85,001	3,470,000	33,001,677	335,713	40,311,202
Additions	-	-	-	-	329,784	9,700	339,484
Disposals	-	-	-	-	(418,995)	-	(418,995)
At 31 December 2021	758,840	2,659,971	85,001	3,470,000	32,912,466	345,413	40,231,691
Depreciation							
At 1 January 2021	-	-	-	-	-	322,419	322,419
Charge for year	-	-	-	-	-	13,216	13,216
At 31 December 2021	-	-	-	-	-	335,635	335,635
Net book value							
At 31 December 2021	758,840	2,659,971	85,001	3,470,000	32,912,466	9,778	39,896,056
At 31 December 2020	758,840	2,659,971	85,001	3,470,000	33,001,677	13,294	39,988,783

All properties held as Tangible Fixed Assets are freehold.

11. Fixed Asset Investments

	Investment Properties	UK Unquoted Investments	Total Funds 2021
	£	£	£
Unquoted			
Market value at 1 January 2021	5,882,458	3,902,440	9,784,898
Gains on Investment Assets	-	567,170	567,170
Market value at 31 December 2021	5,882,458	4,469,610	10,352,068

Investment properties were valued by Peter Kenny Property Management as at 31st December 2015. The Investment Property at Linnet Lane was revalued for insurance purpose in 2017.The trustees have considered the rebuild valuation against local market conditions and consider the rebuild valuation to be a close approximation of market value. The trustees have valued the investment properties at a current market value of £5,882,458 as at 31 December 2021.

11. (cont.) Fixed asset investments

Historical Cost of Investments	2021	2020
	£	£
UK Unquoted	2,848,504	2,848,504
Investment Property	3,809,068	3,809,068
	6,657,572	6,657,572

Unquoted Investments comprise	2021	2020
	£	£
CBF Property Fund	884,110	773,739
CBF Investment Fund	2,410,851	2,109,130
CBF Global Equity Fund	1,113,348	958,270
CBF Deposit Fund	61,289	61,289
DBE Services Ltd	12	12
	4,469,610	3,902,440

In 2005 the diocese purchased 12 ordinary shares of £1 each (now a 1/6th shareholding) in DBE Services Ltd. DBE Services Ltd provides services for schools. In 2020 the Diocese's share of the surplus was £84,265 (see note 2).

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

During 2018 The Good Funerals Company Limited was established as a company limited by guarantee under the control of LDBF. The company itself remained dormant during 2020 and 2021, but all of its activities have been reported through the Diocesan accounts. The amounts have not been separately disclosed since their aggregate value was considered to be relatively insignificant.

12. Debtors

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Amounts due from parishes	355,776	-	-	355,776	460,606
Sundry debtors	501,850	-	-	501,850	163,019
Parish and other concessionary loans	87,391	1,600	-	88,991	88,991
Prepayments and accrued income	11,253	382,584	-	393,837	303,486
				-	
	956,270	384,184	-	1,340,454	1,016,102

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

	Total Funds 2021
	£
Parish and other concessionary loans	15,000
	15,000

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
Amounts due from parishes	460,606	-	-	460,606
Sundry debtors	163,019		-	163,019
Parish and other concessionary loans	87,391	1,600	-	88,991
Prepayments and accrued income	87,648	215,838	-	303,486
	798,664	217,438	-	1,016,102

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

	Total Funds 2020
	£
Sundry Debtors	21,555
Parish and other concessionary loans	88,991
	110,546

13. Creditors: amounts falling due within one year

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Sundry creditors	3,483,069	-	-	3,483,069	3,698,026
Accruals	61,141	-	-	61,141	40,412
Deanery Mission and Growth Funds	827,766	-	-	827,766	696,001
Taxation and social security	(625)	-	-	(625)	-
Pension deficit funding contributions	-	320,000	-	320,000	406,500
	4,371,351	320,000	-	4,691,351	4,840,939

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
Bank overdraft	-	-	-	-
Sundry creditors	3,698,026	-	-	3,698,026
Accruals	40,412	-	-	40,412
Deanery Mission and Growth Funds	696,001	-	-	696,001
Pension deficit funding contributions	-	406,500	-	406,500
	4,434,439	406,500	-	4,840,939

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

Current financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021	Total Funds 2020
	£	£	£	£	£
Loans from Church Commissioners	85,000	-	-	85,000	85,000
Loans from CCLA	500,000	-	-	500,000	500,000
Loans from CBF	-	600	-	600	600
Pension deficit funding contributions	-	-	-	-	322,500
	585,000	600	-	585,600	908,100

Prior financial year	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2020
	£	£	£	£
Loans from Church Commissioners	85,000	-	-	85,000
Loans from CCLA	500,000	-		500,000
Loans from CBF	-	600	-	600
Pension deficit funding contributions	-	322,500	-	322,500
	585,000	323,100	-	908,100

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 2020 was £Nil.

15. Net expenditure for the year

This is stated after charging: -	2021	2020
	£	£
Auditors' remuneration:		
Audit – BWM	15,300	13,664
Non audit fees (compilation of accounts)	3,120	2,990
Depreciation	13,216	11,516
Operating Leases – Land & Buildings	75,000	75,000
Operating Leases – Plant and Equipment	1,812	7,248
Interest on bank loans and overdrafts	115	2,359
Interest on loans from CCLA	3,110	3,961

16. Guarantees

The Board has given guarantees to Lloyds Bank for £49,639 (2020: £49,639) in respect of loans granted to parishes.

17. Pensions

(a) Clergy Pensions

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme.

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

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

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

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

As at 31 December 2019, 31 December 2020, and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021	2020
Balance sheet liability at 1 January	645,000	1,099,000
Deficit contribution paid	(323,000)	(523,000)
Interest cost (recognised in SoFA)	1,000	9,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(3,000)	60,000
Balance sheet liability at 31 December	320,000	645,000

* 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. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	(1.5%)	1.6% pa	1.3% pa

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme.

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

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m.

A next actuarial valuation is due as 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 34.8% of pensionable salary and expenses of £11,900 per annum.

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

	2021	2020
Balance sheet liability at 1 January	84,000	194,000
Deficit contribution paid	(28,000)	(113,000)
Interest cost (recognised in SoFA)	-	1,000
Remaining change to the balance sheet liability*(recognised in SoFA)	(56,000)	2,000
Balance sheet liability at 31 December	-	84,000

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

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

	December 2021	December 2020	December 2019
Discount rate	0.00%	0.00%	1.00%

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

18. Analysis of net assets by funds as at 31 December 2021

Current financial year	**Tangible Fixed Assets £**	**Loans/ Investments £**	**Net Current Liabilities £**	**Long-term Liabilities £**	**Total £**
Unrestricted funds	1,382,093	9,396,992	(968,395)	(585,000)	9,225,690
Restricted funds	5,538,514	-	64,184	(600)	5,602,098
Endowment funds	32,975,449	955,076	-	-	33,930,525
Total	39,896,056	10,352,068	(904,211)	(585,600)	48,758,313

18. Analysis of net assets by funds (continued)

Prior financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long-term Liabilities £	Total £
Unrestricted funds	1,385,609	8,829,822	(914,832)	(585,000)	8,715,599
Restricted funds	5,538,514	-	(189,062)	(323,100)	5,026,352
Endowment funds	33,064,660	955,076	-	-	34,019,736
Total	39,988,783	9,784,898	(1,103,894)	(908,100)	47,761,687

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

19. Lease Obligations

At 31st December 2021, Liverpool DBF was committed to making the following payments under non-cancellable operating leases:

	2021		2020	
	Land and Buildings £	Plant and Equipment £	Land and Buildings £	Plant and Equipment £
Within 1 year	75,000	-	75,000	1,812
Within 2 to 5 years	300,000	-	300,000	-
After 5 years	50,000	-	125,000	-

20. Accumulated funds

The General fund is unrestricted. In 2010 £170,000 was designated to the Warrington Mission Development Fund from the sale proceeds of a former vicarage. As at 31 December 2021, the balance on this designated fund amounted to £16,972 (2020 - £33,976) following the distribution of a further £17,004 from the fund during 2021. The balance will be applied in 2022.

A further designated fund of £1.6m was created during 2020 from the £1m sustainability funding received from the Church Commissioners and from £0.6m of cost savings made. The fund was to provide support to parishes in their payment of parish share for 2020 and 2021.

During 2020 a total of £660,275 of the fund was applied towards the clearance of parish share arrears for 2020. The balance of £939,725 was applied to reduce the parish share to be collected from parishes during 2021.

A further £676,589 was designated in 2021 to be used in 2022.

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

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

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

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

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

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

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

20. Accumulated Funds (continued)

Current financial year	General	Specific Restricted	DBF Property Fund	DBE Property Restricted	DSF Capital Expendable Endowment	Parsonage Building Expendable Endowment	Stipends & Ordinands Permament Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2020	**8,715,599**	**215,838**	**4,809,514**	**1,000**	**591,457**	**32,473,203**	**955,076**	**47,761,687**
Incoming Resources	**13,079,143**	**1,899,697**	**24,688**	-	-	-	-	**15,003,528**
Outgoing Resources	**(12,909,387)**	**(1,628,688)**	-	**(35,997)**	-	-	-	**(14,574,072)**
Gains/losses	**567,170**	-	-	-	-	-	-	**567,170**
Transfers	**(226,835)**	**(104,263)**	**384,312**	**35,997**	-	**(89,211)**	-	-
Total Funds 2021	**9,225,690**	**382,584**	**5,218,514**	**1,000**	**591,457**	**32,383,992**	**955,076**	**48,758,313**
Represented by:								
Tangible Fixed Assets:	**1,382,093**	-	**5,538,514**	-	**591,457**	**32,383,992**	-	**39,896,056**
DBF Houses & Glebe	758,840	-	2,068,514	-	591,457	-	-	3,418,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	528,474	-	3,470,000	-	-	32,383,992	-	36,382,466
Furniture & Fittings	9,778	-	-	-	-	-	-	9,778
Investments:	**9,396,992**	-	-	-	-	-	**955,076**	**10,352,068**
CCLA	3,514,522	-	-	-	-	-	955,076	4,469,598
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	**(968,395)**	**382,584**	**(320,000)**	**1,600**	-	-	-	**(904,211)**
Debtors	956,271	382,584	-	1,600	-	-	-	1,340,455
Bank and Cash (net of overdraft)	2,446,685							2,446,685
Sundry Creditors & Accruals	(4,371,351)	-	(320,000)	-	-	-	-	(4,691,351)
Long term liabilities:	**(585,000)**	-	-	**(600)**	-	-	-	**(585,600)**
Loans from Church Commissioners	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributions	-	-		-	-	-	-	-
	9,225,690	**382,584**	**5,218,514**	**1,000**	**591,457**	**32,383,992**	**955,076**	**48,758,313**
Analysis of Reserves:								
General Funds (including designated funds of £693,561 -see note below)	**9,225,690**	-	-	-	-	-	-	9,225,690
Restricted Funds	-	**382,584**	**5,218,514**	**1,000**	-	-	-	5,602,098
Endowment Funds	-	-	-	-	**591,457**	**32,383,992**	**955,076**	33,930,525
	9,225,690	**382,584**	**5,218,514**	**1,000**	**591,457**	**32,383,992**	**955,076**	**48,758,313**

Fund transfers

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

Designated funds

As explained above on page 50, a portion of the General Funds has been designated by the trustees as at 31 December 2021 for the following purposes:

Warrington Mission Development Fund	£16,972
Parish Share Credit	£676,589
Total	£693,561

20. Accumulated Funds (continued)

Prior financial year	**General**	**Specific Restricted**	**DBF Property Fund**	**DBE Property Restricted**	**DSF Capital Expendable Endowment**	**Parsonage Building Expendable Endowment**	**Stipends & Ordinands Permament Endowment**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Movement in Year:								
Total Funds 2019	**7,746,164**	**-**	**4,245,514**	**1,000**	**591,457**	**32,473,203**	**955,076**	**46,012,414**
Incoming Resources	**12,867,300**	**2,245,864**	**10,105**	**-**	**-**		**-**	**15,123,269**
Outgoing Resources	**(11,272,595)**	**(2,313,893)**	**-**	**(35,997)**	**-**	**-**	**-**	**(13,622,485)**
Gains/losses	**248,489**	**-**	**-**	**-**	**-**	**-**	**-**	**248,489**
Transfers (see note below)	**(873,759)**	**283,867**	**553,895**	**35,997**	**-**	**-**	**-**	**-**
Total Funds 2019	**8,715,599**	**215,838**	**4,809,514**	**1,000**	**591,457**	**32,473,203**	**955,076**	**47,761,687**
Represented by:								
Tangible Fixed Assets:	**1,385,609**	**-**	**5,538,514**	**-**	**591,457**	**32,473,203**	**-**	**39,988,783**
DBF Houses & Glebe	758,840	-	2,068,514		591,457	-	-	3,418,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	528,474	-	3,470,000	-	-	32,473,203	-	36,471,677
Furniture & Fittings	13,294	-	-	-	-	-	-	13,294
Investments:	**8,829,822**	**-**	**-**	**-**	**-**	**-**	**955,076**	**9,784,898**
CCLA	2,947,352	-	-	-			955,076	3,902,428
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	**(914,832)**	**215,838**	**(406,500)**	**1,600**	**-**	**-**	**-**	**(1,103,894)**
Debtors	798,664	215,838	-	1,600	-	-	-	1,016,102
Bank and Cash (net of overdraft)	2,720,943	-	-	-	-	-	-	2,720,943
Sundry Creditors & Accruals	(4,434,439)	-	(406,500)	-	-	-	-	(4,840,939)
Long term liabilities:	**(585,000)**	**-**	**(322,500)**	**(600)**	**-**	**-**	**-**	**(908,100)**
Loans from Church Commissioners	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)							(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributions	-	-	(322,500)	-	-	-	-	(322,500)
	8,715,599	**215,838**	**4,809,514**	**1,000**	**591,457**	**32,473,203**	**955,076**	**47,761,687**
Analysis of Reserves:								
General Funds (including designated funds of £973,701 - see note below)	**8,715,599**	**-**	**-**	**-**	**-**	**-**	**-**	8,715,599
Restricted Funds	**-**	**215,838**	**4,809,514**	**1,000**	**-**	**-**	**-**	5,026,352
Endowment Funds	**-**	**-**	**-**	**-**	**591,457**	**32,473,203**	**955,076**	34,019,736
	8,715,599	**215,838**	**4,809,514**	**1,000**	**591,457**	**32,473,203**	**955,076**	**47,761,687**

Fund transfers

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

Designated funds

As explained above on page 50, a portion of the General Funds has been designated by the trustees as at 31 December 2020 for the following purposes:

Warrington Mission Development Fund	£ 33,976
Parish Share Credit	£939,725
Total	£973,701

21. Related Party transactions

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

22. Post Balance Sheet Events

There were no significant post balance sheet events to report.