



Liverpool Diocesan Board of Finance

REPORT AND ACCOUNTS

For the year ended 31 December 2022

CONTENTS

	PAGE
Chairman's Report	I
Trustees' Annual Report and Directors' Report	2 - 15
Auditors' Report	16 - 20
Statement of Financial Activities	21 - 22
Balance Sheet	23
Statement of Cash Flows and Notes	24
Notes to Financial Statements	25 - 51

CHAIRMAN'S REPORT

Chairman's Report

Maggie Swinson

Chair

31 October 2022

TRUSTEES' REPORT

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

I. REFERENCE AND ADMINISTRATIVE DETAILS

Legal structure

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

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

Its registered office is St James' House, 20 St James Road, Liverpool LI 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 2022 were:

Maggie Swinson, Chair (ex officio)

Philip Stott, Deputy Chair

The Right Reverend Beverley Mason, Bishop of Warrington (ex-officio)

The Venerable Mike McGurk, Archdeacon of Liverpool (ex officio) – until 31 January 2022

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

The Venerable Simon Fisher, Archdeacon of St Helens & Warrington (ex officio)

The Ven Dr Miranda Threlfall-Holmes (elected from 1 January 2022; ex officio from 9 September 2022)

Keith Cawdron (elected)

Gabriel Chiu (elected)

Richard Denno (elected)

Stephen Derringer (elected)

Rev Peter Dawkin (elected)

Angela Matthewson (elected)

Rev Emma Williams (elected)

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:

TRUSTEES' REPORT

Mike Eastwood, Diocesan Secretary

Stuart Haynes, Assistant Diocesan Secretary & Director of Communications

Debbie Brisco, HR Manager

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

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 ITS

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 and elected 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 (currently there are no co-opted trustees).

TRUSTEES' REPORT

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 the standing committee of Diocesan Synod. 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. On 16 June 2022 the Diocesan Board of Education formally became a Statutory Committee of the Diocesan Board of Finance under Section 23(1) of the Diocesan Boards of Education Measure 2021. This integration 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 standing committee 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, particularly Emmanuel Theological College and also the residential theological colleges

TRUSTEES' REPORT

- ◆ 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 in April 2021 out of the former All Saints Centre for Mission & Ministry. The Diocese of Liverpool is one of four 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.

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

TRUSTEES' REPORT

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 new Bishop of Liverpool, Bishop John, arrived in April 2023. He has clearly affirmed this missional direction. The challenge is to embed it in hearts and minds across the diocese.

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, primarily through exercising good 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 (2021 -£35,000) to support mission and chaplaincy in the world of work.

Churches Together in the Merseyside Region – £8,284 (2021 - £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 – possibly as many as 20% of our active volunteers pre Covid have either withdrawn completely or significantly scaled back their commitments. They 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.

New Bishop

In last year's annual report we reflected on the departure of the previous Bishop of Liverpool, Bishop Paul Bayes. Bishop Beverley Mason, the Bishop of Warrington, stepped in as Acting Bishop of Liverpool in March 2021 while the discernment process for the new substantive Bishop of Liverpool ran its course. Bishop Bev did an outstanding job as Acting Bishop of Liverpool. We are hugely grateful for her leadership through this period.

In April this year we were delighted formally to receive into the diocese the Rt Rev Dr John Perumbalath as the 9th Bishop of Liverpool. Bishop John was previously the Bishop of Bradwell in the Diocese of Chelmsford. We greatly look forward to his ministry here in the coming months and years.

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

TRUSTEES' REPORT

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 which they shape the detail and make good and contextually appropriate local decisions.

The intensive work of transformation has begun. It will be a long and no doubt bumpy process but we remain convinced that Fit for Mission offers the best chance for the diocese to reverse decades of gradual decline and to move to a more resilient and growth-orientated position.

That said, it also became clear in 2022 that the fundamentals of diocesan finances had shifted post Covid. We had seen a fall in regular church attendance of c. 20%; that plus the cost of living crisis had impacted on giving; furthermore, the massive increase in utility costs had also impacted parish finances. For these and other reasons we identified a post Covid structural deficit of c. £1 million had emerged in the diocesan budget. This manifested in a shortfall in local capacity to meet Parish Share payments.

In one sense this structural deficit is by no means unusual in the current Church of England. Most dioceses are facing something similar, if not worse. The difference in the Diocese of Liverpool is our uniquely weak asset base. We have the lowest historic assets in the Church of England. We always have had; it's an accident of history. But this lack of historic assets has cost the Diocese of Liverpool c. £1.5 million a year of lost income – year after year after year. That is starting to matter. And coupled with a challenging demographic and low land values we believe that the overall difference in income between the Diocese of Liverpool and the average diocese in the Church of England is nearly £5 million a year. It's a massive sum. And it's not because of our performance which is not in any way outlying; it is the financial and demographic hand that we have been dealt.

We believe that this has come to an unsustainable position. We also feel that it is unjust to expect the lowest income diocese in the country to massively outperform everyone else just to begin to have equivalent financial and missional choices. Our parishes have borne an unfair and unjust burden of Parish Share levels for too many years; we feel that has to change.

So we invited the national church to conduct an independent review of the Diocese of Liverpool – the first of its kind anywhere in the Church of England. This review was basically established to answer a simple but fundamental question – is the financial position of the Diocese of Liverpool caused by uniquely poor management or a uniquely unjust financial settlement. At the time of writing the Independent Reviewer was writing up his report to present to the Strategic Mission & Ministry Board of the Church of England. We expect to understand its conclusions by the end of 2023. We are urgently seeking a new financial settlement with the national church through this process, one that gives the Diocese of Liverpool a more equitable financial and missional challenge.

If successful we would seek to relieve financial pressures on our parishes to enable a more confident and urgent engagement in Fit for Mission and other strategic developments – all geared to making real the four missional priorities across the whole diocese. But if successful it would also fundamentally – and we believe highly beneficially – change our relationship with the national church into one of co-investment where parish, diocese and national church take joint responsibility for financing mission and ministry on the ground. This relationship would be ground-breaking in its transparency and sharing of risk. We will reflect in the 2023 Report & Accounts on the outcome of this review. It will be pivotal to our future choices.

TRUSTEES' REPORT

As part of this process we also asked the national church (i) for further Sustainability Funding in 2022 and (ii) to support our in-year 2023 Parish Share position to enable us to continue to plan confidently while the Independent Review ran its course. The national church responded very positively and enormously helpfully to these requests granting us £0.5 million Sustainability Funding in 2022 (to enable us to credit out the bulk of Parish Share arrears in year) and a further £1 million to underwrite the 2023 position. We want to put on record our on-going thanks for the helpful and constructive way in which they have continued to support and engage with us as we navigate through these extremely challenging times.

And finally in this section we want once again to thank our parishes for their continued commitment in seeking to pay Parish Share. Pre Covid our overall Parish Share payment levels were net c. 99%, an extraordinarily high level of financial commitment. Those levels are no longer possible for all parishes for the reasons mentioned above; but the sacrificial commitment to pay what parishes can is still there. It remains the core of our diocesan budget.

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. Transforming Wigan and the Joshua Centre have each been independently reviewed with a clear celebration and lessons learned focus. These reviews are available on the diocesan website.

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 (which will begin its work in autumn of in 2023). 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. The ambitious work of Missing Generations was well on track at the time of writing.

Social and racial 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

In 2022 we appointed our first Racial Justice Officer, supported by monies kindly given by the Diocese of Oxford. Through the work of our Racial Justice Officer we developed a strategy to enable us to become an anti-racist diocese and to move from repentance to repair in matters of racial justice. We are currently seeking additional funding for this strategy from the national church. It will become a centrepiece of our work on equality, diversity and inclusion.

TRUSTEES' REPORT

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. It has grown year on year and in 2022 took over 400 funerals.

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. It seems that weekly attendance has settled down at c 80% of the pre Covid levels (although monthly attendance may be slightly higher than that). It remains a significant but vital challenge to turn this decline around.

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 the subject of a very positive Ofsted inspection, 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. We have systematically worked through its recommendations and are confident that there are currently no outstanding actions.

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.

Asset management

2022 was a more difficult year for investment with increased market volatility. Our CCLA investments saw an unrealised loss of £543,774

Similarly, after a period of reduced activity during the height of the pandemic, improvement and compliance works on clergy housing continued during 2022. This work will continue in the period from 2023 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 £45 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

TRUSTEES' REPORT

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.

2022 saw some further changes in our property portfolio. Four former vicarages were sold during the year for a total of £1,550,685 having previously been held at carrying values totalling £808,000, therefore yielding a net gain of £742,685. Additionally, the Diocesan retreat house was sold during the year for £390,832 having previously been held at a carrying value of £55,000, yielding a net gain of £335,832. The proceeds of this sale have been designated towards the purchase of a replacement retreat facility when an appropriate property is identified.

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

2022 was another significantly challenging year. We continued to budget according to our fiscal rules although the means by which we met them were exceptional (see I. Achievements and Performance above for a fuller description of Covid impact and response). Although we achieved a surplus for the year of £124,096, 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.

Strategic Ministry Funding (SMF) continued to 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 have increased funding for housing by a total of £2.75m over the five years to 2025.

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.*

TRUSTEES' REPORT

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 2022 we set a budget with a deficit of £32,447 incorporating increases in the costs of ministry in parishes and schools and Parish Share increases mitigated fully by Parish Share Credit.

Our management accounts loss was £5,000, reflecting some of the ongoing issues facing church finances and Parish Share, but also the measures introduced to mitigate those losses. Parish Share receipts fell short of budget by £1,355,000, with a further shortfall in income from investments (£51,000).

These shortfalls were offset by additional grant receipts from the Church Commissioners (£498,000), £694,000 applied from the Parish Share Credit Designated Fund (carried forward from 2021) 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 £124,096. This is because in addition to the loss of £5,000 referred to above there were additional expenses, provisions, gains, and revaluations as follows:

Expenditure, provisions and losses (reducing funds):

- ◆ £19,000 in depreciation and minor adjustments
- ◆ £694,000 applied from the Parish Share Credit designated fund
- ◆ £278,000 in Clergy Housing Capital investment
- ◆ £543,000 in equity investment losses

Gains and revaluations (increasing funds):

- ◆ £320,000 in reductions to funding liabilities on pension schemes
- ◆ £1,096,597 in additional gains on property sales

We believe that our overall financial management is sound. Despite the challenges facing us as we emerged from the pandemic, we achieved a broadly breakeven result in our management accounts and with the overall effect of the above adjustments, a further £124,00 was added to the Diocese's accumulated funds over 2022.

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.

TRUSTEES' REPORT

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 2022 the value of investments had fallen to the equivalent of 4.0 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 2023.

Investment markets proved volatile in 2022 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 crystallising losses mid-year.

The unrestricted reserve stands at £9.7m. £3.0m 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 at the end of the year had reduced to nil.

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 Benefact 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 have been 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.

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. In 2021 we began a process of re-working our risk and assurance processes; this work was completed in 2022. We now have a comprehensive risk and assurance framework where risk is clearly articulated and operates as a forcing function. The assurance framework is underpinned by metrics which articulate what good looks like and then track performance through. The trustees undertake an annual risk review exercise (the Audit Committee is the lead body in this).

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

TRUSTEES' REPORT

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 £6.1m at 31 December 2022. Detailed Certificates of Holdings were sent to parishes and other managing trustees as at December 2022. 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 £3.4m (2021 - £3.8m).

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 2022. 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 start of 2022, 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

TRUSTEES' REPORT

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.

Fundraising

There have been no significant fundraising activities at diocesan level in 2022.

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.

TRUSTEES' REPORT

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
31 October 2022

INDEPENDENT AUDITOR'S REPORT

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 in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

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 purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial 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 received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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;

INDEPENDENT AUDITOR'S REPORT

- 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, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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.

INDEPENDENT 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

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 DECEMBER 2022**

Current financial year		Unrestricted Funds 2022 £	Restricted Funds 2022 £	Endowment Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
	Note					
Income from						
Donations	2					
Parish Share		7,321,397	-	-	7,321,397	7,910,352
Archbishop's Council		3,078,996	1,604,749	-	4,683,745	4,689,828
Other Donations		1,033,219	115,645	-	1,148,864	929,667
Charitable Activities	3	442,019	18,969	-	460,988	355,316
Investments	4	682,304	-	-	682,304	646,795
Other	5	1,096,597	-	-	1,096,597	471,570
Total income		13,654,532	1,739,363	-	15,393,895	15,003,528
Expenditure on						
Charitable activities	6	12,422,515	2,112,444	-	14,534,959	14,366,772
Other	7	191,066	-	-	191,066	207,300
Total expenditure		12,613,581	2,112,444	-	14,726,025	14,574,072
Net income before investment gains		1,040,951	(373,081)	-	667,870	429,456
Net gains on investments	11	(543,774)	-	-	(543,774)	567,170
Net income	15	497,177	(373,081)	-	124,096	996,626
Transfers between funds	20	(40,474)	146,000	(105,526)	-	-
Net movement in funds		456,703	(227,081)	(105,526)	124,096	996,626
Total funds brought forward		9,225,690	5,602,098	33,930,525	48,758,313	47,761,687
Total funds carried forward		9,682,393	5,375,017	33,824,999	48,882,409	48,758,313

All activities derive from continuing activities.

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

STATEMENT OF FINANCIAL ACTIVITIES

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

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

All activities derive from continuing activities.

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

BALANCE SHEET

BALANCE SHEET

AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed Assets					
Tangible Assets	11		39,029,892		39,896,056
Investments	12		9,808,294		10,352,068
			<u>48,838,186</u>		<u>50,248,124</u>
Current Assets					
Debtors: due within 1 year	13	900,377		1,325,455	
Debtors: due after 1 year		-		15,000	
Cash at bank and in hand		4,179,283		2,446,685	
		<u>5,079,660</u>		<u>3,787,140</u>	
Creditors:					
Amounts falling due within one year	14	(4,449,837)		(4,691,351)	
Net current liabilities			<u>629,823</u>		<u>(904,211)</u>
Total assets less current liabilities			<u>49,468,009</u>		<u>49,343,913</u>
Creditors: amounts falling due after more than one year					
Pension scheme liabilities	15		-		-
Other creditors	15		(585,600)		(585,600)
Net Assets			<u>48,882,409</u>		<u>48,758,313</u>
Accumulated Funds					
Endowment funds	21		33,824,999		33,930,525
Restricted funds			5,375,017		5,602,098
Unrestricted funds			9,682,393		9,225,690
Total funds			<u>48,882,409</u>		<u>48,758,313</u>

The financial statements on pages 19 to 49 were approved by the Finance Committee on 15 October 2023 and signed

Maggie Swinson
Chair

STATEMENT OF CASH FLOWS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022		2021	
		£	£	£	£
Cash flows from operating activities:					
Net cash (used in) provided by operating activities	i		<u>(882,926)</u>		<u>(1,089,909)</u>
Cash flows from investing activities:					
Investment income		682,304		646,795	
Sale of tangible fixed assets		1,941,517		511,565	
Purchase of tangible fixed assets		(5,073)		(339,484)	
Purchase of fixed asset investments		-		-	
Interest on loans and bank overdrafts		(3,225)		(3,225)	
Net cash provided by investing activities			<u>2,615,523</u>		<u>815,651</u>
Cashflows from financing activities:					
Cash inflows from new borrowings		-		-	
Net cash provided by financing activities			<u>-</u>		<u>-</u>
Net Change in cash and cash equivalents			1,732,597		(274,258)
Cash and cash equivalents brought forward			2,446,685		2,720,943
Cash and cash equivalents carried forward			<u>4,179,282</u>		<u>2,446,685</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	2022	2021
	£	£
Net income for the reporting period (as per the statement of financial activities)	667,870	429,456
Depreciation	8,236	13,216
Investment income	(682,304)	(646,795)
Interest on loans and bank overdrafts	3,225	3,225
Gains on disposal of property	(1,078,517)	(92,570)
Realised gain on investment assets		
Increase in debtors	440,078	(324,352)
(Decrease) increase in creditors	241,514	(472,089)
Net cash (used in) provided by operating activities	<u>(882,926)</u>	<u>(1,089,909)</u>

ii, Analysis of cash and cash equivalents

	I January 2022	Cash flow	Other non cash	31 December 2022
	£	£	£	£
Net Cash:-				
Cash at bank and in hand	2,446,685	1,732,598	-	4,179,283

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

	2022	2021
	£	£
(Decrease) increase in cash	1,732,598	(274,258)
Opening net funds	2,446,685	2,720,943
Closing net funds	<u>4,179,283</u>	<u>2,446,685</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

I. (a) Accounting policies

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

NOTES TO THE ACCOUNTS

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

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.

NOTES TO THE ACCOUNTS

(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

NOTES TO THE ACCOUNTS

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.

NOTES TO THE ACCOUNTS

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.

NOTES TO THE ACCOUNTS

2. Donations and legacies

Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
General Parish Share Income	7,321,397	-	-	7,321,397	7,910,352
	7,321,397	-	-	7,321,397	7,910,352

Income from National Church Institutions

Current financial year

Lowest Income Communities Funding	1,697,396	-	-	1,697,396	1,907,068
Sustainability Funding	498,000	-	-	498,000	1,000,000
Strategic Development Funding	-	699,462	-	699,462	1,246,308
Ordination Training Block Grant	-	330,067	-	330,067	378,494
Strategic Ministry Fund for Curates	355,671	-	-	355,671	112,941
Energy Costs Grant	475,000	-	-	475,000	-
Strategic Capacity Funding	-	281,809	-	281,809	-
Strategic Transformation Funding	-	293,411	-	293,411	-
Grant for Legal services	52,929	-	-	52,929	45,017
	3,078,996	1,604,749	-	4,683,745	4,689,828

Other Donations

Current financial year

Benefact Trust Grant	188,000	-	-	188,000	176,167
General DBF Donations	155,171	-	-	155,171	32,863
Racial Justice	50,000	-	-	50,000	-
Transform North West	-	80,250	-	80,250	61,500
Joshua Centre Fund	-	5,166	-	5,166	960
Missing Generations	-	-	-	-	-
Marshalls Charity Grants for Parsonages	-	30,229	-	30,229	11,730
Inter-Diocesan Learning Community	-	-	-	-	1,800
Stipends	9,663	-	-	9,663	6,708
Net Zero	72,162	-	-	72,162	5,000
School Building Donations	15,310	-	-	15,310	-
DBE Services Ltd	25,622	-	-	25,622	84,265
Church & Society	-	-	-	-	71,939
Assigned Fees	517,291	-	-	517,291	476,735
	1,033,219	115,645	-	1,148,864	929,667

NOTES TO THE ACCOUNTS

2. Donations and legacies

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
General Parish Share Income	7,982,877	-	-	7,982,877
	<u>7,982,877</u>	<u>-</u>	<u>-</u>	<u>7,982,877</u>

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
	<u>2,633,999</u>	<u>2,159,348</u>	<u>-</u>	<u>4,793,347</u>

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
Marshalls Charity Grants for Parsonages	-	2,000	-	2,000
Stipends	35,515	-	-	35,515
DBE Services Ltd	69,182	-	-	69,182
Church & Society	-	14,738	-	14,738
Assigned Fees	482,630	-	-	482,630
	<u>944,775</u>	<u>60,765</u>	<u>-</u>	<u>1,005,540</u>

NOTES TO THE ACCOUNTS

3. Charitable Activities

Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
Gift Aid Scheme	11,280	-	-	11,280	11,714
General DBF Income	200,806	-	-	200,806	141,247
Fellfield Income	-	-	-	-	(30)
Board of Education	168,066	-	-	168,066	134,359
Communications Office	23,963	-	-	23,963	9,950
Lifelong Learning	-	-	-	-	8,358
Clergy Housing Income	37,904	-	-	37,904	8,358
Church Inspection Fees	-	18,969	-	18,969	25,755
	442,019	18,969	-	460,988	363,674

Charitable Activities

Prior financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £
Gift Aid Scheme	11,714	-	-	11,714
General DBF Income	141,247	-	-	141,247
Fellfield Income	(30)	-	-	(30)
Board of Education	134,359	-	-	134,359
Communications Office	23,963	-	-	23,963
Lifelong Learning	9,950	-	-	9,950
Clergy Housing Income	8,358	-	-	8,358
Church Inspection Fees	-	25,755	-	25,755
	329,561	25,755	-	355,316

4. Investment Income

Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
DBF Investment Income	129,783	-	-	129,783	129,483
Church House / Investment Property Rental Income	44,720	-	-	44,720	86,000
Parsonages Rental Income	507,801	-	-	507,801	418,354
Glebe Rental Income	-	-	-	-	12,958
	682,304	-	-	682,304	646,795

Investment Income

Prior financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £
DBF Investment Income	129,483	-	-	129,483
Church House Rental Income	86,000	-	-	86,000
Parsonages Rental Income	418,354	-	-	418,354
Glebe Rental Income	-	12,958	-	12,958
	633,837	12,958	-	646,795

NOTES TO THE ACCOUNTS

5. Other income

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Property Transactions	1,096,597	-	-	1,096,597	92,570
Share of proceeds of school site		-	-	-	379,000
	1,096,597	-	-	1,096,597	471,570

Other income

Prior financial year

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

6 Charitable Activities

Current financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Archbishops' Council	197,774	-	-	197,774	113,748
	197,774	-	-	197,774	113,748

Resourcing Mission and Ministry

Current financial year

Parish Mission and Ministry:

Clergy stipends	4,652,723	-	-	4,652,723	4,774,696
Clergy Pension Costs	1,281,030	-	-	1,281,030	1,447,480
National insurance	420,256	-	-	420,256	428,237
Resettlement/removal grants etc	149,298	-	-	149,298	197,907
Lay Workers	22,598	-	-	22,598	21,988
Administration and other costs	197,773	-	-	197,773	324,566
Clergy Grants	380,134	89,034	-	469,168	-
Parish share grant credit	639,105	-	-	639,105	1,362,376
Area Dean Grants	41,525	-	-	41,525	44,200
Good Funeral Company	116,042	-	-	116,042	-
Strategic Development Funding	-	1,630,443	-	1,630,443	1,459,247
Clergy Housing	1,523,875	-	-	1,523,875	1,095,261
Deanery Mission and Growth Grants	252,347	-	-	252,347	359,571
Grants to Parishes from Property Sales	60,050	-	-	60,050	17,004
DBF Central Costs (25%)	181,744	-	-	181,744	135,911
St James' House Costs (15%)	17,211	-	-	17,211	21,562
	9,935,711	1,719,477	-	11,655,188	11,690,006

NOTES TO THE ACCOUNTS

6 Charitable Activities (continued)

Current financial year

Support for Parish Mission and Ministry:

Clergy Training	280,040	-	-	280,040	280,041
Lifelong Learning	217,079	-	-	217,079	225,470
Social Justice	82,601	-	-	82,601	130,076
Disability Discretionary	-	-	-	-	5,510
Church Growth & Ecumenism	61,171	-	-	61,171	47,756
Resources Department	136,228	-	-	136,228	106,645
Ordinands in Training	195,918	310,106	-	506,024	447,993
General Synod Members' Expenses	-	-	-	-	291
Church Inspections	-	-	-	-	26,680
Communications Office	186,352	-	-	186,352	166,830
Legal Fees	-	-	-	-	(6,656)
Pastoral Committee	-	66,238	-	66,238	37,510
Diocesan Synod	-	-	-	-	877
Safeguarding and Inclusion	155,041	-	-	155,041	168,169
Diocesan Advisory Council	74,407	-	-	74,407	39,580
Ecumenical Funding	44,784	-	-	44,784	44,784
DPA Parish Housing & DPA Grants	-	-	-	-	36,000
Additional Pension Costs	-	-	-	-	39,771
DBF Central Costs (60%)	436,184	-	-	436,184	326,186
St James' House Costs (80%)	91,792	-	-	91,792	114,997
Other	-	16,499	-	16,499	38,915
	1,961,597	392,843	-	2,354,440	2,277,425

Expenditure on Education

Current financial year

Support for church schools and parishes	327,433	-	-	327,433	262,608
Property Expenditure on Schools	-	124	-	124	22,985
	327,433	124	-	327,557	285,593

Total Charitable Activities 2022

	12,422,515	2,112,444	-	14,534,959	14,366,772
--	-------------------	------------------	---	-------------------	-------------------

NOTES TO THE ACCOUNTS

6 Charitable Activities (continued)

Prior financial year

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
Archbishops' Council	113,748	-	-	113,748
	113,748	-	-	113,748

Resourcing Mission and Ministry

Prior financial year

Parish Mission and Ministry:

Clergy stipends	4,774,696	-	-	4,774,696
Clergy Pension Costs	1,447,480	-	-	1,447,480
National insurance	428,237	-	-	428,237
Resettlement/removal grants etc	197,907	-	-	197,907
Lay Workers	21,988	-	-	21,988
Administration and other costs	324,566	-	-	324,566
Parish share grant credit	1,362,376	-	-	1,362,376
Area Dean Grants	44,200	-	-	44,200
Strategic Development Funding	160,535	1,298,712	-	1,459,247
Clergy Housing	1,083,531	11,730	-	1,095,261
Deanery Mission and Growth Grants	359,571	-	-	359,571
Grants to Parishes from Property Sales	17,004	-	-	17,004
DBF Central Costs (25%)	135,911	-	-	135,911
St James' House Costs (15%)	21,562	-	-	21,562
	10,379,564	1,310,442	-	11,690,006

Prior financial year

Support for Parish Mission and Ministry:

Clergy Training	280,041	-	-	280,041
Lifelong Learning	225,470	-	-	225,470
Social Justice	58,137	71,939	-	130,076
Disability Discretionary	5,510	-	-	5,510
Church Growth & Ecumenism	47,756	-	-	47,756
Resources Department	106,645	-	-	106,645
Ordinands in Training	278,022	169,971	-	447,993
General Synod Members' Expenses	291	-	-	291
Church Inspections	-	26,680	-	26,680
Communications Office	166,830	-	-	166,830
Legal Fees	(6,656)	-	-	(6,656)
Pastoral Committee	-	37,510	-	37,510
Diocesan Synod	877	-	-	877
Safeguarding and Inclusion	168,169	-	-	168,169
Diocesan Advisory Council	39,580	-	-	39,580
Ecumenical Funding	44,784	-	-	44,784
DPA Parish Housing & DPA Grants	36,000	-	-	36,000
Additional Pension Costs	39,771	-	-	39,771
DBF Central Costs (60%)	326,186	-	-	326,186
St James' House Costs (80%)	114,997	-	-	114,997
Other	13,757	25,158	-	38,915
	1,946,167	331,258	-	2,277,425

NOTES TO THE ACCOUNTS

6 Charitable Activities (continued)

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
Expenditure on Education				
Prior financial year				
Support for church schools and parishes	262,608	-	-	262,608
Property Expenditure on Schools	-	22,985	-	22,985
	262,608	22,985	-	285,593
Total Charitable Activities 2021	12,702,087	1,664,685	-	14,366,772

7 Other Resources Expended

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Current financial year					
Governance:					
DBF Central Costs (15%)	109,046	-	-	109,046	81,545
Diocesan Registry	76,283	-	-	76,283	100,055
Audit and accounting fees	-	-	-	-	18,513
St James' House Costs (5%)	5,737	-	-	5,737	7,187
	191,066	-	-	191,066	207,300

Other Resources Expended

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
Prior financial year				
Governance:				
DBF Central Costs (15%)	81,545	-	-	81,545
Diocesan Registry	100,055	-	-	100,055
Audit and accounting fees	18,513	-	-	18,513
St James' House Costs (5%)	7,187	-	-	7,187
	207,300	-	-	207,300

8 Analysis of support costs

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Current financial year					
Central administration	726,974	-	-	726,974	543,642
Diocesan Registry	76,283	-	-	76,283	100,055
St James' House	114,740	-	-	114,740	143,746
	917,997	-	-	917,997	787,443

Analysis of support costs (continued)

	Unrestricted Funds	Restricted Funds	Permanent Endowment	Total Funds 2021
	£	£	£	£
Prior financial year				
Central administration	543,642	-	-	543,642
Diocesan Registry	100,055	-	-	100,055
St James' House	143,746	-	-	143,746
	787,443	-	-	787,443

NOTES TO THE ACCOUNTS

9 Staff Costs	2022	2021
	£	£
Employee costs during the year were as follows:		
Wages and salaries	1,716,730	1,523,677
National Insurance Contributions	144,645	138,672
Pension costs	303,780	293,168
	2,165,155	1,955,517

	2022	2021
	Number	Number
The average number of persons employed during the year:		
Full time	35	33
Part time	27	26
	62	59

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 2022 these were:

Diocesan Secretary & Company Secretary	Mike Eastwood
Assistant Diocesan Secretary & Director of Communications	Stuart Haynes
HR Manager	Debbie Brisco
Director of Vocations	Suzanne Matthews
Director of Finance	Matt Elliott
Director of Education	Stuart Harrison
Director of Social Justice	Ellen Loudon
Director of Learning & Stewardship	Steve Pierce
Diocesan Programme Manager	Richard Gedge

Total remuneration and pensions for these employees amounted to £522,189 (2021: £496,497)

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

	2022	2021
£60,001 - £70,000	2	2

NOTES TO THE ACCOUNTS

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
The Venerable Miranda Threlfall-Holmes
Rev Peter Dawkin (elected)
Rev Canon Emma Williams (elected)

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 173 (2021 - 182) stipendiary clergy as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £	2021 £
Stipends	4,700,313	4,652,723
Pension costs	1,626,466	1,601,030
National Insurance Contributions	432,303	420,256
	<hr/> 6,759,082	<hr/> 6,674,009

NOTES TO THE ACCOUNTS

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 2022	758,840	2,659,971	85,001	3,470,000	32,912,466	345,413	40,231,691
Additions	-	-	-	-	-	5,073	5,073
Disposals	(55,000)	-	-	-	(808,000)	-	(863,000)
At 31 December 2022	703,840	2,659,971	85,001	3,470,000	32,104,466	350,486	39,373,764
Depreciation							
At 1 January 2022	-	-	-	-	-	335,635	335,635
Charge for year	-	-	-	-	-	8,236	8,236
At 31 December 2022	-	-	-	-	-	343,871	343,871
Net book value							
At 31 December 2022	703,840	2,659,971	85,001	3,470,000	32,104,466	6,615	39,029,893
At 31 December 2021	758,840	2,659,971	85,001	3,470,000	32,912,466	9,778	39,896,056

All properties held as Tangible Fixed Assets are freehold.

11. Fixed Asset Investments

	Investment Properties £	UK Unquoted Investments £	Total Funds 2022 £	Total Funds 2021 £
Unquoted				
Market value at 1 January 2021	5,882,458	4,469,598	10,352,056	9,784,898
Additions	-	-	-	-
Gains on Investment Assets	-	(543,774)	(543,774)	567,170
Market value at 31 December 2021	5,882,458	3,925,824	9,808,282	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 2022.

NOTES TO THE ACCOUNTS

11. (cont.) Fixed asset investments

Historical Cost of Investments	2022	2021
	£	£
UK Unquoted	2,848,504	2,848,504
Investment Property	3,809,068	3,809,068
	<u>6,657,572</u>	<u>6,657,572</u>

Unquoted Investments comprise	2022	2021
	£	£
CBF Property Fund	780,375	884,110
CBF Investment Fund	2,127,054	2,410,851
CBF Global Equity Fund	957,107	1,113,348
CBF Deposit Fund	61,289	61,289
DBE Services Ltd	12	12
	<u>3,925,837</u>	<u>4,469,610</u>

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 £25,622 (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 2021 and 2022, but all of its activities have been reported through the Diocesan accounts. The amounts have not been separately disclosed since their aggregate value considered to be relatively insignificant.

12. Debtors

Current financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
Amounts due from parishes	577,730	-	-	577,730	355,776
Sundry debtors	233,656	-	-	233,656	501,850
Parish and other concessionary loans	87,391	1,600	-	88,991	87,391
Prepayments and accrued income	-	-	-	-	393,837
	<u>898,777</u>	<u>1,600</u>	<u>-</u>	<u>900,377</u>	<u>1,338,854</u>

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

	Total funds 2022 £
Parish and other concessionary loans	-
	<u>-</u>

NOTES TO THE ACCOUNTS

12. Debtors (continued)

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £
Amounts due from parishes	355,776	-	-	355,776
Sundry debtors	501,850	-	-	501,850
Parish and other concessionary loans	87,391	1,600	-	88,991
Prepayments and accrued income	11,253	382,584	-	393,837
	956,270	384,184	-	1,340,454

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

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

13. Current financial year

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2022 £	Total Funds 2021 £
Sundry creditors	4,038,960	-	-	4,038,960	3,483,069
Accruals	145,616	-	-	145,616	61,141
Deanery Mission and Growth Funds	841,090	-	-	841,090	827,766
Taxation and social security	9,771	-	-	9,771	(625)
Pension deficit funding contributions	-	-	-	-	320,000
	5,035,437	-	-	5,035,437	4,691,351

Prior financial year	Unrestricted Funds £	Restricted Funds £	Permanent Endowment £	Total Funds 2021 £
Sundry creditors	3,483,069	-	-	3,483,069
Accruals	61,141	-	-	61,141
Deanery Mission and Growth Funds	827,766	-	-	827,766
Taxation and social security	(625)	-	-	(625)
Pension deficit funding contributions	-	320,000	-	320,000
	4,371,351	320,000	-	4,691,351

NOTES TO THE ACCOUNTS

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

Current financial year	Unrestricted	Restricted	Permanent	Total Funds	Total Funds
	Funds	Funds	Endowment	2022	2021
	£	£	£	£	£
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
	585,000	600	-	585,600	585,600
Prior financial year	Unrestricted	Restricted	Permanent	Total Funds	
	Funds	Funds	Endowment	2021	
	£	£	£	£	
Loans from Church Commissioners	85,000	-	-	85,000	
Loans from CCLA	500,000	-	-	500,000	
Loans from CBF	-	600	-	600	
	585,000	600	-	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 2022 was £Nil.

15. Net expenditure for the year

	2022	2021
	£	£
This is stated after charging:-		
Auditors' remuneration:		
Audit – BWVM	16,800	15,300
Non audit fees (compilation of accounts)	6,772	3,120
Depreciation	8,236	13,216
Operating Leases – Land & Buildings	75,000	75,000
Operating Leases – Plant and Equipment	1,812	1,812
Interest on bank loans and overdrafts	115	115
Interest on loans from CCLA	-	3,110

16. Guarantees

The Board has given guarantees to Lloyds Bank for £49,639 (2021: £49,639) in respect of loans granted to parishes.

17. Pensions

(a) Clergy Pensions

Each participating Responsible Body in the Church of England Funded Pensions 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. 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. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and

NOTES TO THE ACCOUNTS

expenses accrued in that year (2022: £1,626,466, 2021: £1,601,030), plus the figures in relation to the Scheme's deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £1,281,030 for 2022 (2021: £1,276,030).

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 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022	2021
Balance sheet liability at 1 January	320,000	645,000
Deficit contribution paid	-185,000	-323,000
Interest cost (recognised in SoFA)	0	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-135,000	-3,000
Balance sheet liability at 31 December	0	320,000

* Comprises change in agreed deficit recovery plan, and change in discount rate and inflation

NOTES TO THE ACCOUNTS

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. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% 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 failed 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. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £157,724, 2021: £170,895) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £157,724 for 2022 (2021: £86,895).

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

NOTES TO THE ACCOUNTS

of England Pensions Board having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised valuation 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.

The next actuarial valuation is due at 31 December 2022.

Following the 2019 valuation, the Employer 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 year.

The movement in the provision is set out below:

	2022	2021
Balance sheet liability at 1 January	0	84,000
Deficit contribution paid	0	-28,000
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability*(recognised in SoFA)	0	-56,000
Balance sheet liability at 31 December	0	0

* 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 2022	December 2021	December 2020
Discount rate	0.00%	0.00%	0.00%

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.

NOTES TO THE ACCOUNTS

18. Analysis of net assets by funds as at 31 December 2022

Current financial year	Tangible Fixed Assets £	Loans/ Investments £	Net Current Liabilities £	Long-term Liabilities £	Total £
Unrestricted funds	1,382,093	8,853,218	(618,719)	(585,000)	9,682,393
Restricted funds	5,538,514	-	(11,103)	(600)	5,375,017
Endowment funds	32,975,449	955,076	-	-	33,824,999
Total	39,896,056	9,808,294	(629,822)	(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	795,456	9,396,992	(968,395)	(585,000)	9,225,690
Restricted funds	5,364,514	-	64,184	(600)	5,602,098
Endowment funds	32,869,923	955,076	-	-	33,930,525
Total	39,029,893	10,352,068	(904,211)	(585,600)	48,758,313

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

NOTES TO THE ACCOUNTS

19. Lease Obligations

At 31st December 2022, Liverpool DBF was committed to making the following payments under non-cancellable operating leases:

	2022		2021	
	Land and Buildings £	Plant and Equipment £	Land and Buildings £	Plant and Equipment £
Within 1 year	75,000	-	75,000	-
Within 2 to 5 years	300,000	-	300,000	-
After 5 years	-	-	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 2022, the balance on this designated fund amounted to nil (2021 - £16,972) following the distribution of the remaining £16,972 from the fund during 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 2021 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.

At the end of 2022 the balance of £676,589 has been applied in full.

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.

NOTES TO THE ACCOUNTS

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

NOTES TO THE ACCOUNTS

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 Permanent Endowment	Total
	£	£	£	£	£	£	£	£
Movement in Year:								
Total Funds 2021	9,225,690	382,584	5,218,514	1,000	591,457	32,383,992	955,076	48,758,313
Incoming Resources	13,654,532	1,739,363	-	-	-	-	-	15,393,895
Outgoing Resources	(12,613,581)	(2,112,444)	-	-	-	-	-	(14,726,025)
Gains/losses	(543,774)	-	-	-	-	-	-	(543,774)
Transfers	(40,474)	-	146,000	-	174,000	(279,526)	-	-
Total Funds 2022	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409
Represented by:								
Tangible Fixed Assets:	795,456	-	5,364,514	-	765,457	32,104,466	-	39,029,893
DBF Houses & Glebe	703,840	-	1,894,514	-	765,457	-	-	3,363,811
DBF Houses VLL	85,001	-	-	-	-	-	-	85,001
Parsonages & TV Glebe	-	-	3,470,000	-	-	32,104,466	-	35,574,466
Furniture & Fittings	6,615	-	-	-	-	-	-	6,615
Investments:	8,853,218	-	-	-	-	-	955,076	9,808,294
CCLA	2,970,748	-	-	-	-	-	955,076	3,925,824
Investment Property	5,882,458	-	-	-	-	-	-	5,882,458
DBE Services Ltd	12	-	-	-	-	-	-	12
Net Current liabilities:	618,719	9,503	-	1,600	-	-	-	629,822
Debtors	898,777	-	-	1,600	-	-	-	900,377
Bank and Cash (net of overdraft)	4,169,780	9,503	-	-	-	-	-	4,179,283
Sundry Creditors & Accruals	(4,449,838)	-	-	-	-	-	-	(4,449,838)
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 contribution:	-	-	-	-	-	-	-	-
	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409
Analysis of Reserves:								
General Funds	9,682,393	-	-	-	-	-	-	9,682,393
Restricted Funds	-	9,503	5,364,514	1,000	-	-	-	5,375,017
Endowment Funds	-	-	-	-	765,457	32,104,466	955,076	33,824,999
	9,682,393	9,503	5,364,514	1,000	765,457	32,104,466	955,076	48,882,409

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.

NOTES TO THE ACCOUNTS

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 Permanent 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 (see note below)	(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 Commission	(85,000)	-	-	-	-	-	-	(85,000)
Loans from CCLA	(500,000)	-	-	-	-	-	-	(500,000)
Loans from CBF	-	-	-	(600)	-	-	-	(600)
Pension deficit funding contributi	-	-	-	-	-	-	-	-
	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	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 2020 for the following purposes:

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

NOTES TO THE ACCOUNTS

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.