

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

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Registered Number: 00239561**  
**Charity Number: 1107827**

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**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**CHAIRMAN'S INTRODUCTION**

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I want to start by thanking my predecessor John Naylor for holding the tricky reins over the last eleven years and especially through the turbulent times in 2020 and 2021.

After serving on Diocesan Synod for over the last twelve years and Leek Deanery Synod for even longer, it is with great pleasure that I write this preface to the financial statements of the Board of Finance as the new Chair of the Board since taking up the post in the summer of 2023.

I firmly believe that within the Church of England and Lichfield Diocese, we are approaching a financial tipping point. The average age of our congregations, the buildings we have, along with the relevance of our Christian faith to a modern society where a large percentage of people generally puts themselves first rather than others first has caused us to be where we currently are.

The Board appears to have grasped this issue and is working out how it can fund the vibrant, growing, spiritually-led church that we need within Lichfield diocese on a diminishing financial resource. I would hope to bring a fresh perspective to this even if it then turns out that what the Board is planning to do, is the best solution. Try to think radically and back others who think radically. As everyone in business says 'if you do the same thing year after year, you get the same results year after year'. I think that asking respectfully 'why do we do this, this way' is part of the role.

My years in the motor trade have shown me that there are many ways to tackle issues, some completely left field, other traditional. I have throughout my years in work never been afraid to ask the 'stupid question' as sometimes that needs to be asked to get the log-jam resolved. Part of this role is understand other people's positions, what has brought them to that position and to look for the win-win outcomes wherever possible, but not forgetting that you can't please all of the people, all of the time and sometimes there are losers. I aim to be a confidential sounding board, someone who listens to new ideas and strategies that the Finance department design, evaluates them and helps to shape and present them to Bishops Council and the diocese at large.

One of the first tasks in the in-tray was to assist the Central Team in trying to avoid future deficit budgets and it was with much delight that for 2024 a close to breakeven budget was possible at Synod in November last year. It is accepted that in order to achieve this reserves will be used, but they are very specific reserves that in one instance deliberately created to help in the future, and another that allows us to utilise historical growth to the benefit of the current and future congregations.

Progress has already been made. The Parish Apportionment System - the Common Fund, is very much at the heart of the Diocesan message of Generous Hope. The system encourages generosity across the Diocese and that includes transitional support from the centre. Shaping for Mission continues to assist in the reorganisation of our Pastoral Care across the communities in the Diocese as we seek to sustain our parishes whilst searching for additional forms of Ministry, Church Plants and other new initiatives to discover new disciples to enrich their hearts with the Spirit. Much more work needs to be done and we ask for those tasked with the work to be remembered in your prayers.

There is little doubt that our finances will remain under great pressure for some time ahead. Nevertheless, we are confident that they can be sustained provided that very careful financial management is maintained, based on continuing contributions from our parishes, further assistance from the central church, and an ability to continue to draw upon reserves built up so carefully in past years.

Finally, I would like to record the Board's grateful thanks to all those who contribute to the financial health of our Diocese. The resilience of our people, our clergy, and our diocesan staff in coping with such very difficult circumstances has been exceptional. I especially want to draw your attention to the great work carried out daily by Finance team at St Marys House, ably lead by Jonathan Hill & Jess Dace. Without the Finance teams dedication & perseverance we would be in a much worse position. Their ability to keep the diocesan finance engine running in the face of the adversity they have faced these past few years is a testament to their faith and abilities.

*David Philip Wright*

David Wright  
Chairman  
21 May 2024

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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<b>President</b>	The Bishop of Lichfield,
<b>Chair</b>	Mr J T Naylor (to 30 June 2023) Mr D Wright (from 01 August 2023)
<b>Vice Chair</b>	The Revd Preb T Bloor **
<b>Ex-Officio</b>	The Bishop of Shrewsbury The Bishop of Stafford The Bishop of Wolverhampton (Vacant from 30 April 2023) The Bishop of Oswestry (from 02 February 2023) The Dean of Lichfield (Vacant from 31 March 2023) The Archdeacon of Lichfield The Archdeacon of Salop The Archdeacon of Stoke-upon-Trent The Archdeacon of Walsall The Revd Preb B Whitmore Mr J Wilson The Revd Preb M Metcalf
<b>Elected</b>	The Revd M Beer (Elected 25 May 2023) The Revd P Cansdale The Revd J Cody The Revd Preb B Leathers Mrs P Allen Mr A Charles Mr J Clark Dr J Fawn Mr C Gill Mr P Graetz Mrs J Locke Mr M Maclean (Elected 25 May 2023) Mr R Pithers Mrs L Rawling Mr C Randles Mrs A Robbie (Elected 25 May 2023)  ** Non-Director/Trustee
<b>Nominated by the Bishop</b>	None as at 31 December 2023
<b>Co-opted Member</b>	None as at 31 December 2023
<b>Company Registered Number</b>	00239561
<b>Charity Registered Number</b>	1107827
<b>Registered Office</b>	St Mary's House The Close Lichfield Staffordshire WS13 7LD
<b>Chief Executive Officer &amp; Company Secretary</b>	Mrs J Jones BSc FCIPD
<b>Director of Finance</b>	Mr J R L Hill FCMA CGMA

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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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<b>Independent auditors</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
<b>Bankers</b>	Lloyds Bank Plc 22 Conduit Street Lichfield WD13 6JS
<b>Solicitors</b>	FBC Manby Bowdler LLP Routh House Hall Court Hall Park Way Telford TF3 4NQ
<b>Investment Advisors</b>	CCLA Investment Management Ltd 1 Angel Lane London EC4R 3AB  Canaccord Genuity Slip House Princes Drive Worcester WR1 2AB  EdenTree Investment Management Ltd 24 Monument Street London EC3R 8AJ
<b>Surveyors</b>	Mr C Glenn – Internal Diocesan Surveyor Mr S Ray – Maintenance Surveyor & Head of Property Services
<b>Insurers</b>	Ecclesiastical Insurance Group 7 East Court London Road Charlton Kings Cheltenham GL52 6HS  Brokers: PIB Insurance Brokers Poppleton Grange Low Poppleton Lane York YO26 6GZ

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**Trustees Annual Report 2023**

The Directors, who are also Trustees for the purposes of charity, present their annual report, together with the audited financial statements, for the year ended 31 December 2023.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a. Directors Report of a charitable company,
- b. Strategic Report under the Companies Act 2006 and
- c. Trustees Annual Report under the Charities Act 2011

**Vision Statement**

"As we follow Christ in the footsteps of St Chad, we pray that the two million people in our diocese encounter a church that is confident in the gospel, knows and loves its communities, and is excited to find God already at work in the world. We pray for a church that reflects the richness and variety of those communities. We pray for a church that partners with others in seeking the common good, working for justice as people of hope."

**Legal Objects**

The diocese is arranged as four Archdeaconries, in three Episcopal Areas, with a total 28 Deaneries.

The Diocese of Lichfield serves a population of approximately two million covering 1,744 square miles throughout Staffordshire, the northern half of Shropshire and much of the Black Country. The diocese has 280 benefices, 437 parishes and 569 churches.

**Company Status**

The Lichfield Diocesan Board of Finance was incorporated as a company on 14 May 1929 under the company number 00239561 in accordance with the Diocesan Boards of Finance Measure 1925. It is a company limited by guarantee not having share capital and registered as a charity on 25 January 2005 with the charity number 1107827.

It is governed by its Memorandum and Articles of Association as amended by Special Resolutions dated 28 April 1960, 6 February 1968, 18 June 2003, 13 March 2004 and 7<sup>th</sup> July 2015.

**Principal Activities**

The principal activity is to promote assist and advance the work of the Church of England in the Diocese of Lichfield and elsewhere, by acting as the financial executive of the Diocesan Synod. It oversees the resourcing of ministry within the diocese and the financing of the work of the various diocesan bodies (constituted under ecclesiastical statute or established voluntarily by the Bishop and Diocesan Synod), which also have the object of advancing the aims of the Church of England in the diocese and elsewhere.

There has been no change in those activities during the year.

**Strategic Aims**

The main role of the Board is to identify and manage the financial aspects of the provision of ministry within the Diocese so as to provide appropriate personnel and financial resources to assist the Diocesan Synod, Bishop's Council, deaneries and parishes to further the mission and strategic priorities in the Diocese.

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**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**OBJECTIVES AND ACHIEVEMENTS FOR THE YEAR**

**Diocesan Vision**

The vision and strategy for the Diocese is based on the principle Theme “Come Follow Christ, in the footsteps of St Chad”. The mission and ministry of the Diocese will be focused around the three key areas of Discipleship, Vocation and Evangelism - following in the footsteps of the first bishop of Lichfield, St Chad.

To develop this theme and to work with parishes to enable the Diocese to have a flourishing and sustainable future the Direction of Travel Steering Group was set up as a strategic and visionary to bring all aspects of Diocesan departments together and has been collaborating with groups all over the Diocese to ensure our vision statement and three priorities are at the heart of all we do and speak.

“As we follow Christ in the footsteps of St Chad, we pray that the two million people in our diocese encounter a church that is confident in the gospel, knows and loves its communities, and is excited to find God already at work in the world. We pray for a church that reflects the richness and variety of those communities. We pray for a church that partners with others in seeking the common good, working for justice as a people of hope.”

**Shaping for Mission – Strategic Framework 2024 -2030**

Following on from the Shaping for Mission work that commenced in the Autumn of 2020; a Strategic Framework has been established and approved in principle by the Trustees in February 2024 and Diocesan Synod on 16<sup>th</sup> March 2024

The priorities of: As stated above the priorities of the Diocese remain unchanged: -

*Developing Discipleship*  
*Encouraging Vocations, and*  
*Inspiring Evangelism.*

will remain and will become more and more embedded in every aspect of the life of the Diocese. Prayerfully led by the Spirit, we will build on current good work, renew existing ministry and mission, and pursue new possibilities. The following shaping principles have been widely discerned from the Shaping for Mission process and through engagement with the Church of England’s national vision.

- Be purposeful about evangelism (leading to numerical growth and depth of discipleship),
- Engage creatively with local communities.
- Become more diverse at every level and in every way and in particular to
- Grow younger.

For the next six years, the life of the Diocese will be shaped by these principles. Every church, fresh expression and chaplaincy will respond to these shaping principles in a way that is appropriate to their particular context. These principles will also define the work and leadership of the Bishop’s Staff team and Diocesan officers.

In light of these principles the following goals have been set and hope to be achieved within the time frame: -

- A growth in overall worshipping community of 34,000 new disciples
- 200 new worshipping Communities which are established and sustainable.
- An increased culture of Vocations leading to at least a trebling of numbers of people in licensed ministries (ordained or lay)
- An active plan in every church for engaging with their local population beyond the church walls
- A strong connection between every primary and secondary school and their parish church
- No fewer than 30 young people per year aged between 18 and 30 who are called to leadership being supported through a high-quality development Diocesan programme
- The age profile of each worshipping community reflecting the age profile of the community which it serves.
- All people being able to see themselves reflected in leadership and governance of the Diocese.



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**TRUSTEES' ANNUAL REPORT Continued**

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**Central Support**

There are two main mechanisms to the Central Support of the Diocese. The Central Administration Team; known as CAST (Central Administration Support Teams); consisting of Governance, Communications, Safeguarding, Finance and Property. The Discipleship, Vocations and Evangelism Team; (DVE), comprises of Education, Mission, Open to All, Transforming Church and Communities and Vocations & Training.

Following the pandemic and change in the working patterns of staff both teams from March 2023 are based at the Diocesan office at St Marys House, Lichfield and the second office Three Spires has been commercially leased on a ten-year agreement.

The two teams are joined with the main objectives and support the parishes through: -

- Welcoming and Training People and Groups;
- Supporting Clergy Well Being;
- Alleviating parish statutory duties;
- Preventing escalation of issues
- Asset Management

**FUTURE PLANS**

Since the pandemic in 2020, the Diocese has seen a fall in most of the analysis data, be it worshipping communities, regular attendees, number of regular givers and naturally this has led to significant financial challenges, both at parish level and then impacting on Diocesan resources. It is not just financial, the number of volunteers to fill key posts (Wardens, Treasurers Secretary etc,) at parish level is another challenge that many churches face. One change has been the slight increase in the weekly regular giving figure, although there may be related reasons as to why this is the case.

In many ways the pandemic has exacerbated the issue, it should be highlighted that prior to the pandemic there were concerns with falling congregational numbers and income at parish level; the impact of the pandemic is now more visible and with the increase in the cost of living, these are certainly challenging times for the parishes, and in turn the Board.

It is apparent that future budgets are becoming more difficult to balance – the costs are simply rising at a quicker rate than income. The largest source of income from parish donations initially through the Parish Share and now the Common Fund has seen receipts fallen from approx. £11.00M to £9.50M. The significant fall in income has meant the Budget and future forecasting and alternative financing has had to be considered – be that through reduction in costs or looking at ways of increasing different sources of revenue. Whilst in 2023 there was a welcome increase in receipts from parishes, a huge gratitude to all those involved, overall receipts remain over 10% down on pre pandemic.

Despite this the Board continue to support the Diocese in looking for new and alternative ways of Mission and Ministry and build on the good work and news stories around the Diocese. It is always appreciated that there is a transitional period during any change; especially with new areas of work and how this can be managed and financed.

To develop these models further there is a requirement to undertake an exercise in realigning resources that are available, both in terms of human resources, material available and also financial constraints. Part of this exercise is to review each parish and look at the sustainability of the current deployment models and investment in areas around the Diocese.

In light of the fall in income, it became apparent two years ago a new income stream would be required to avoid general reserves being depleted by continual deficits. In June 2023 the diocesan Synod agreed to introduce the principle of Total Return Approach which will allow a certain amount of historical growth from Endowments to be used – although there was a desire as far as possible to retain some capital growth element for future generations.

This allowed at least two streams of income (Total Return and Resourcing The Future) to be used to help stabilise the financial position of the Diocese and also allow funds to be made available to invest and support new streams of Mission and Ministry to encourage areas of Growth.

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### Resourcing the Future (Resourcing Future Ministry)

As reported in previous years the Board has operated a restricted fund since 2015, with the aim and objective to build from either historical resources or surplus resources, that will be ring fenced and initially accumulate dividends to hopefully grow until the fund is required. The aim was to try and raise this fund up to £7M. Receipts into the fund have been invested either in Property or Accumulated Shares, with the emphasis on capital appreciation to try and expedite the growth of the fund. Prior to the COVID pandemic in 2020 the intention was the fund will start to support the overall Diocesan Finances through additional income into the Diocesan Budget. This would help to support the Diocesan Budget and any reductions in cash or real terms of Allocation from the National Church through the transitional period which is due to end in 2025. Once the transitional period is complete the income generated would then be available to help support the Diocesan Budget in future years – or support other areas of Mission and Ministry that is felt necessary at the time. In light of the pandemic as part of the overall management of funds through the financial challenges in the last twelve months, it was decided to allow the fund to continue to be accumulated. The intention is to now make the fund available to support management of change and any transitional period from 2023 onwards that is required.

In May 2022, Bishop's Council considered a paper that highlights an initial use of the fund, and in light of the impact of the pandemic the capital will also be available to be utilised if and when required. It was agreed that initially the funds could be used for maintaining posts in the short term until change can occur and giving the Parish Assessors the opportunity to make proposals to assist growing churches or increased deployment some transitional period to meet their Common Fund requirements. In addition, £20,000 was allocated to each Episcopal Area to enable Deanery visions to come to fruition, including Leadership Training, and finally funds be made available to enhance pension contributions for those clergy who were considering early retirement.

This fund has never been financed from Parish Contributions, but through asset management. The aim was also to use the fund to help ease the burden on parishes through contribution requests. With the introduction of the Common Fund, this fund is being used to help transition for parishes from their current request to formula. In addition, as part of the deployment consultations, the fund is being used to help parishes in the interim to assess affordability as well as providing investment in new areas of Mission. Due to the nature of the fund, it was originally split across different funds and reserves; however, whilst predominantly being financed from the Pastoral Fund it is now a standalone fund. Investment Properties are Designated assets within the Board statements. Glebe (Diocesan Stipends Fund) Investment properties are Endowments and have been removed from the fund. At the year-end the fund had a total value of £3.881M (2022: £4.120M).

### Low Income Communities (National Church) Allocation

The final triennium of funding from the National Church commenced in January 2023. The funding allocation with transitional relief was divided into three sections of three years, and the latest triennial section is due to end at the end of 2025. Whilst additional funding and funds have been made available from the National Church, indications are the original forecasts to 2025 will remain unchanged.

The allocation is now known as Low Income Communities funding and Lichfield Diocese is one of the highest recipients of the new allocation formula. Despite being in the top five recipients the forecast shows the Lichfield Diocese will continue to receive around £2.0m per annum until 2025. The amount received will reduce slightly each year and with inflation returning with a vengeance this will result in a reduction in real terms, far greater than the lower cash receipts.

In order to help with reporting and accounting to the National Church on the allocation, from January 2022 the Board introduced the new Common Fund to replace the Parish Share formula that had itself been in place since 2013. The new Common Fund integrated the IMD (Indices of Multiple Deprivation) into the formula to replace the Property Category. It is believed this will give a fairer reflection of the deprivation across the Diocese and complies with the systems that the National Church use and favour. It must be noted that this is a measure of deprivation and not a measure of affluence, which in turn creates different challenges to parishes across the Diocese.

A review of the funding commenced in April 2024 with a conference being held in Birmingham which will hopefully give an indication of the funding beyond the current triennium.

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It is accepted centrally that parishes are facing unprecedented challenges and all efforts are being done centrally to try and alleviate some of that pressure as much as possible with the resources and reserves that are available and those that could potentially be freed up. It is important to offer and support Mission and Ministry as much as possible across the Diocese and within the Communities that we serve; and from that it is hoped with generosity and prayer the financial challenges will ease – although the national challenges on the cost of living will make this a difficult challenge; but prayerfully hope this will lead to the heart of generosity.

**A Process of Change**

**Deployment Reviews**

Before the pandemic impact in 2020 there were issues that needed to be addressed, as expenditure was rising quicker than income. The pandemic in many ways simply expedited the need for change. A paper was discussed at Bishop's Council in May 2022 entitled a Church Post COVID-19 and within it pertained a recommendation to review over a period every post and parish on sustainability. There were five categories across all different areas as follows: -

1. Congregational Strength
2. Viability of church buildings, including fit for purpose in the 21<sup>st</sup> Century.
3. Financial Strength
4. Strategic Significance
5. Missional engagement

A traffic light system is used, Red, Amber and Green, in each of the categories with an overall summary score. From this developed an approach for Deaneries to review their Mission and Ministry through Shaping for Mission.

There are three sections to the Process for Change, Generous Hope: Shaping for Mission and The Common Fund. In turn these will feed into trying to achieve an affordable and sustainable Budget.

**Generous Hope**

Launched in Advent 2021, Generous Hope continued as a diocesan focus in 2022. As Christians we are celebrating the generosity of God who inspires us to live generously – as individuals and churches in our communities.

The Common Fund Apportionment system, details below, is at the heart of Generous Hope and the board has been encouraged at the generosity shown by parishes to their neighbours and across the Diocese in supporting parishes in less fortunate situations than themselves.

There are many different tools parishes can use to help people give to their local church. These include parish Just Giving pages; contactless giving and Giving Direct. In addition, the Diocese has offered grants to help parishes purchase and operate Contactless Machines in their churches. The Church of England website's Generous Church webpages have a range of resources and ideas to create a generous church culture including encouraging giving in a local context.

**Shaping for Mission**

As reported at the start of this report, Shaping For Mission has now developed and goals set for the next six years 2024 to 2030. In conjunction with the new Vision and Strategy works is still on going with parishes to look at deployment and providing sustainability at parish level.

Shaping for Mission is the process across the Diocese to strengthen our life of discipleship, vocation and evangelism while facing a significant reduction in financial income. It is working together as people of hope to make mission sustainable in helping fulfil the Diocesan vision.

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**TRUSTEES' ANNUAL REPORT Continued**

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**Common Fund (Parish Share)**

As previously mentioned, the formula for apportionment across the parishes changed with effect from 01 January 2022, following an overwhelming endorsement by Synod where 94% voted in favour of The Common Fund. The new system was built on the twin principles of (1) fairness in asking and (2) generosity in giving with the aim to maximise the former. The latter, generosity in giving, must be sprung from the heart that is touched by the spirit.

The system includes the use of IMD for parish categories over property valuations, in line with the National Church request. The Low-Income Communities allocation will be apportioned using deprivation factors across the diocese. The new apportionment system will retain Mutual Support but at a reduced level; and is designed to assist parishes look at sustainability and encourage parishes to pay a minimum request and where possible offer additional support to other parishes across the Diocese.

The result of the new system saw approx. 75% of the churches see a reduction in apportionment request. No apportionment system is perfect and there are some churches who will see additional challenges, but the Diocese through the Parish Assessors will work with each church to offer support and encouragement and where necessary Special Arrangements to ease the burden.

It was agreed at Diocesan Synod in November 2022 not to increase the formula apportionment given the current economic climate, however those parishes who were receiving assistance towards the formula would see an increase to try and close the gap between request and formula. For 2024 it has been agreed an increase of 2% in the formula, with a maximum of 5% for those with agreements in place to help the parishes aim to return to full formula.

Alongside the Common Fund is the vision of Generous Hope with the Common Fund being at the heart of the Vision. The request to parishes as a minimum amount or request and parishes were encouraged to offer generosity to other parishes by contributing additional contributions. In 2023 a total of 12 parishes used the generosity option and a total of £42,356 was donated by parishes to assist other parishes in the Diocese. This was marginally down on 2022 where a total of 17 parishes used the generosity option and a total of £71,753.

**Budget – Cost of Deployment**

The new format of Budget created a Unit Cost of Deployment; and it remains a central part of reviewing costs, income and financial sustainability. In 2023 the Real Cost of Deployment was £63,587 (2022: £62,187) per full time post. This figure was then reduced to a subsidised Cost of Deployment for the Common Fund formula to £56,490 (2022:£56,490). In simple terms the Subsidised Cost of Deployment therefore Common Fund requests were frozen for a third year. The difference was financed from Board reserves to create a deficit budget.

In 2024 as aforementioned the Subsidised Cost of Deployment and therefore the apportionment formula was increased by 2% to £57,620. Due to an increase in Vacancy Factor and the reduction of Curate intake – none were planned but a reflection of the current times - the Real Cost decreased to £62,630.

The concept behind the model is to bridge the gap between the Real and Subsidised costs. This was planned to be done by increasing the income or affordability at parish level and either increasing current other forms of income or creating a new income stream; or decreasing expenditure. Naturally the answer is both and to try and identify an affordable middle figure- believed to be around £60,000. With the introduction of Total Return, if this was deducted from the Real Cost of Ministry then the figure would fall to £60,301 – reducing the dependence on reserves to £2,681.

When the model was first created in June 2021 it became clear that whilst some expenditure could be reduced; there was a danger that reductions would simply be unsustainable on the remaining resources. The concern is that the unrestricted reserves would be exhausted within a couple of years if the current size of deficit continued.

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At the same time that sizeable deficits were being made, the investments and property values were increasing.

To alleviate some of these challenges in June 2023 Diocesan Synod approved to adopt the Total Return Approach.

**Total Return Approach**

Diocesan Boards of Finance now have the powers afforded by the Charities Act 2011 (amended by Section 4 of the Trusts (Capital and Income) Act 2013) to adopt a total return approach to investment.

In simple terms this is an amendment to accounting standards that allows charitable organisations to transfer some historical capital gains from their Endowment Investments to ensure that the Charity remains a Going Concern. As the end of the above statement explains, it allows a different approach to investments and does not exist to assist with neither deficit budgets, where expenditure exceeds income, or cashflow management.

In June 2023 the Board presented to Synod a Total Return Approach that will give future support from historical growth in value to be able to sustain the Budgets moving forward. In an ideal world some of the historical growth would also be used to support new Mission and Ministry streams, and this may well be possible in the future, but is the answer in the short to medium term to ensure the Board can safely continue as a Going Concern and equally continue to ease the burden on the parishes.

**How does it work?**

In respect of the Board, it would refer to the Diocesan Stipends Fund. This is split into three different categories, Investments, Houses, and Glebe Land.

A decision is made on each category to decide what will be deemed to be the historical cost or valuation, and that amount is then locked as the Endowment Fund. Any balance or growth will then be classified as Total Unapplied Return.

Whilst some charities will then develop a policy to restrict on the maximum that can be drawn down each year, others simply leave the policy open. In the case of the Board the second or latter option may be more practical, and the amount to be transferred each year can be managed via the various Finance Committees with recommendations to the trustees at Bishop's Council.

This avoids setting in place policies that future generations may well be tied into and as recent experience has shown we live in changing times.

**Total Unapplied Return**

As mentioned above, the policy is split into three different categories, Investments, Housing and Land. In accordance with the wishes of Diocesan Synod a 4% capital growth factor is built into each section.

**Investments**

The historical cost of investments is known as it is recorded each year as part of the investment portfolio. Whilst there is a desire to protect historical capital growth for future generations, with investments the Cost element does include some of the historical growth and reinvestment of investment sale proceeds in cash terms has growth, or fall, built into it. The benchmark was taken as 31 December 2022 with the view of introduction on the 2024 budget, although in theory it can be implemented in 2023 given the General fund deficit and declining reserves:-

	Endowment	Total Unapplied	Total
	£'000	£'000	£'000
Value at 31 Dec 22	9,132		9,132
Transfer to Unapplied	(3,062)	3,062	-
<b>Cost 31 Dec 22</b>	<b>6,070</b>		<b>6,070</b>
Capital Growth 4%	243	(243)	
Market Value		577	577
Balance at 31 Dec 23	<b>6,313</b>	<b>3,396</b>	<b>9,709</b>

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**Housing**

The values of housing were introduced into the Board Financial Statements around 1994 and the Government Property Valuation categories were taken as the historical cost. Naturally since that time and certainly on the current system there is a record of all purchases since that date, as well as sales. This has allowed the historical cost to be calculated for each of the properties currently held and compared to their book value as at 31 December 2022.

	Endowment	Total Unapplied	Total
	£'000	£'000	£'000
Value at 31 Dec 22	31,388	-	31,388
Transfer to Unapplied	(15,950)	15,950	-
<b>Cost 31 Dec 22</b>	<b>15,438</b>	<b>-</b>	<b>15,438</b>
Capital Growth 4%	618	(618)	-
Market Value	-	(720)	(720)
Balance at 31 Dec 23	<b>16,056</b>	<b>14,612</b>	<b>30,668</b>

**Glebe Land**

In respect of the Glebe Land, this was introduced into the Board financial statements in 1998. The value at the time was based on £2,000 per acre. There was at the time a holding of 2,082.15 acres. Given the circumstances on Land, it was agreed that the value would be inflated for historical growth. The average inflation rate has been used from 1998 to 2022 using the official Bank of England statistics. The average was 2.5% giving an average price per acre or historical cost to be locked in of £3,715.28 per acre. The holding at the end of 2022 was 1,908.240 acres giving an historical cost of £7,090M.

	Endowment	Total Unapplied	Total
	£'000	£'000	£'000
Value at 31 Dec 22	16,085	-	16,085
Transfer to Unapplied	(8,995)	8,995	8,995
<b>Cost 31 Dec 22</b>	<b>7,090</b>	<b>-</b>	<b>7,090</b>
Capital Growth 4%	284	(284)	-
Market Value	-	-	-
Balance at 31 Dec 23	<b>7,374</b>	<b>8,711</b>	<b>16,085</b>

In total this will give a Total Unapplied Return of £26,719M. As part of the budget process up to a maximum of 2% is being applied; however, this can be increased by consent with the Finance Committee and authorisation by Bishop's Council. An additional 2% of Total Unapplied Return can be used towards Ministerial Stipends supporting new areas of work and initiatives. Therefore, a maximum of 4% to be used in any one year. (See Note 32. Page 65).

The key to managing the fund is ensuring **Cashflow** allows any additional expenditure, simply on the grounds that most of the above Total Unapplied Return currently exists in Investments, bricks or grass. With the 2024 budget there is a plan to sell certain assets to raise significant cashflow (£2.5M), where half will be invested for future capital growth and additional investment income and half to be retained to ease the liquidity of the Board.

**Net Carbon Zero 2030**

In February 2020, General Synod recognised the climate emergency and voted to set a target for the whole Church of England of achieving "net zero" carbon by 2030. This commitment requires us all to take action to reduce our carbon footprint. This will involve making material changes to our buildings and adopting new behaviours that both **reduce our energy use** and **switch usage to renewable sources**.

The National Church has awarded the Diocese a grant of £0.180M over three years to appoint an Environmental Officer who will actively promote the subject to parishes across the Diocese.



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**Financial Review 2023**

**Financial Performance**

After a sharp decline in income over the previous three years, excluding exception items (transfer of Education and One off funding from the National Church); income slightly decreased in the last financial year. There is a feeling that income growth is a little fragile in general funds, however investment income is performing well above expectation and there was a significant increase in actual cash receipt from parishes in contributions which given the circumstances was a fantastic achievement.

Whilst in 2020 and 2021 there had been a specific Parish Share Support Package; last year as in 2022 with the new Common Fund, it was agreed that there would be a period of time for some parishes to adjust to the new formula and given time to meet any increases in formula. No parish witnessed an increase in request in 2023 from 2022 -the last increase in formula was 2019 for the 2020 requests. This has created a Common Fund transition, and in the financial statements the amount of transitional support is shown as Support. The cost in 2023 was £0.460M (2022: £0.634M).

With the introduction of the Common Fund, the actual request to parishes fell by over £1M, and with reductions in deployment as parishes adjust to sustainability, request fell by £0.211M in 2023.

As a result, it was expected that the collection rate would increase, the question was more about the cash figure. The collection rate was erratic all year; however as anticipated and with thanks particularly to the parishes, the final figures showed a collection rate of 89.24% (2022: 86.76%). However more importantly the actual cash receipts were £9.623M (2022: £9.431M).

The Trustees remain grateful to all the parishes who completed their Common Fund payments during the year, and especially to those parishes that make their contribution payments by monthly instalments, which is essential in keeping the Diocese's need to maintain a cash flow reserve to a minimum. One of the main drivers behind the Common Fund was to try and reduce the speed in which arrears were rising and make the requests more affordable for more parishes. From this perspective it was pleasing to see in total 387 out of 446 (87%) parish paying units paid their allocation in full compared to 350 out of 448 (78%) in the previous year.

In addition to the Common Fund, there was an additional £0.858M (2022: £1.010M) that has come from parishes in way of Statutory fees from Occasional Services.

The Board are fortunate to have received £2.448M in 2023 (2022: £4.153M) from the National Church in way of support. This amount was represented by, £2.014M (2022: £2.045M) Low Income Community support, whilst £NilM (2022: £0.460M) was awarded for sustainability funding due to the loss of income being experienced in the Diocese. A further £0.169M was received in respect of Resourcing Ministerial Education (2022: £0.278M). In the previous year there had been support given due to the Cost of Heating and the impact it may have on parishes and subsequently Diocese. The sum was split between helping individuals with heating costs and parishes towards their heating cost. Grants were distributed initially using the Return of Parish Finance information – some parishes showed generosity in declining the offer. The remaining balance was distributed to the parishes in receipt of Low-Income Community support. The final grants were paid out in 2023. The heating support grant received was £0.729M. There was also a SDF grant for £0.169M (2022: £0.611M – including £0.500M capital works).

Overall consolidated income for the year was £17.249M compared to £27.990M in 2022. In the previous year there were exceptional items of the transfer of the Board of Education; so excluding that sum the Consolidated income was £18.918M, Consolidated expenditure also increased to £19.517M (2022: £18.918M).

The Board as a consolidated charity therefore made a deficit before Net Gains on Investments of £2.268M (2022: surplus £9.072M - this figure includes the Education transfer of £9.406M).

The Board as a standalone charity made a deficit before Net Gains on Investments of £2.180M (2022: Surplus £9.026M). Unrestricted or General Funds made a deficit before Net Gains on Investments of £1.207M (2022 deficit £1.952M).

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The capital values of properties decreased in 2023 after many years of sustained growth. In the last financial year, the value fell by £3.495M (2022: increase £7.345M), whilst investments increased by £2.414M (2022: £1.722M) - resulting in an overall decrease in funds of the group of £3.349M (2022: increase £18.137M). Charity reserves decreased by £3.210M (2022: £17.998M).

**Significant Property Transactions**

In the year the Board sold 1 property (2022: 1). This raised £0.595M (2022: £0.352M) in net house proceeds. In addition, Nil investment properties were sold (2022: 0) raising £Nil in house proceeds (2022: £Nil).

In the year the Board purchased 2 properties (2022: 4) costing £0.619M (2022: £1.592M).

The current policy on purchases and sales of properties remains:

- to replace unsuitable properties,
- to accommodate the changing geographical deployment of clergy within the Diocese,
- to purchase strategically placed curates' houses to allow greater flexibility in appointments,
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the Church.

At the start of 2023 a Property Asset Review commenced. The aim of the review was not only to give due consideration to the above, but also look at the market values and ensure that the value recorded in the Balance Sheet is accurate. The review would also identify where there is a shortage of houses in certain places in the Diocese, and also ensure those properties that are not registered with the Land Registry, normally due to Pastoral Orders, then a registration process is undertaken.

**Balance Sheet position**

The Trustees consider that the balance sheet together with details in note 23 and note 24 shows broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Consolidated balance sheet date totalled £192.048M (2022: £195.397M) it must be remembered that included in this total are properties, mostly in use for the ministry, and other Tangible Fixed Assets with a total value amounting to £126.148M (2022: £129.488M). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the Board. Note 24 on page 57 show the split in Asset class and by fund in more detail. Reserves which are considered to be free reserves and easily available without restriction are set out below.

**Reserves Policy**

When forming and reviewing the reserves policy, the Board must take into consideration that the reserves fundamentally serve two purposes. Firstly, the level of retained reserves generates income that helps with additional income throughout the year, thus easing some of the burden on the parishes. Secondly, there needs to be sufficient reserves available to assist with the erratic cash flow that is experienced throughout the year. This in turn can be divided into two sections: a) liquidity or short-term reserves and b) contingency funds/going concern, to allow the Board to operate in times of crisis. The Board has considerable responsibilities including the remuneration of parochial stipendiary clergy, the upkeep of houses and the employment of full or part time staff.

The Board has identified in its risk management review that it is heavily reliant on Common Fund contributions and suspects that parishes may find it increasingly difficult to maintain the required level of payment – this will only be exacerbated by the current economic climate. It is therefore important that the DBF adopts a Reserves Policy as well as an Investment Policy that takes liquidity seriously into consideration.



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**Free (Unrestricted) Reserves – Liquidity**

During the last financial year due to the exceptional circumstances the Board reconsidered the free reserves policy. This included significantly reducing the number of designated funds. All investments held in designated funds were transferred into unrestricted funds, along with other current assets and liabilities. It was agreed that the free reserves would also be set against Budget expenditure rather than Common Fund requests. Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to hold a balance of readily realisable assets in the general fund equivalent to 3 months budget expenditure for the following year. The budget expenditure for 2024 is £16.089M; therefore, the benchmark is set at £4.022M.

**Year End Position**

Free reserves are calculated by taking the net figure of Unrestricted Investments plus Net Current Assets and excludes designated funds. As at 31 December 2023 this totalled £3.237M (2022: £3.597M). This equates to 2.41 (2022: 2.61 months) months of budget expenditure. The trustees are satisfied with the current level of free reserves in light of the current economic climate and financial challenges facing the Board and parishes; although aware that the large majority of the reserves are in investments which may require to be sold and reduce investment income into the budget in future years. In addition, in February 2023 the trustees agreed to recommend to Diocesan Synod to introduce a Total Return Approach to boost Unrestricted reserves and assist with future budget deficits. Diocesan Synod subsequently approved the adoption of Total Return Approach in June 2023, making it be possible to transfer a significant sum to ease this shortfall through the Total Return Approach and reduce internal borrowing; without impacting on future income. In 2023 £0.500M was transferred from Total Unapplied Return.

*Reserves tied up in fixed assets*

The Group and charity's unrestricted fund comprise net assets amounting to £3.494M (2022: £4.046M) of which £0.257M (2022: £0.167M) is tied up in tangible fixed assets. In 2022 year the Unrestricted Reserves in the Subsidies were transferred to Restricted to be consistent with the treatment of the Education Funds and also in accordance with recommended practice.

*Designated funds*

Due to the change in reserve policies, designated funds now simply consist of DBF Occupational and Investment property including both of the Diocesan Offices. In addition, a few remaining projects funds have been retained, the funds are self-generating. The total Designated funds as at 31 December 2023 was £11.339M (2022: £11.728M).

*Restricted and endowment funds*

As set out in note 23 the Board holds and administers many restricted and endowment funds. As at 31 December 2023 the charity restricted funds totalled £114.467M (2022: £115.870M) and endowment funds totalled £60.718M (2022: £61.584M). Neither are available for the general purposes of the Board. Consolidated restricted reserves amount to £116.497M (2022: £118.040M).

Within the Restricted Fund, £79.800M (2022: £82.027M) is invested in Property required to house the clergy of the Diocese and is therefore not readily accessible. Within the Endowment Fund £30.693M (2022: £31.388M) is invested in Property required to house the clergy of the Diocese and is therefore not readily accessible. These assets are integral to delivering the Board's mission.

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**Stipend Reserve**

Previously there was a Stipend Reserve policy to ensure 5 months stipends were held across various designated and restricted funds. With the change in Free Reserves policy and with the availability of overdrafts with the Commissioners it was decided this reserve is no longer required.

**Grant making Policy**

The Memorandum of Association of the Board explicitly permits the Board to make grants in pursuance of its objects, and the nature of grants made in 2023 is indicated in note 15. Grants of up to £150,000 are considered by the Finance and Central Services Committee from budgets set aside for specific purposes. Grants over £150,000 are considered by Bishop's Council, on recommendation by the Finance Committee.

**Investment Powers**

The Board is granted power to invest in suitable investments under its Memorandum and Articles of Association. As a charity, the Trustees have a duty of care to take such advice as is appropriate before investments are undertaken. This advice is sought from the Central Board of Finance (CCLA) in London, EdenTree Investment Managers (to October 2023) and Canaccord who provide a free Nominee service. The Diocesan Investment Group considers the advice and the assets available at their discretion and then makes recommendations to the Finance and Central Services Committee. Advice and consideration is given in compliance with CC14 - Charity Commission Guidance on Trustee Investments. During the year EdenTree closed their charity funds in September and whilst the funds were reinvested split between CCLA and Canaccord it was decided not to retain EdenTree as an investment manager and therefore moving forward there will be just two managers.

**Investment Policy**

The Board's investment policies are based on two key principles: -

- Ethical Investment – this includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.
- Long-term responsibilities – the Trustees are aware of their long-term responsibilities in respect of the Restricted and Unrestricted reserves and as a result follow a prudent approach to investment decisions.

Investment Policy for long-term funds is aimed primarily at generating a sustainable income, with due regard to the need for the preservation of capital value, and the possible need to realise investments to meet operational needs. The Board does not have a policy of generating income at excessive or high risk – known as 'purchasing income', where high returns are guaranteed at the expense of capital.

The Glebe Land Investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. The Glebe Land is constantly under review, and it is anticipated prime land will be sold if it is deemed to be economically viable in obtaining a better rate of investment return.

Unrestricted and Restricted fund investments are invested to balance income, liquidity, and the maintenance of capital.

In summary, the Board's overall policy is to maximise income while preserving the real value of its funds. As a member of the Christian Ethical Investment Group, the Board adheres to the principle of seeking not only good financial returns but also high ethical standards from companies which use its money.

In light of the continued low interest rates and the predictions from the City that these would only move marginally in the short term, the Diocesan Investment Group do not use deposit or Cash as part of the Investment Portfolio at the current time. This also protects the capital from inflation when it is higher than the interest base rate.

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

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**Ethical Policy**

CCLA's own ethical policy adheres to the Church of England Ethical Investment Policy that is overseen by the Ethical Investment Advisory Group (EIAG). The Board endorses and follows this guidance which includes the following:

*"The use of positive ethical criteria in assessing companies is firmly incorporated within the ethical investment policy through a process of constructive engagement with business. Criteria have been identified across five broad areas as: responsible employment practices; best corporate governance practice; conscientiousness with regard to human rights ; sustainable environmental practice; sensitivity towards the communities in which business operates "*

The EIAG recommends against investment in any company that derives more than 3% of revenues from the production or distribution of pornography. It recommends against investment in any company, a major part of whose business activity or focus (defined as more than 25% of group turnover) is tobacco, gambling, alcoholic drinks, high interest rate lending or human embryonic cloning. The full report can be found at [www.churchofengland.org](http://www.churchofengland.org)

**Fossil Fuels**

In the last quarter of 2022, the remaining stocks held in companies whose main business was the extraction of fossil fuels were sold. In February 2023, the trustees agreed by a wide majority to have a policy to divest from fossil fuel investments. At the same meeting it was agreed to retain selected investments in other Extraction Industries.

**Performance**

The benchmark set by the Diocesan Investment Group is 5% plus CPI – although with Inflation being at such high levels it is an exceptional time to try to perform against the current levels. For 2023 the CPI in December was 4%, making a Total Return benchmark of 9% compared to 15.50% in 2022. In 2023 the performance saw growth of 7.32% (2022:- negative 12.18%). The yield in the year was 3.35% (2022:-3.13%), giving a total return for the year of 10.68% (2022:- minus 9.98%).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees are responsible for the identification, mitigation and/or management of risk. To achieve this, a register of all the risks identified is maintained by the Risk and Audit Committee who report directly to the Finance and Central Services Committee. Each Risk is assessed and alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Risk and Audit Committee.

The risk register identifies seven areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

Common Fund: Collection is considerably less than the Budget figure.

- Collection statistics are produced and circulated on a monthly basis
- Parish Assessors and Diocesan Staff are tasked with identifying, reporting on, and supporting those parishes where there is considered to be a significant risk of under-collection
- A provision is made within the accounts for those overdue share payments that have a significant risk of proving uncollectable.

Safeguarding & Inclusion: Where there is an occurrence of child, vulnerable adult, or domestic abuse by someone working for or on behalf of the Church.

- The diocese employs a safeguarding officer and sufficient support administration as required
- Policies are aligned with those of the national church
- All parishes are required to review, endorse, and implement the diocesan safeguarding policy
- Training is compulsory for all relevant staff.

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Communications: Adverse local or national publicity. Failure to keep pace with media developments.

- The Board appoints a Communications Officer with specific skills in dealing with Media enquiries and issues that may arise
- Staff are regularly reminded that they are not to speak to the press on any matters of a sensitive nature
- A policy on use of Social Media is also enforced.

IT: System failure or the Diocesan office is becoming uninhabitable.

- All machines have been set up with Virtual Private Network (VPN) for remote access to the servers and systems. The majority of officers had this facility prior to the impact of lockdown; all staff now have this as standard
- Backups and disaster recovery are reviewed on a regular basis and tested for accuracy
- Cyber Security Insurance and software is in place to extend protection to the DBF Servers and Information
- In light of a hardware issue in January 2022, work is being undertaken to move all servers to virtual servers using cloud-based systems with additional security in place.

Cashflow/Liquidity – the ability to meet expenditure and legal obligations.

- A new Finance Core Group was created to oversee regular cash flow models and ensure the Board can meet the ongoing financial responsibilities
- Short to medium term forecasts produced quarterly (monthly when necessary) and recommendations made when necessary for implementation.

Ensuring Policy and Finance remained joined up.

- Important to ensure there is good communications across all departments, and committees to avoid conflict between vision and strategy and financial implications
- Ensure there is good clear governance and audit trails of decision making and communicated to the relevant persons or committees.

External Factors (General Synod) Living in Love and Faith

- In light of the decision by General Synod in February 2023, there is the possibility of either individuals or parishes wanting to distant themselves from the Diocesan family and subsequent financial implications.
- To talk and pray with the parishes and help to find some common ground to engage on meaningful conversations.
- As from 01 January 2024 the Diocese agreed to set up a restricted fund, called “Ephesians” to allow Parishes to restrict their Common Fund contributions towards direct Cost of Ministry of their own parish or other parishes who remain unhappy paying the Common Fund into general funds.

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**STRUCTURE AND GOVERNANCE**

**Summary Information about the structure of the Church of England**

The Church of England is the established Church, and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 40 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprised of ex-officio and elected representations from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan Bishop, who exercises that input as Bishop within the Diocesan Synod.

The Diocese is itself divided into twenty-eight deaneries, each with its own Synod and within each parish there is a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod.

Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and application for partnership with neighbouring Dioceses.

**Organisation**

**Diocesan Governance**

The Diocese is governed by the latest Standing Orders approved on 05 November 2016. Its statutory governing body is the Diocesan Synod which is elected with representation from all parts of the diocese.

**Diocesan Synod**

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

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

Every member of Diocesan Synod is also a member of the Lichfield Diocesan Board of Finance ('the Board'). The members of the Standing Committee of Diocesan Synod (Bishop's Council) comprise the Board of Trustees of the Board and under company law the Board of Directors. The Board of Directors under company law have a personal liability of £1 in the event of the Board being wound up. The membership of Diocesan Synod and therefore Bishop's Council is part ex-officio and part elected: elections are held every three years.

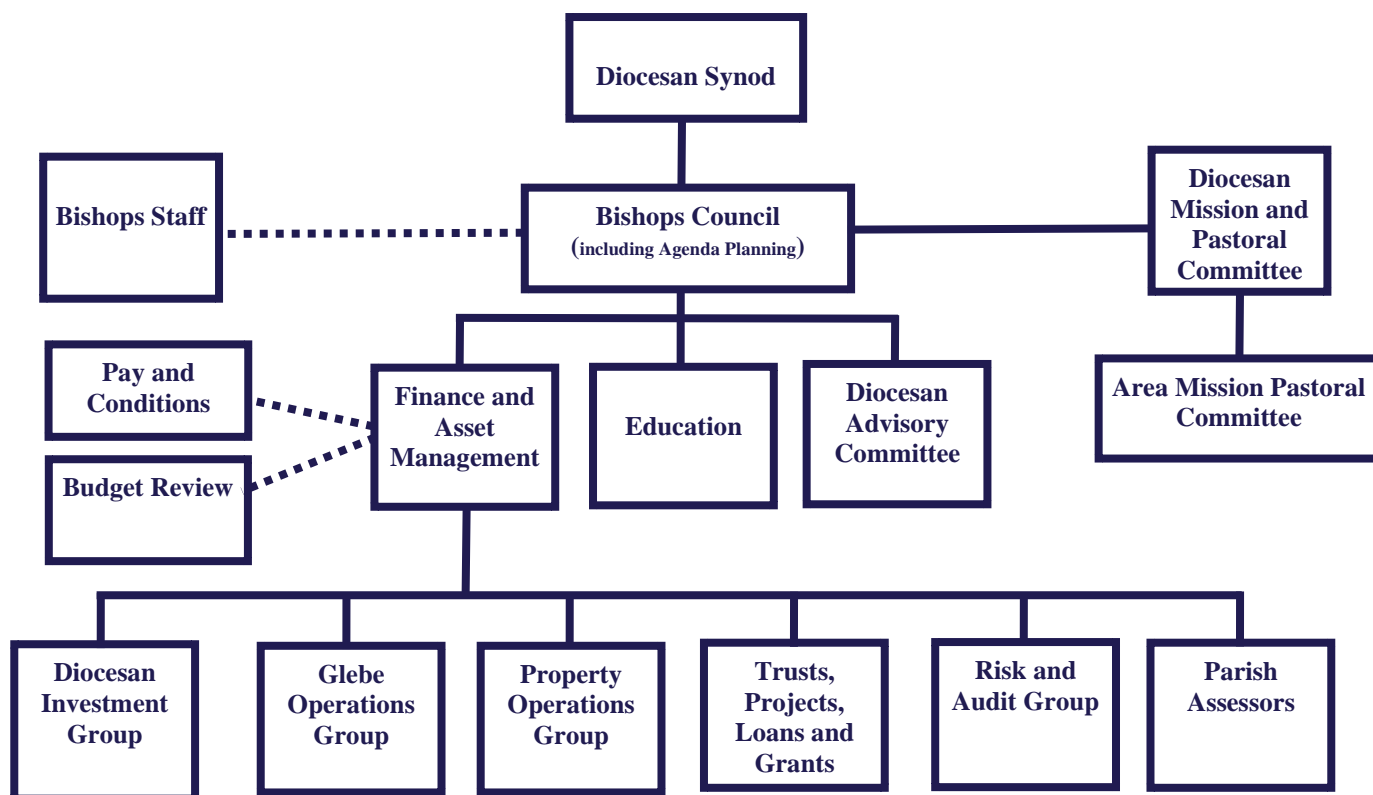
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**Decision Making Structure**



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Diocesan Synod has delegated the following functions to the Board of Directors/Trustees (Bishop's Council):

- Planning the business of Synod including preparation of agendas and papers
- Initiation of proposals for action by the Diocesan Synod and provision of policy advice
- Transacting the business of the Diocesan Synod when not in session
- Management of the funds and property of the diocese
- Preparation of annual estimates of expenditure through the Budget
- Advising on action needed to raise income necessary to finance expenditure
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it
- Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod
- Carrying out any other functions delegated by Diocesan Synod.

The Board of Directors (Trustees) has delegated responsibility for the day-to-day management of the company to the Chief Executive Officer/Diocesan Secretary who is supported by a number of heads of departments and their staff.

### **Key Personnel**

Key Management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During the year they were the Diocesan Secretary/Chief Executive Officer, Director of Finance, Director of Education and Director of Communications.

The policy for setting the remuneration of Key Management personnel is under the remit of the Diocesan Pay and Condition Committee and is determined by several factors including reference to similar sized charities and current recommended rates for equal posts in other Diocese and in the wider not for profit sector.

### **Bishop's Council**

The members of the Bishop's Council are the Board of Trustees. Bishop's Council consists of 12 (13 from February 2023) ex-officio members, including the Diocesan and 3 Area Bishops and the 4 Archdeacons, 4 clergy elected by the House of Clergy from among their members and 14 lay persons elected by the members of the House of Laity representing Deaneries, 1 co-opted member and a maximum of 3 members nominated by the Diocesan Bishop. In February 2023 the Bishop of Oswestry was consecrated and will take an ex-officio position on Council. To ensure the numbers remain equal across representations additional lay posts were elected in May 2023.

### **Committee Structure**

*Agenda Planning:* ensure a smooth flow of business to the Bishop's Council and Diocesan Synod aiming for lively, focused debate and to review periodically Synod's Standing Orders. It reports direct to Bishop's Council.

*Diocesan Mission and Pastoral Committee:* responsible for approving pastoral reorganisation, taking into account available clergy numbers and making use of new patterns of ministry. It is responsible for assisting in making better provision for the Cure of Souls in the diocese and oversees arrangements for pastoral supervision and care. Since August 2009 this committee is also responsible for the oversight of closed churches and for overseeing finding appropriate alternative uses for church buildings, which have been declared redundant. The membership of this Committee is now the same as Bishop's Council.

*Finance and Asset Management (FAM)* - oversees the day-to-day financial activity which receives regular reports on Common Fund receipts, liquidity, staffing levels and both capital and revenue expenditure. The committee also oversees the Budget process and assists in submitting the Diocesan Budget and annual financial statements to the Board of Directors (Trustees). Their terms of reference include agreeing Accounting Policy and recommend any changes to Bishop's Council and recommend the Reserves Policies to the Bishop's Council. In late 2021 the name of the Committee changed and is now responsible for the oversight of the Benefice Buildings and Glebe Land, so will have full management of the Diocesan Assets.

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The following are sub-committees of the Finance and Asset Management Committee:

*Property Operations Group:* responsible for determining policy and making recommendations to FAM. The group are responsible for setting the policy for repairing and maintaining all parsonage, team vicarages and houses owned by the Board. It also makes recommendations to the Diocesan Investment Group (see below) concerning the purchase and disposal of all houses owned by the Board, as well as identifying and recommending to the Diocesan Investment Group potential development sites.

*Glebe Operational Group:* responsible for recommending policy and decisions concerning the management of Glebe Land to FAM. It also makes recommendations to the Diocesan Investment Group concerning the investment of land and annual returns of such investments for the benefit of the Diocesan Stipends Fund.

*Budget Review Group:* responsible for overseeing the construction of the Diocesan Budget and future forecasts and ensuring that there is synergy between Diocesan Strategy and Finance.

*Parish Assessors Committee:* responsible for the oversight of the Common Fund formula. This includes making recommendations about the management of arrears and the operation of the current Common Fund formula.

*Diocesan Investment Group:* responsible for overseeing all the Investments and Assets of the Board in order to ensure that the reserves of the Board are utilised efficiently and to the best benefit of the diocese, both in the short term and medium to long term. The group recommend the expected Investment Income the Board can expect each year in line with the current Diocesan Financial Strategy.

*Risk and Audit Committee:* responsible for identifying and monitoring risk to the organisation and overseeing both internal and external audit requirements.

*Pay and Conditions Committee:* responsible for overseeing the working conditions and remuneration of lay staff and Central Sector Ministry.

*Trusts, Projects, Loans and Grants:* responsible for the award and distribution of loans and where applicable grants to parishes across the diocese in deaneries and parishes, including reviewing and analysing the effectiveness of the grant with the aims and objectives of the project and in accordance with the deanery or parish *Mission Action Plan* and to encourage new and/or *Fresh Expressions* of Christian faith. In addition, the Committee are responsible for assisting and overseeing parish project reviews as well grants to Community based projects.

In addition, there are other Statutory Committees that can report directly to Diocesan Synod:

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

*Diocesan Board of Patronage:* constituted under the provisions of the Patronage (Benefices) Measure 1986. It is sole patron or joint patron of a number of benefices.

Finally, there is a group whose role is to ensure there is cohesion and joined up thinking across the spectrum of the diocesan organisation and report directly to the Bishop's Council:

*Bishop's Staff:* a monthly meeting of Senior Staff (Bishops, Archdeacons, Dean, CEO/Diocesan Secretary and Director of Women's Ministry), who pray together for the mission and set the vision for the diocese. The meeting considers the pastoral, disciplinary issues or special needs of parishes and decides on action to be taken. They are also responsible for ensuring the co-ordination across the areas and divisions so that policies are applied equitably across the diocese as well as remaining within the overall Stipend Budget.



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

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**Appointment of Trustees (Directors)**

Trustees (and therefore Directors) are appointed by election every three years, with the exception of the ex-officio members. The current Trustees will serve until 31 July 2024. Following the Diocesan Synod elections in 2024 the new Bishop's Council will be elected, and which members will serve until 31 July 2027.

Trustees are given induction training at the first meeting of the new triennium and receive ongoing training as appropriate. The training is tailored to the individual needs of the Trustees and may include introductions to church, company and charity law, an overview of the current programmes and plans of the diocese and an introduction to any special areas of the diocese with which they will be working (e.g. Board of Education, Parsonages Board). Trustees are encouraged to visit diocesan operations. Meetings are held around the diocese either in church buildings or at Christian Centres. Some senior staff have job titles incorporating the title *Director*, but they are not Directors of the Company for the purpose of company law and so therefore do not count as *Charity Trustees*.

**Custodian Trustees**

The Diocese is fortunate to have a separate legal entity in the Lichfield Diocesan Trust (see Connected Charities) to act as custodian to parish funds. There are however six trusts that have been transferred to the main Board to act as custodian. These relate to the former Moore Memorial and Tyrell Selwyn Trusts, where the income is to be used to assist financially members of the clergy. The fund is divided into four distinct funds, one allocated to each Archdeaconry. In addition, there is a trust to support Women's Ministry and also the capital funds held to support the Diocesan Bishop's Discretionary Fund. The total funds held in the Custodianship of the Board as at 31 December 2023 was £516,746 (2022: £470,412).

**Related Parties**

The Board has to comply with Measures passed by General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Area Bishops are borne by the Church Commissioners and are therefore not included in these financial statements.

**Parochial Church Councils (PCCs)**

The Diocese is required by Measure to be custodian trustee in relation to PCC Property and certain Endowment Trust funds, but the Board has no controls over PCCs, which are independent charities. The diocese has a separate charitable company called the Lichfield Diocesan Trust that operates as Custodian Trustee in these circumstances. The administration costs of the Lichfield Diocesan Trust are borne by the Board and these administration costs are shown in the financial statements. However, the accounts of PCCs and Deaneries do not form part of these financial statements.

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

**Subsidiary Undertakings**

The Board has no trading subsidiary companies as at the year-end. The Board however is the sole member of St Chads Retreats Centre, a charitable company incorporated on 4 March 2014 registered at Companies House in England and Wales under reference 08922281 and a registered charity number 1157619. The accounts for this subsidiary are consolidated in these financial statements.

The Board also the Body with total control over the Mercian Community Trust with effect from January 2017, a charitable company incorporated 24 December 2001 registered at Companies House in England and Wales under reference 04345177 and a registered charity number 1090596. The accounts for this subsidiary are consolidated in these financial statements.

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

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**Connected Charities**

The Directors and Trustees of the Board consider the following to be connected charities:

*Lichfield Diocesan Trust*, a registered charitable company that acts as Custodian Trustee on behalf of the diocese as stated above. Only the grant given to the Trust to cover administration costs is included in the financial statements. The Diocesan Trust also operates a central Gift Aid Department to assist parishes in reclaiming Gift Aid. Again, only the costs of administering the scheme and commission received are enclosed in these financial statements.

**Trustees' Responsibilities Statement**

The Trustees (who are also directors of the Lichfield Diocesan Board of Finance (Incorporated) for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Each of the persons who are members of board of Trustees at the time when this Trustee's annual report is approved has confirmed that:

- so far as that member of the board of Trustees is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- that the board of Trustees has taken all the steps that ought to have been taken as a board in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

**Auditors**

Haysmacintyre LLP has indicated its willingness to be reappointed as Statutory Auditors.

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

**TRUSTEES' ANNUAL REPORT Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**Website**

Further details on the Lichfield Diocesan Board of Finance and its programmes can be obtained from the website: [www.lichfield.anglican.org](http://www.lichfield.anglican.org). The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees Annual Report which includes the Strategic Report was approved by the Trustees on 21 May 2024 and signed on their behalf by:

*David Philip Wright*

Mr David Wright  
Director/Trustee

## INDEPENDENT AUDITORS' REPORT

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

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#### Opinion

We have audited the financial statements of The Lichfield Diocesan Board of Finance (Incorporated) for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Summary Income and Expenditure Account, the Consolidated Balance Sheet and Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2023 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 group 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 group'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 Trustees' Annual Report and the Chairman's Introduction. 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and 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 strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITORS' REPORT

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

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#### **Matters on which we are required to report by exception**

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

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 by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 groups and the parent charitable company'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 group or the parent 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:

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the recognition of revenue, including the cut-off of revenue at the year end. Audit procedures performed by the engagement team included:

Tailored narrative here but consider the following.

- Inspecting correspondence with regulators and tax authorities.
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud,
- Evaluating management's controls designed to prevent and detect irregularities,
- Identifying and testing journals,
- Challenging assumptions and judgements made by management in their critical accounting estimates; and
- Cut-off testing in respect of revenue.

## INDEPENDENT AUDITORS' REPORT

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

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Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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



Lee Stokes (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

Date 26 September 2024

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

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
<b>Income and endowments from:</b>						
Parish Contributions	4	10,016	-	-	10,016	10,227
Less Parish Support**		(460)	-	-	(460)	(634)
Net Parish Contributions		9,556	-	-	9,556	9,593
Archbishops' Council	5	2,057	385	6	2,448	4,153
Other donations	6	360	194	-	554	630
Other trading activities	8	776	56	-	832	591
Investments	9	447	1,077	350	1,874	1,523
Charitable activities	7	1,085	648	-	1,733	1,748
Other income	10	(10)	262	-	252	9,752
<b>Total income and endowments</b>		<b>14,271</b>	<b>2,622</b>	<b>356</b>	<b>17,249</b>	<b>27,990</b>
<b>Expenditure on:</b>						
Raising funds	11	239	2	116	357	237
Charitable activities	13	16,521	2,619	20	19,160	18,678
Other expenditure	12	-	-	-	-	3
<b>Total expenditure</b>		<b>16,760</b>	<b>2,621</b>	<b>136</b>	<b>19,517</b>	<b>18,918</b>
<b>Net (expenditure)/income before investment</b>						
<b>Gains</b>		(2,489)	1	220	(2,268)	9,072
Net (losses)/gains on investments and Property		(234)	(627)	(220)	(1,081)	9,065
<b>Net Income/(Expenditure)</b>		<b>(2,723)</b>	<b>(626)</b>	<b>-</b>	<b>(3,349)</b>	<b>18,137</b>
Transfers between funds	17	1,782	(917)	(865)	-	-
Net movement in funds		(941)	(1,543)	(865)	(3,349)	18,137
<b>Reconciliation of funds:</b>						
Total funds at 1 January 2023	23	15,774	118,040	61,583	195,397	177,260
<b>Total funds at 31 December 2023</b>	<b>23</b>	<b>14,833</b>	<b>116,497</b>	<b>60,718</b>	<b>192,048</b>	<b>195,397</b>

\*\* Parish Support Package (Page 11) – this represents transitional support or relief in 2023 in respect of the change to the Common Fund system

All activities relate to continuing operations.

The notes on pages 32 to 65 form part of these financial statements.

A comparative Statement of Financial Activities is included at note 33.

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

**SUMMARY INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 Unrestricted Funds £'000	2023 Restricted Funds £'000	2023 Total Funds £'000	2022 Total Funds £'000
Income		14,271	2,622	16,893	27,250
Gains on investments		(234)	(627)	(861)	2,531
<b>Gross income in the reporting period</b>		<u>14,037</u>	<u>1,995</u>	<u>16,032</u>	<u>29,781</u>
Less: Total expenditure		<u>16,760</u>	<u>2,621</u>	<u>19,381</u>	<u>18,832</u>
<b>Net income for the year before Transfers</b>		<u>(2,723)</u>	<u>(626)</u>	<u>(3,349)</u>	<u>10,949</u>
Transfers between funds	17,23	<u>1,782</u>	<u>(917)</u>	<u>865</u>	<u>130</u>
Net (expenditure)/income for the year after transfers		<u>(941)</u>	<u>(1,543)</u>	<u>(2,484)</u>	<u>11,079</u>
<b>Net (expenditure)/income for the financial year</b>	23	<u>(941)</u>	<u>(1,543)</u>	<u>(2,484)</u>	<u>11,079</u>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The notes on pages 32 to 65 form part of these financial statements.



**CONSOLIDATED BALANCE SHEET**

**AS AT 31 DECEMBER 2023**

			2023		2022	
	Note	£'000	£'000	£'000	£'000	£'000
<b>Fixed assets</b>						
Tangible assets	18		126,148		129,488	
Investments	19		57,919		58,809	
			<u>184,067</u>		<u>188,297</u>	
<b>Current assets</b>						
Debtors: amounts falling due after more than one year	20	680		735		
Debtors: amounts falling due within one year	20	1,774		1,782		
Cash at bank and in hand	26	8,591		7,944		
			<u>11,045</u>	<u>10,461</u>		
<b>Creditors:</b> Amounts falling due within one year	21	(2,817)		(3,114)		
<b>Net Current Assets</b>			<u>8,228</u>		<u>7,347</u>	
<b>Total assets less current liabilities</b>			<u>192,295</u>		<u>195,644</u>	
<b>Creditors:</b> amounts falling due after more than one year	22		(247)		(247)	
<b>Net assets</b>			<u>192,048</u>		<u>195,397</u>	
<b>Charity Funds</b>						
Endowment funds	23		60,718		61,583	
Restricted funds	23		116,497		118,040	
Designated funds	23	11,339		11,728		
Unrestricted funds	23	3,494		4,046		
			<u>14,833</u>	<u>15,774</u>		
<b>Total funds</b>			<u>192,048</u>	<u>195,397</u>		

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006. The unconsolidated surplus/(deficit) of the parent charity was (£3.210M) (2022: surplus £17.998M).

The financial statements were approved and authorised for issue by the Trustees on 21 May 2024 and signed on their behalf by:

*David Philip Wright*

**Mr David Wright**  
**Director/Trustee**

The notes on pages 32 to 65 form part of these financial statements.

**COMPANY BALANCE SHEET**

**AS AT 31 DECEMBER 2023**

			2023		2022	
	Note	£'000	£'000	£'000	£'000	
<b>Fixed assets</b>						
Tangible assets	18		124,415		127,693	
Investments	19		57,889		58,777	
			<u>182,304</u>		<u>186,470</u>	
<b>Current assets</b>						
Debtors: amounts falling due after more than one year	20	693		769		
Debtors: amounts falling due within one year	20	1,887		1,948		
Cash at bank		7,928		7,237		
		<u>10,508</u>		<u>9,954</u>		
<b>Creditors:</b> Amounts falling due within one year	21	(2,547)		(2,949)		
<b>Net Current Assets</b>			<u>7,961</u>		<u>7,005</u>	
<b>Total assets less current liabilities</b>			<u>190,265</u>		<u>193,475</u>	
<b>Creditors:</b> amounts falling due after more than one year	22		(247)		(247)	
<b>Net assets</b>			<u>190,018</u>		<u>193,228</u>	
<b>Charity Funds</b>						
Endowment funds			60,718		61,584	
Restricted funds			114,467		115,870	
Designated funds		11,339		11,728		
Unrestricted funds		3,494		4,046		
		<u>14,833</u>		<u>15,774</u>		
<b>Total funds</b>			<u>190,018</u>		<u>193,228</u>	

The financial statements were approved and authorised for issue by the Trustees on 21 May 2024 and signed on their behalf by:

*David Philip Wright*

**Mr David Wright**  
**Director/Trustee**

The notes on pages 32 to 65 form part of these financial statements.

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

**CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>Note</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	25	(4,374)	2,115
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1,874	1,522
Proceeds from the sale of fixed assets		811	354
Purchase of fixed assets		(918)	(2,023)
Interest paid		-	(3)
Purchase of investments		(4,281)	(2,873)
Proceeds from Sale of Investments		7,585	3,130
<b>Net cash provided by/(used in) investing activities</b>		<b>5,071</b>	<b>107</b>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(50)	(63)
Cash inflows from new borrowing		-	-
<b>Net cash provided by financing activities</b>		<b>(50)</b>	<b>(63)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>647</b>	<b>2,159</b>
Cash and cash equivalents brought forward		7,944	5,785
<b>Cash and cash equivalents carried forward</b>	26	<b>8,591</b>	<b>7,944</b>
<b>Analysis of Net Funds:</b>			
	<b>01 Jan 2023 £'000</b>	<b>Cashflow £'000</b>	<b>31 Dec 2023 £'000</b>
Cash at bank in hand	7,944	647	8,591
Loans and mortgages	(297)	50	(247)
<b>Total</b>	<b>7,647</b>	<b>697</b>	<b>8,344</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The Lichfield Diocesan Board of Finance (Incorporated) is a charitable company incorporated in England and Wales under the Companies Act and registered as a charity with the Charity Commission in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the reference and administration details of these financial statements. The nature of the charity's operations and principal activities are detailed in the trustees' report.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Second Edition effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

The Lichfield Diocesan Board of Finance (Incorporated) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

No separate statement of financial activities has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006.

**1.2 Going concern**

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate albeit limited resources to continue in operational existence for the foreseeable future. It is accepted as referred to in the Trustees Annual Report; that longer term financial sustainability needs to be addressed. With significant capital growth in recent years, the Board will be considering ways of unlocking some of the growth to ease the burden on parishes and unrestricted reserves, although there is a counter argument of living within our means and relying on historical resources. Due to the size of reserves in total they continue to adopt the going concern basis in preparing the financial statements and are satisfied that there are no material uncertainties which may impact on the ability of the company to operate as a going concern.

**1.3 Company status**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**1.4 Income**

All income is included in the Statement of Financial Activities (SOFA) when the company is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Income (continued)**

- ii) **Common Fund** is recognised as income of the year in respect of which it is receivable.
- ii) **Rent receivable** is recognised as income in the period with respect to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.
- v) **Parochial fees** are recognised as income of the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets for the LDBF's own use** (i.e. non-investment assets) are accounted for as other incoming. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income.** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

**1.6 Expenditure**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Expenditure (continued)**

- v) **Pension contributions.** The LDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pensions Scheme (see note 29). The pension costs charged as resources expended represent the LDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which LDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

**1.7 Tangible fixed assets and depreciation**

**Freehold Property**

All properties, including glebe and parsonage houses, are stated at valuation, except for redundant churches that are held at a nil valuation reflecting uncertainty as to their future ownership and use. Valuations are undertaken annually as at 31 December each year by reference to values for detached houses in various areas covered by the Nationwide Building Society monthly house price index data. All properties are subject to an annual impairment review by the Director of Buildings; properties are written down to net realisable value where that is lower than carrying value.

The overall net gain or loss for the year on revaluation is shown in the Statement of Financial Activities. Included under unrestricted funds are properties that have been acquired using general funds and are represented by the designated Board Properties Fund.

Additions are at cost but subject to an annual valuation adjustment at the end of the financial year. Extensions to buildings are capitalised.

No depreciation is provided on buildings as any charge would not be material due to the very long expected useful economic life and because their expected residual value is not materially less than their carrying value. LDBF has a policy of regular repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to suffer obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

Sales and purchases of properties are recognised on the date of exchange of contract.

The majority of transfers occur following pastoral reorganisation. A benefice house may be transferred to diocesan glebe or general funds for disposal or to be held as a corporate property, as determined by the particular pastoral scheme. In the majority of such cases, houses are required as functional fixed assets for housing team vicars (in a team ministry) or other members licensed to a benefice and as such are held as corporate property under unrestricted designated funds.

**Properties subject to value linked loans**

Properties which have been bought with the assistance of value-linked loans from the Church Commissioners are stated using the value of the related loan at the balance sheet date. Each year end the respective property and loan are carried at an index linked current valuation basis.

**Investment properties**

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation (continued)**

**Parsonage houses**

Parsonage houses and glebe assets were incorporated into the financial statements for the first time as at January 1997 at an initial carrying value (ICV). All residential properties at that date, including team vicarages held as glebe, were valued by the Director of Buildings, an architect, by reference to Council Tax bandings, and to find the appropriate level within the band, to insurance rebuild value after adding 50% to the latter for land value.

Parsonage houses, also known as benefice houses, are legally vested in the incumbent. However, an incumbent is not free to dispose of the house for his/her own benefit, cannot make alterations or improvements to the property and is not responsible for maintaining the house. In spite of the complex tenure of parsonage houses, LDBF is responsible for the maintenance and insurance of the houses in the same way as for other houses and they are assets of LDBF within the FRS 102 definition as they are 'rights or other access to economic benefits controlled by an entity' and are therefore recognised as fixed assets in the balance sheet.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

IT Equipment (from Jan 22)	33% straight line, depreciation charge in the year of acquisition
Office equipment	20% straight line, no depreciation charge in the year of acquisition

**1.8 Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

**1.9 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

**1.10 Glebe land**

Glebe Land of almost 2,100 acres was included on the balance sheet for the first time in 1998 using an average agricultural land valuation. 1,927 acres remain at the balance sheet date. It is accepted that there are likely to be certain holdings with development potential but until such time that they are considered for disposal when the market value will be professionally ascertained, the more prudent agricultural value will be used. This land was revalued for the first time in 2007. Where planning permission has been received, the land in question is specifically revalued at a maximum of 50% of the sale value (forced sale value), subject to certain conditions agreed with the land agents. In 2022 the whole portfolio was revalued and the increase in value has been included in the financial statements.

**Investment property**

Properties that are identified as Investment opportunities are classified as Investment properties. These are revalued annually using Diocesan Investment Properties are revalued each year using the Nationwide Regional Quarterly Series - All Properties, Regional Quarterly Indices (West Midlands Region).

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 Glebe land (continued)**

**Redundant church property fund**

The Redundant Church Property Fund which represents redundant churches vested in the Board was also included in the Balance Sheet for the first time in 1998. The properties have been professionally valued and included in the accounts at two-thirds of that value. The Board is responsible for the maintenance of these properties and any costs are borne by the Pastoral Fund.

There are also seven properties that the Board have interest in, although they have been transferred and vested in the Churches Conservation Trust (CCT). These properties are as follows: -

Addersley S Peters (except Nave and Tower)	Battlefield
Longford	Patshull S Mary
Preston Gubbals	Shrewsbury S Mary
Stirchley S James	Wroxeter S Andrew

These are not included at any value and should any financial transaction take place in the future then the proceeds will be treated as either funds introduced or gain on sale of tangible asset depending on the circumstances of the transaction.

**1.11 Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.12 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.13 Taxation**

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.14 Fund balances**

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

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

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



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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Fund balances (continued)**

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDBF (Stipends Fund Capital, Parsonage Houses and Schools), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the company acts as trustee and controls the management and use of the funds, are included in the company's own financial statements as charity branches. Trusts where the LDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

**1.15 Pensions**

The company participates in the Church of England Funded Pensions Scheme for stipendiary clergy and the Defined Benefits Scheme section of Church Workers Pension Fund (CWPF) for lay staff. The pension charges are based on a full actuarial valuation dated 31 December 2018 for the Church of England Funded Pensions scheme and 31 December 2019 for Church Workers Pension Fund. The CWPF is a defined benefit pensions scheme, as required by FRS102 agreed deficit repayment plans are reflected a liability in the Balance Sheet. Further details are provided in note 29.

**2. JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements in conformity with generally accepted accounting practice requires the directors to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditures during the reporting period. Actual results in the future could differ from those estimates. In this regard, the directors believe that the most significant areas of judgement relate to the valuation of properties.

**Valuation**

Given the size of the property portfolio valuation is an area of judgement. The Board use in house expertise available through the Property Department plus local agents; and the valuation methods are detailed above. Actual results of sold properties are compared to valuations to identify potential issues.

In January 2023 a Property Review process commenced and this exercise will include reviewing the book value of each property, in addition to an impairment review and whether the property is in the right location or remains fit for purpose.

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

<b>3. INCOME FROM DONATIONS AND LEGACIES</b>	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
Parish contributions	9,556	9,593
Archbishops' Council	2,448	4,153
Other	554	591
	<u>12,558</u>	<u>14,337</u>
<b>4. PARISH CONTRIBUTION</b>	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
Current year apportionment requested	10,778	11,124
Additional Voluntary Contribution	4	15
Less share written off not provided for	(684)	(570)
Less increase in provision for doubtful debts	(82)	(342)
Net figure before Parish Support (page 8 & page 23)	<u>10,016</u>	<u>10,227</u>
<b>Provision for doubtful debts</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Total share arrears as at 31 December	2,234	2,886
Arrears received in January	(129)	(205)
Provision at year end	<u>2,105</u>	<u>2,681</u>
Provision for doubtful debts as at 1 January	2,681	2,655
Written off in the year	(658)	(316)
	<u>2,023</u>	<u>2,339</u>
Increase in provision for doubtful debts in the year	<u>82</u>	<u>342</u>
<b>5. ARCHBISHOP'S COUNCIL</b>	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
Low Income Communities	2,014	2,045
Resourcing Ministerial Education	169	278
National Cost of Heating	-	729
Sustainability Funding	-	460
Strategic Development Funding	169	611
Other	96	30
	<u>2,448</u>	<u>4,153</u>

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

<b>6. OTHER DONATIONS</b>	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
All Churches Trust	204	226
Walter Stanley Trust	107	99
Other donations	112	126
Legacy	6	16
Education	118	68
St Chad's Retreat Centre	3	51
Mercian Community Trust	4	44
	<u>554</u>	<u>630</u>
	<u><u>554</u></u>	<u><u>630</u></u>
<b>7. CHARITABLE ACTIVITIES</b>	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
Statutory fees	858	1,010
Chaplaincy income	122	141
Guaranteed annuities	1	1
Conferences and Related Fees	104	29
Education	180	116
St Chad's Retreat Centre	355	322
Mercian Community Trust	113	129
	<u>1,733</u>	<u>1,748</u>
	<u><u>1,733</u></u>	<u><u>1,748</u></u>
<b>8. OTHER TRADING ACTIVITIES</b>	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
Housing income	736	565
Parish services	40	26
St Chad's Retreat Centre	56	-
	<u>832</u>	<u>591</u>
	<u><u>832</u></u>	<u><u>591</u></u>
<b>9. INVESTMENT INCOME</b>	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
Rents receivable	304	270
Dividends receivable	1,291	1,180
Interest receivable	262	66
St Chad's Retreat Centre	1	1
Mercian Community Trust	16	6
	<u>1,874</u>	<u>1,523</u>
	<u><u>1,874</u></u>	<u><u>1,523</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**10. OTHER INCOME**

	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
(Loss)/Gains on sale of assets	140	(22)
Pension Gains on Revaluations	-	358
Previous Years Grants Written Back	-	10
Closed Churches - recovery of costs	99	-
Transforming Communities Together Transfer – Funds Introduced	5	-
Funds Introduced – Beheshtion	8	-
Board of Education Transfer – Funds Introduced	-	9,406
	<u>252</u>	<u>9,752</u>

**11. RAISING FUNDS**

	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
Agents fees	174	116
Rental costs	183	121
	<u>357</u>	<u>237</u>

**12. OTHER EXPENDITURE**

	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
Extra-ordinary costs relating to Pensions	-	3

**13. CHARITABLE ACTIVITIES**

	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
<b>Contribution to Archbishops' Council</b>		
Training for Ministry	432	432
National Church responsibilities	297	301
Agency Pension Contributions	14	18
Retired Clergy Housing Costs	171	163
Pooling of Candidates Grants	80	124
	<u>994</u>	<u>1,038</u>
<b>Resourcing Ministry and Mission</b>		
<b>Parish Ministry</b>		
Stipends and related costs	7,351	7,678
Pensions	1,320	1,597
Housing costs	3,016	2,571
Removal, resettlement Grants	368	145
Other expenses	1,337	1,116
	<u>13,392</u>	<u>13,107</u>

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**13. CHARITABLE ACTIVITIES (continued)**

	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
<b>Support for Ministry</b>		
Support for Ministry	3,378	3,658
St Chad's Retreat Centre	425	303
Mercian Community Trust	210	201
	<u>4,013</u>	<u>4,162</u>
<b>Expenditure on Education</b>		
Education	761	371
	<u>761</u>	<u>371</u>
<b>Total</b>	<u>19,160</u>	<u>18,678</u>

**14. ANALYSIS OF SUPPORT COSTS**

	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
Central administration	1,501	1,334
Support schools	761	370
Governance		
- Audit	30	28
- Registrar and chancellor	141	129
- Synodical costs	32	9
	<u>2,465</u>	<u>1,870</u>

**15. ANALYSIS OF EXPENDITURE INCLUDING SUPPORT COSTS**

	<b>Activities Undertaken £'000</b>	<b>Grants 2023 £'000</b>	<b>Support 2023 £'000</b>	<b>Total 2023 £'000</b>
<b>2023</b>				
Raising funds	357	-	-	357
Charitable activities	-	994	-	994
Resources parish summary	14,237	703	2,465	17,405
Education	661	100	-	761
Other	-	-	-	-
	<u>15,255</u>	<u>1,797</u>	<u>2,465</u>	<u>19,517</u>

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**ANALYSIS OF EXPENDITURE INCLUDING SUPPORT COSTS**  
**2022 – Comparative**

	<i>Activities Undertaken £'000</i>	<i>Grants 2022 £'000</i>	<i>Support 2022 £'000</i>	<i>Total 2022 £'000</i>
<b>2022</b>				
<i>Raising funds</i>	237	-	-	237
<i>Charitable activities</i>	-	1,038	-	1,038
<i>Resources parish summary</i>	14,477	923	1,870	17,270
<i>Education</i>	370	-	-	370
<i>Other</i>	3	-	-	3
	<u>15,087</u>	<u>1,961</u>	<u>1,870</u>	<u>18,918</u>
	=====	=====	=====	=====

**16. STAFF COSTS**

	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Employee costs were as follow:</b>		
Wages and salaries	1,939	1,667
Social security costs	186	167
Other pension costs	225	220
	<u>2,350</u>	<u>2,054</u>
	=====	=====

The wages and salaries include termination costs of £2,570 (2022: Nil)

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

	<b>2023 No.</b>	<b>2022 No.</b>
Management and administration	26	26
Archdeacons and Bishop's support staff	9	9
Central sector ministers/advisers and support staff	29	27
St Chad's Retreat Centre	4	4
Mercian Community Trust	1	2
	<u>69</u>	<u>68</u>
	=====	=====

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

	<b>2023 No.</b>	<b>2022 No.</b>
£60,000 - £70,000	-	1
£70,000 - £80,000	1	1
£80,000 - £90,000	1	1
	<u>2</u>	<u>3</u>
	=====	=====

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**16. STAFF COSTS (continued)**

Parochial stipendiary clergy are not employees of the Lichfield Diocesan Board of Finance and therefore their stipends, pensions and social security costs are not included in this note.

**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2022 they were:

Diocesan Secretary and Company Secretary	Mrs J Jones
Director of Finance	Mr J Hill
Director of Education	Mrs C Shaw (to April 2023)
Director of Education	Mr M Davis (from September 2023)
Director of Communications	Mr P Bate

Remuneration, National Insurance and pensions for these 5 (2022:4) employees amounted to £319,487 (2022: £343,246).

**Trustees' emoluments**

No Trustee received any remuneration for services as Trustee, 18 trustees (2022: 11 trustees) received travelling and out of pocket expenses, totalling £32,471 (2022: £19,334) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

**Trustees expenses by stipend and housing detail**

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the LDBF during the year:

		<b>Housing</b>	<b>Stipend</b>
The Rt. Rev. Michael Igrave	Bishop of Lichfield	No	No
The Rt. Rev. Sarah Bullock	Bishop of Shrewsbury	Yes	No
The Rt. Rev. Matthew Parker	Bishop of Stafford	Yes	No
The Rt. Rev. Clive Gregory	Bishop of Wolverhampton	Yes	No
The Rt. Rev. Paul Thomas	Bishop of Oswestry	No	No
The Very Rev. Adrian Dorber	Dean of Lichfield	No	No
The Ven. Dr Susan Weller	Archdeacon of Lichfield	No	Yes
The Ven. Paul Thomas	Archdeacon of Salop	Yes	Yes
The Ven. Dr Megan Smith	Archdeacon of Stoke	Yes	Yes
The Ven. Julian Francis	Archdeacon of Walsall	No	Yes
The Rev Preb Ben Whitmore	Chair, House of Clergy	Yes	Yes
The Rev Preb Michael Metcalf	Chair, Board of Education	No	No
The Rev Matthew Beer		Yes	Yes
The Rev Philip. Cansdale		Yes	Yes
The Rev. Julia Cody		Yes	Yes
The Revd Preb Brian Leathers		Yes	Yes

The LDBF is responsible for funding via the Church Commissioners stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The LDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the Area Bishops but excluding Diocesan Bishop and Cathedral staff.

In 2023 two trustee made donations to the Board, totalling £2,813. In 2022, two trustee made donations to the Board totalling £2,925.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**16. STAFF COSTS (continued)**

**Stipends cost note**

The LDBF paid an average of 224 (2022: 239) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	6,155	6,308
National insurance contributions	499	515
Pension costs - current year	1,636	2,014
- deficit reduction	-	258
	<hr/>	<hr/>
	8,290	9,095
	<hr/>	<hr/>

The stipend figure above includes Settlement Costs of £111,320 paid in 2023 (2022: £99,170).

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



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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**17. ANALYSIS OF TRANSFERS BETWEEN FUNDS**  
**2023**

	<b>General Unrestricted Funds £'000</b>	<b>Designated Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>
Investment income towards General Costs	783	(7)	(435)	(341)
Education Investment Income costs	-	-	5	(5)
Transfer of House Sale Proceeds	-	-	-	-
Transfer to finance Common Fund Transition	460	-	(460)	-
Transfer of Property Classification	-	-	-	-
Transfer of Property Costs	-	-	-	-
Support costs for Safeguarding	19	-	-	(19)
Ordination Fund supporting Training Costs	24	-	(24)	-
Transfer of Total Unapplied Return	500	-	-	(500)
Supporting Spiritual Direction Course	-	3	(3)	-
	<u>1,786</u>	<u>(4)</u>	<u>(917)</u>	<u>(865)</u>

**ANALYSIS OF TRANSFERS BETWEEN FUNDS**  
**2022 – Comparative**

	<b>General Unrestricted Funds £'000</b>	<b>Designated Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>
<i>Investment income towards General Costs</i>	<i>821</i>	<i>(8)</i>	<i>(427)</i>	<i>(386)</i>
<i>Education Investment Income costs</i>	<i>-</i>	<i>-</i>	<i>2</i>	<i>(2)</i>
<i>Transfer to finance Share Support</i>	<i>30</i>	<i>-</i>	<i>(30)</i>	<i>-</i>
<i>Transfer re Clergy Pensions deficit payments</i>	<i>(258)</i>	<i>-</i>	<i>-</i>	<i>258</i>
<i>St Chads Retreat Centres</i>	<i>(1,666)</i>	<i>-</i>	<i>1,666</i>	<i>-</i>
<i>Mercian Community Trust</i>	<i>(8)</i>	<i>-</i>	<i>8</i>	<i>-</i>
	<u><i>(1,081)</i></u>	<u><i>(8)</i></u>	<u><i>1,219</i></u>	<u><i>(130)</i></u>

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

<b>18. TANGIBLE FIXED ASSETS</b>	<b>Freehold land</b>	<b>Leasehold</b>	<b>Office</b>	
<b>Group</b>	<b>and building</b>	<b>land</b>	<b>Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>and building</b>	<b>£'000</b>	<b>£'000</b>
		<b>£'000</b>		
<b>Cost or valuation</b>				
At 1 January 2023	127,965	1,427	944	130,336
Additions	651	82	185	918
Disposals	(595)	-	(48)	(643)
Revaluation surplus/(deficit)	(3,495)	-	-	(3,495)
At 31 December 2023	124,526	1,509	1,081	127,116
<b>Depreciation</b>				
At 1 January 2023	-	101	747	848
Charge for the year	-	61	81	142
On disposals	-	-	(22)	(22)
At 31 December 2023	-	162	806	968
<b>Net book value</b>				
At 31 December 2023	124,527	1,347	275	126,148
At 31 December 2022	127,966	1,326	196	129,488
<b>Company</b>	<b>Freehold</b>	<b>Leasehold</b>	<b>Office</b>	
	<b>Land and</b>	<b>Land and</b>	<b>Equipment</b>	<b>Total</b>
	<b>building</b>	<b>building</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
At 1 January 2023	126,199	1,427	906	128,532
Additions	651	82	185	918
Disposals	(595)	-	(41)	(636)
Revaluation surplus/(deficit)	(3,445)	-	-	(3,445)
At 31 December 2023	122,810	1,509	1,050	125,369
<b>Depreciation</b>				
At 1 January 2023	-	101	738	839
Charge for the year	-	61	75	136
On disposals	-	-	(21)	(21)
At 31 December 2023	-	162	792	954
<b>Net book value</b>				
At 31 December 2023	122,810	1,347	258	124,415
At 31 December 2022	126,199	1,326	168	127,693

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

19.	FIXED ASSET INVESTMENTS	Agricultural Land £'000	Residential property £'000	Listed Investments £'000	Total £'000
	Group				
	Market value				
	At 1 January 2023	16,148	4,869	37,792	58,809
	Additions	-	-	4,281	4,281
	Disposals	-	-	(7,585)	(7,585)
	Transfers/Reclassification	-	-	-	-
	Revaluations	-	(139)	2,553	2,414
	At 31 December 2023	16,148	4,730	37,041	57,919
	Historical cost	3,838	935	22,669	27,442
	Company				
	Market value				
	At 1 January 2023	16,148	4,869	37,760	58,777
	Additions	-	-	4,281	4,281
	Disposals	-	-	(7,585)	(7,585)
	Transfer (Education)	-	-	-	-
	Revaluations	-	(139)	2,555	2,416
	At 31 December 2023	16,148	4,730	37,011	57,889
	Historical cost	3,838	935	22,669	27,442

	At 1 January		Transfer	Change in Market	At 31 December
Group	2023 £'000	Additions £'000	Disposals £'000	£'000	2023 £'000
Unrestricted funds					
Unlisted investments	2,879	105	(49)	-	173
Investment properties	264	-	-	-	(7)
	3,143	105	(49)	-	166
Restricted funds					
Unlisted investments	25,131	4,176	(4,921)	-	498
Investment properties	1,368	-	-	-	(39)
	26,499	4,176	(4,921)	-	459
Endowment funds					
Unlisted investments	9,782	-	(2,615)	-	1,882
Investment Properties	3,237	-	-	-	(93)
Land investments	16,148	-	-	-	-
	29,167	-	(2,615)	-	1,789
Total	58,809	4,281	(7,585)	-	2,414

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**19. FIXED ASSETS INVESTMENTS (continued)**

Company	At 1 January				Change in Market	At 31 December
	2023 £'000	Additions £'000	Disposals £'000	Transfer £'000	Value £'000	2023 £'000
<b>Unrestricted funds</b>						
Unlisted investments	2,879	105	(49)	-	173	3,108
Investment properties	264	-	-	-	(7)	257
	<u>3,143</u>	<u>105</u>	<u>(49)</u>	<u>-</u>	<u>166</u>	<u>3,365</u>
<b>Restricted funds</b>						
Unlisted investments	25,098	4,176	(4,921)	-	501	24,854
Investment properties	1,368	-	-	-	(39)	1,329
	<u>26,466</u>	<u>4,176</u>	<u>(4,921)</u>	<u>-</u>	<u>462</u>	<u>26,183</u>
<b>Endowment funds</b>						
Unlisted investments	9,783		(2,615)	-	1,881	9,049
Investment Properties	3,237	-	-	-	(93)	3,144
Land investments	16,148	-	-	-	-	16,148
	<u>29,168</u>	<u>-</u>	<u>(2,615)</u>	<u>-</u>	<u>1,788</u>	<u>28,341</u>
<b>Total</b>	<u><u>58,777</u></u>	<u><u>4,281</u></u>	<u><u>(7,585)</u></u>	<u><u>-</u></u>	<u><u>2,416</u></u>	<u><u>57,889</u></u>

**20. DEBTORS**

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Due after more than one year</b>				
Secured Charge on Property	6	6	6	6
Loans	674	729	687	763
	<u>680</u>	<u>735</u>	<u>693</u>	<u>769</u>
<b>Due within one year</b>				
Parish Contributions (net of provision)	66	102	66	102
Amounts owed by group undertakings	-	-	134	215
Assigned fees	100	165	100	165
Loans	91	255	124	284
Prepayments	420	448	420	448
Recharges	74	143	74	143
Development Fund Bids	198	-	198	-
Parish Donations Paid in Advance	-	180	-	180
Legacy	-	16	-	16
Church Commissioners – Diocesan Debtors	248		248	
Other Debtors	577	473	523	395
	<u>1,774</u>	<u>1,782</u>	<u>1,887</u>	<u>1,948</u>

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

20. DEBTORS (continued)	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Loans</b>				
<b>Due in under one year</b>				
Staff loans	16	16	16	16
Clergy loans	5	6	5	6
Cathedral	-	50	-	50
Loans to Parishes	70	183	103	212
	<u>91</u>	<u>255</u>	<u>124</u>	<u>284</u>
<b>Due in more than one year</b>				
Staff loans	30	35	30	35
Clergy loans	15	16	15	16
Loans to the Cathedral	-	-	-	-
Loans to Parishes	635	678	648	712
	<u>680</u>	<u>729</u>	<u>693</u>	<u>763</u>
<b>Total</b>	<u>771</u>	<u>984</u>	<u>817</u>	<u>1,047</u>
			<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Provision for doubtful debt</b>				
Parish Contributions			2,105	2,681
Diocesan Loan Fund			352	352
Sundry sales accounts			5	5
			<u>2,462</u>	<u>3,038</u>

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

21. CREDITORS: amounts falling due within one year	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans from Church Commissioners – CCLA	-	50	-	50
Payments received on account	-	-	-	-
Trade creditors	1,412	1,579	1,142	1,414
Amounts owed to group undertakings	-	-	-	-
Deferred Expenditure Grants	308	143	308	143
Other taxation and social security	-	66	-	66
Schools Condition Allocation	922	987	922	987
Accruals	175	289	175	289
	<u>2,817</u>	<u>3,114</u>	<u>2,547</u>	<u>2,949</u>
	<u><u>2,817</u></u>	<u><u>3,114</u></u>	<u><u>2,547</u></u>	<u><u>2,949</u></u>
22. CREDITORS: amounts falling due after more than one year	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans from Church Commissioners – Value				
Linked loans	247	247	247	247
DBS pension	-	-	-	-
	<u>247</u>	<u>247</u>	<u>247</u>	<u>247</u>
	<u><u>247</u></u>	<u><u>247</u></u>	<u><u>247</u></u>	<u><u>247</u></u>

**CCLA - value linked loans**

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2023 the Board had no intention of disposing of any of those properties funded via VLLs.

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**23. 2023: STATEMENT OF FUNDS**

Group Only	Brought Forward £'000	Income & Pensions £'000	Expenditure £'000	Transfers in/out £'000	Gains/ (losses) £'000	Carried Forward £'000
<b>Designated funds</b>						
Projects & Events	14	50	(10)	4	-	58
DBF Designated houses	11,714	8	(26)	(7)	(408)	11,281
	<u>11,728</u>	<u>58</u>	<u>(36)</u>	<u>(3)</u>	<u>(408)</u>	<u>11,339</u>
<b>General funds</b>						
General	4,046	14,213	(16,724)	1,785	174	3,494
	<u>4,046</u>	<u>14,213</u>	<u>(16,724)</u>	<u>1,785</u>	<u>174</u>	<u>3,494</u>
<b>Total unrestricted funds</b>	<u>15,774</u>	<u>14,271</u>	<u>(16,760)</u>	<u>1,282</u>	<u>(234)</u>	<u>14,833</u>
<b>Endowment funds</b>						
Diocesan Stipends Fund	60,932	335	(136)	(844)	(277)	60,010
Endowment & Gift	508	16	-	(16)	46	554
Education	143	5		(5)	11	154
	<u>61,583</u>	<u>356</u>	<u>(136)</u>	<u>(365)</u>	<u>(220)</u>	<u>60,718</u>
<b>Restricted funds</b>						
Property reserve	4,104	-	-	-	(82)	4,022
Restricted Trust Reserve	6,905	203	(33)	(136)	405	7,344
Benefice Houses	77,389	-	-	-	(2,205)	75,184
Pastoral Fund	9,238	523	(167)	(259)	477	9,812
Diocesan Loan Fund	2,066	26	-	-	-	2,081
Clergy Widows & Orphans	1,137	35	(53)	-	106	1,225
Interior decoration scheme	466	29	(2)	-	43	536
Lent appeal	-	1	(20)	-	-	1
Ordination	90	14	(7)	(24)	7	80
Parish Mission Project	58	7	-	-	7	69
Misc. Projects	154	9	(2)	(3)	(25)	133
Resourcing the Future	4,120	69	(121)	(474)	287	3,881
Res Ministerial Education	152	169	(155)	-	-	166
Direction of Travel	40	-	(5)	-	-	35
Telford Minster (SDF)	128	215	(515)	(26)	-	(198)
Harrison Legacy Fund	551	25	(22)	-	-	554
Board of Education	8,993	701	(648)	5	408	9,459
National Heating Grants	264	-	(227)	-	-	37
Cresswell Care Legacy	16	7	-	-	-	23
Beheshtion	-	9	-	-	-	9
Net Zero Carbon	-	15	-	-	-	15
Innovative Funding	-	30	(30)	-	-	-
St Chad's Retreat Centre	1,831	413	(425)	-	(50)	1,769
Mercian Community Trust	338	133	(209)	-	(2)	260
	<u>118,040</u>	<u>2,622</u>	<u>(2,621)</u>	<u>(917)</u>	<u>(627)</u>	<u>116,497</u>
<b>Total funds</b>	<u>195,397</u>	<u>17,249</u>	<u>(19,517)</u>	<u>-</u>	<u>(1,081)</u>	<u>192,048</u>

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

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**STATEMENT OF FUNDS**

**2022 Comparative**

	<b>Brought Forward £'000</b>	<b>Income &amp; Pensions £'000</b>	<b>Expenditure £'000</b>	<b>Transfers in/out £'000</b>	<b>Gains/ (losses) £'000</b>	<b>Carried Forward £'000</b>
<b>Designated funds</b>						
Projects & Events	37	11	(34)	-	-	14
DBF Designated houses	10,931	9	(22)	(8)	804	11,714
	<u>10,968</u>	<u>20</u>	<u>(56)</u>	<u>(8)</u>	<u>804</u>	<u>11,728</u>
<b>General funds</b>						
General	5,707	14,360	(16,276)	593	(338)	4,046
St Chad's Retreat Centre	1,666	-	-	(1,666)	-	-
Mercian Community Trust	8	-	-	(8)	-	-
	<u>7,381</u>	<u>14,360</u>	<u>(16,276)</u>	<u>(1,081)</u>	<u>(338)</u>	<u>4,046</u>
<b>Total unrestricted funds</b>	<u>18,349</u>	<u>14,380</u>	<u>(16,332)</u>	<u>(1,089)</u>	<u>466</u>	<u>15,774</u>
<b>Endowment funds</b>						
Diocesan Stipends Fund	54,388	382	(86)	(370)	6,618	60,932
Endowment & Gift	579	16	-	(16)	(71)	508
Clergy pensions	(442)	184	-	258	-	-
Education	-	158	-	(2)	(13)	143
	<u>54,525</u>	<u>740</u>	<u>(86)</u>	<u>(130)</u>	<u>6,534</u>	<u>61,583</u>
<b>Restricted funds</b>						
Property reserve	3,937	-	-	-	167	4,104
Restricted Trust Reserve	7,525	196	(10)	(140)	(666)	6,905
Benefice Houses	72,911	-	-	-	4,478	77,389
Pastoral Fund	10,410	292	(139)	(283)	(1,042)	9,238
Diocesan Loan Fund	2,060	6	-	-	-	2,066
Clergy Widows & Orphans	1,305	35	(50)	-	(153)	1,137
Interior decoration scheme	537	24	(5)	-	(90)	466
Lent appeal	15	5	(20)	-	-	-
Ordination	98	10	(8)	-	(10)	90
Parish Mission Project	61	1	-	-	(4)	58
Misc. Projects	153	3	(2)	-	-	154
Resourcing the Future	4,276	515	(223)	(4)	(444)	4,120
Res Ministerial Education	129	278	(255)	-	-	152
Direction of Travel	62	-	(22)	-	-	40
Telford New Minster (SDF)	10	652	(504)	(30)	-	128
Harrison Legacy Fund	545	6	-	-	-	551
Board of Education	-	9,546	(293)	2	(262)	8,993
National Heating Grants	-	729	(465)	-	-	264
Cresswell Care Legacy	-	16	-	-	-	16
St Chad's Retreat Centre	31	376	(337)	1,666	95	1,831
Mercian Community Trust	321	180	(167)	8	(4)	338
	<u>104,386</u>	<u>12,870</u>	<u>(2,500)</u>	<u>1,219</u>	<u>2,065</u>	<u>118,040</u>
<b>Total funds</b>	<u><u>177,260</u></u>	<u><u>28,080</u></u>	<u><u>(18,918)</u></u>	<u><u>-</u></u>	<u><u>9,065</u></u>	<u><u>195,397</u></u>



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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**Designated funds**

**1. Projects & Events**

This group of funds covers unrestricted funds set aside for various projects and events within the diocese. These included, Vacancy in See contingencies, accumulated funds towards the next Lambeth Conference, Swanwick, the Chairman's Fund (for clergy holidays) and a variety of specific areas of work that are due to either take place or be completed in later years, funded from Budget surpluses in previous years.

**2. DBF Designated Houses Fund**

The fund is represented by property purchased from Unrestricted Funds, including providing housing for deserted clergy spouses. There are twelve properties in this class, of which the fund has less than 50% interest in six properties, four of which are wholly owned by the Church Commissioners via an Equity Sharing Loan. Details of the Loan Agreements are shown under Accounting Policies Section 2b.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**23. STATEMENT OF FUNDS (continued)**

**Restricted Funds**

**1. Property Reserve**

This fund derives from historical Pastoral Schemes, where property has been transferred to the DBF, but within it there are clauses pursuant to the relevant section of the Pastoral Measure. Consequently, any sale proceeds may be subject to various restrictions.

**2. Restricted Trust Reserve**

This fund originates from Trust funds, either left direct to the Board of Finance, or vested in the Diocesan Authority and wound up under the Charities Act 2011. The main purpose is to support the diocesan Budget towards stipend costs; however, some are specific to support areas of work within the Diocese or parishes.

**3. Benefice Property**

This fund only contains Benefice Property - Vicarages etc. for Incumbents and Team Rectors. When a property is sold, the proceeds are transferred to the Pastoral Fund. When a property is purchased, the funds are transferred from the Pastoral Fund Account back into this fund.

**4. Pastoral Fund (Restricted Fund)**

Under the Pastoral Measure 1983 section 78(3), dioceses are allowed to use this fund for the repair of parsonage houses and for the payment of clergy stipends. It is the Board's policy to apply the fund as follows:

- Invest liquid assets, the income from which will support the Common Fund;
- Retain the balance to cover expenditure for other liabilities of the Pastoral Fund such as redundant churches' costs and the purchase of new houses for clergy.

**5. Diocesan Loan Fund**

The fund originates from the Diocesan Bishop's Million Shilling Fund at the turn of the 20th Century. The funds are made available to be loaned out to parishes to assist with the cost of church buildings. No grants are permitted from this fund, solely loans that are charged at a Variable Debit Rate of 1% above that earned on CBF Deposit. The rates and terms of the loans are governed and overseen by the Resourcing Parish Mission Committee (previously Parish Projects and Loans Committee to 31 December 2016).

**6. Clergy Widows and Orphans**

The fund derives from numerous legacies. Only the income can be used to support Widows and Dependent Children of deceased clergy. The income may also be used to support clergy infirmed or disabled. Initial grants are traditionally given at the time of the clergy person's death and the widows and dependents are supported further by annual Christmas grants.

**7. Interior Decoration Scheme**

The fund is designed to assist parishes in meeting the costs of internal decoration of either Benefice or Glebe Houses. The parishes are requested to contribute £250 per annum, and provided the money remains in the possession of the fund for 12 months, a bonus of 25% is awarded.

**8. Lent Appeal**

Each year the Diocesan Bishop launches his Lent Appeal across the diocese. The donations received in the year are awarded to specific areas of work specified at the time of the launch. Historically 50% of the donations are used for Local projects in the diocese and 50% to Overseas Mission.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**23. STATEMENT OF FUNDS (continued)**

**Restricted Funds**

**9. Ordination Candidates Fund**

This fund supports the training of Ordinands in the diocese. Each year the surplus in the fund is transferred to the Unrestricted Training Budget to assist with the costs. The donations arrive from collections at Licensing and Confirmation services and are shared between this fund and local projects once the costs of the service have been met.

**10. Church Mission**

The fund was created by the World Mission officer in 2001 - to help support parish overseas and mission projects. The fund gives grants to assist with projects and receives donations from participating parishes.

**11. Miscellaneous Projects (Restricted)**

The fund derives from donations or grants to support specific areas of work, including Evangelism & Discipleship, Newchapel Hub, Ministry @ Work and Lichfield Theological Forum.

**12. Resourcing The Future (RTF)**

This includes identified restricted surplus funds that are being invested to generate income to support Mission Orientated Projects in future years. The concept is the fund (including the designated RTF) will raise sufficient capital to help generate approx. £350,000 per annum with effect from January 2025. This income will be used to support Mission, potential Pension liabilities and any short-term additional deployment in future years.

**13. Direction of Travel**

The fund represents restricted funds from the National Church under Transitional Funding that supports four main Mission Initiatives in the Diocese as well as some miscellaneous projects or Areas of work that promote the Bishops First Steps and Direction of Travel across the Diocese under Come Follow Christ in the footsteps of St Chad.

**14. Telford New Minster – SDF Bid**

This fund represents the first Diocesan Strategic Funding Bid from the National Church. The new Telford Minster is a new Church based at Meeting Point House and will serve the Telford Deanery and wider diocese. Whilst a negative reserve, once the initial five years are complete, the Pastor\l fund will underwrite any negative reserve.

**15. Resourcing Ministerial Education**

This fund represents grants received and paid in furthering the Education in Ordinands. This new initiative which was piloted in the Diocese in the previous years is part of the strategy between the National Church and the Theological Training establishments in supporting Ordinands in Training.

**16. Irene and Philip Harrison Legacy Fund**

A legacy received in 2021 that is to be restricted for use in the Stoke and Leek Deaneries for purposes specified within the terms of the Will.

**17. St Chads Retreat Centre**

The fund represents restricted funds for Development and Mission work Shallowford House. On 01 January 2022, Dovedale House was transferred to the Mercian Community Trust, see Note 18.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**18. Mercian Community Trust**

The fund represents restricted funds for Projects and also the Diocesan Community Fund. The Diocesan Community Fund awards grants for communities within the Diocese that have a high level of deprivation. Also under the Mercian Community Trust is the Telford Christians Against Poverty project at Wellington All Saints. Dovedale House was transferred to the Mercian Community Trust on 01 January 2022 from St Chads Retreat Centre.

In addition to the Restricted Funds, the Board also has three Endowment Funds as follows: -

**19. Board of Education**

On 01 June 2022, under the Education Measure 2021, the Board of Education ceased to be a separate entity and the finances merged into the Board of Finance. The Education funds are treated as restricted as the fund can only be used for Educational Purposes. The fund also has restrictions on some of the funds for specific education purposes.

**Endowment & Gift Fund**

The fund originates from anonymous donations in 1955. The fund was set up as an Endowment to support the furtherance of the charitable objectives of the Board and as a result the income generated in the year is transferred to the Unrestricted Funds. Although the fund is an endowment there are terms and conditions which allow the capital to be spent in the same manner as the income. However, the Board's policy is to retain the capital in investments for the time being to generate income to support the overall work of the Board.

**Diocesan Stipends Fund (Restricted)**

In accordance with the Diocesan Stipends Fund Measure 1953, as amended by Section 9, 35(1) and (2), 47 (4) and schedule 8 of the Endowments and Glebe Measure 1976, and various other later Measures, the reserves in the Diocesan Stipends Fund (or Stipends Capital) must be retained, with the income made available towards meeting the cost of the clergy stipends in the year. Therefore, the income generated assists with reducing the burden on the parishes through the amount required in Parish Contributions.

This fund is also used for purchasing Curates Houses and Team Vicarages, and it receives the proceeds of sales of any Glebe Land.

**24. 2023: GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Endowment Funds £'000</b>	<b>2023 Total Funds £'000</b>
Tangible fixed assets	13,921	81,534	30,693	126,148
Fixed asset investments	3,365	26,212	28,342	57,919
Debtors due after more than 1 year	51	629	-	680
Current assets	(1,412)	10,073	1,704	10,365
Creditors due within one Year	(845)	(1,951)	(21)	(2,817)
Creditors due in more than one year	(247)	-	-	(247)
	<u>14,833</u>	<u>116,497</u>	<u>60,718</u>	<u>192,048</u>

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**24. 2022: GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<i>Unrestricted Funds £'000</i>	<i>Restricted Funds £'000</i>	<i>Endowment Funds £'000</i>	<i>2022 Total Funds £'000</i>
<i>Tangible fixed assets</i>	14,201	83,899	31,388	129,488
<i>Fixed asset investments</i>	3,143	26,498	29,168	58,809
<i>Debtors due after more than 1 year</i>	56	679	-	735
<i>Current assets</i>	(328)	9,026	1,028	9,726
<i>Creditors due within one Year</i>	(1,051)	(2,062)	(1)	(3,114)
<i>Creditors due in more than one year</i>	(247)	-	-	(247)
	<u>15,774</u>	<u>118,040</u>	<u>61,583</u>	<u>195,397</u>
	=====	=====	=====	=====

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

	<b>2023 £'000</b>	<b>2022 £'000</b>
Net income for the year (as per Statement of financial activities)	(3,349)	18,137
<b>Adjustment for:</b>		
Depreciation charges	142	58
Dividends, interest and rents from investments	(1,874)	(1,522)
Revaluation Gains/(Losses) on fixed assets and investments	1,081	(9,064)
Education Cash & Equivalents	-	(6,083)
Loss/(profit) on the sale of fixed assets	(140)	22
Decrease/(Increase) in debtors	63	136
Increase/(decrease) in creditors	(297)	431
<b>Net cash used in operating activities</b>	<u>(4,374)</u>	<u>2,115</u>
	=====	=====

**26. ANALYSIS OF GROUP CASH AND CASH EQUIVALENTS**

	<b>2023 £'000</b>	<b>2022 £'000</b>
Cash in hand	8,591	7,944
	<u>8,591</u>	<u>7,944</u>
	=====	=====

**27. RELATED PARTY TRANSACTIONS**

In respect of St Chads Retreat Centres, the Charity uses the centres on an occasional basis for continuing work activities. The amounts are minimal and paid for at normal commercial rates. However, there are three loans from the Board to St Chads Retreat Centres totalling £33,164 as at 31 December 2023 (2022:- £59,147). There are no transactions between the Board and the Mercian Community Trust. There were no other related party transactions in the current year or the previous year.

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**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**28. CAPITAL COMMITMENTS**

On 31 December 2023 – the Group and Company had no capital commitment. The commitment as at the end of 2022 year was £NIL.

**29. PENSION COMMITMENTS**

The Lichfield Diocesan Board of Finance participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the Church of England Funded Pensions Scheme for stipendiary clergy. The other is the Church Workers Pension Fund. The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

These schemes are multi-employer last man standing defined benefit pension schemes for which the DBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. For multi-employer schemes where this is the case, paragraph 28.11 of FRS102 requires the DBF to account for pension costs on the basis of contributions actually payable to the scheme in the year and, where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit for the DBF. A valuation of each scheme is carried out once every three years.

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

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

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year 2022: £1.636M (2022: £2.014M), plus the figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022: £0.258M).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 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% per annum
- 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 allowances for improvement in mortality cover rates in line with the CMI 2020 extended model with a long-term annual rate of improvement of 1.50%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% per Annum and an allowance for 2020 data of 0% (i.e. w2020=0%)

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**29. PENSIONS COMMITMENT (continued)**  
**Church of England Funded Pensions Scheme (CEFPS) (continued)**

Following the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	<b>% of pensionable stipends</b>
31 December 2021	7.1% payable January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. 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.

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Balance sheet liability at 1 January	-	442,000
Deficit contribution paid	-	(258,000)
Interest cost (recognised in SOFA)	-	-
Remaining change to the balance sheet liability* (recognised in (SOFA))	-	(184,000)
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	-
	<hr/>	<hr/>

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. 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.

	<b>December 2023</b>	<b>December 2022</b>	<b>December 2021</b>
Discount rate	n/a	n/a	0.0%
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5%

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

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**29. PENSIONS COMMITMENT (continued)**

Lichfield DBF (DBS) participates in the **Defined Benefits Scheme** section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

**Defined Benefits Scheme**

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

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

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

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: £Nil, 2021: £Nil) 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 £Nil for 2023 (2022: £65,000).

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

A valuation of DBS is carried out once every three years. The most recent 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. The calculations for this are under way.

Following the 2019 valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay expenses of £16,000 per year. In addition, deficit payments of £65,378 per year were agreed for 4.50 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers

The movement in the provision is set out below:



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**29. PENSION COMMITMENTS (continued)**  
**Defined Benefits Scheme - continued**

	2023 £	2022 £
Balance sheet liability at 1 January	-	237,000
Deficit contribution paid	-	(65,000)
Interest cost (recognised in SOFA)	-	3,000
Remaining change to the balance sheet liability* (recognised in (SOFA))	-	(175,000)
	<u>          </u>	<u>          </u>
Balance sheet liability at 31 December	<u>          </u>	<u>          </u>

\* 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 2023	December 2022	December 2021
Discount rate	n/a	0.00% pa	1.40% pa

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

**Pension Builder Scheme**

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2023: £241,453, 2022: £237,179).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2019.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**29. PENSION COMMITMENTS (continued)**  
**Pension Builder Scheme (Continued)**

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the 2019 valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time. The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

**30. OPERATING LEASE COMMITMENTS**

The group had no Operating Leases as at the end of 31 December 2023. There were none as at 31 December 2022. All operating equipment is purchased and depreciated in line with the policies set out in note 1.7.

**31. SUBSIDIARY**

<b>Company name</b>	<b>Country</b>	<b>Percentage Holding</b>	<b>Description</b>
St Chad's Retreat Centre Company number: 08922281	England and Wales	100	Operation of Dovedale House and Shallowford House

A summary of the financial activities undertaken by the subsidiary is set out below.

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Income	413	376
Expenditure	(424)	(337)
Net gains/(losses) on investments	(50)	95
<b>Net income</b>	<b>(59)</b>	<b>134</b>
<b>Balance sheet</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Tangible fixed assets	1,730	1,784
Current assets	154	320
Creditors: amounts falling due within one year	(99)	(240)
Creditors: amounts falling due in more than one year	(13)	(33)
<b>Net assets</b>	<b>1,772</b>	<b>1,831</b>
Restricted funds	1,772	1,831
<b>Total funds</b>	<b>1,772</b>	<b>1,831</b>

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31

SUBSIDIARY

<b>Company Name:</b> Mercian Community Trust Company Number 04345177	<b>Country</b> England and Wales	<b>Percentage Holding</b> 100	<b>Description</b> Overseeing Community Projects in the Diocese
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A summary of the financial activities undertaken by the subsidiary is set out below.

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Income	133	180
Expenditure	(209)	(165)
Net gains/(losses) on investments	(2)	(4)
<b>Net income</b>	<u>(78)</u>	<u>11</u>
<b>Balance sheet</b>	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Tangible fixed assets	3	11
Investments	30	33
Current assets	413	548
Creditors: amounts falling due within one year	(186)	(254)
Creditors: amounts falling due in more than one year	-	-
<b>Net assets</b>	<u>260</u>	<u>338</u>
Restricted funds	260	338
Unrestricted funds	-	-
<b>Total funds</b>	<u>260</u>	<u>338</u>

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**32. Application of Total Return Accounting**

The investment power of Total Return permits the Lichfield Diocesan Board of Finance to invest permanently endowed funds of Glebe (Diocesan Stipends) Investments to maximise total return and apply an appropriate portion of the unapplied total return each year to support stipendiary ministry.

Until the power is exercised to transfer a portion of unapplied total return to return to income, the unapplied total return remains part of the permanent endowment fund. In 2023 2% of the value of unapplied total return, i.e. £0.500M was transferred to general funds such that it is set against costs of stipendiary ministry in the year, as determined by the Diocesan Stipends Fund (Amendment) Measure 2016 or incurred on investment management fees. (See Page 10). Net current assets were excluded from this exercise.

As approved by Diocesan Synod in June 2023 the Lichfield Diocesan Board of Finance adopted a total return approach with relations to Glebe Investments (including Land) and Housing following significant consultation with the legal advisers, trustees and auditors over a two year period and in accordance with their advice.

The initial value for implementing total return was determined as at 31 December 2022 and valued at £28.007M.

The policy is split into three different categories, Investments, Housing and Land. In accordance with the wishes of Diocesan Synod a 4% capital growth factor is built into each section.

It was agreed that up to 4% of the Total Unapplied Return may be used in any one year. 2% of the Total Unapplied Return would be used to support Stipendiary Ministry costs in the General Budget; and up to a further 2% to be used to support stipendiary ministry costs on new initiatives and projects especially those projects towards the nine goals as set out in the Trustees Annual Report.

In 2023 £0.500M was transferred to general funds as agreed by Finance and Asset Management Committee. The percentages can be increased with the consent of the Finance and Asset management Committee and authorisation by Bishop's Council.

At the end of 2023 the total amount of Total Unapplied Return was £26.219M.

	Endowment	Unapplied Total Return	Total
	£'000	£'000	£'000
01 Jan 2023	32,925	28,007	60,932
Capital Growth	1,144	(1,144)	-
Revaluation	-	(144)	(144)
Movement in cash & cash equivalents	(278)	-	(278)
Transfer to general funds	-	(500)	(500)
31 Dec 2023	33,791	26,219	60,010

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**33. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (31 DECEMBER 2022)**

	<b>Unrestricted Funds 2022 £'000</b>	<b>Restricted Funds 2022 £'000</b>	<b>Endowment Funds 2022 £'000</b>	<b>Total Funds 2022 £'000</b>
<b>Income and endowments from:</b>				
Parish Contributions	10,227	-	-	10,227
Less Parish Support**	(634)	-	-	(634)
Net Parish Contributions	9,593	-	-	9,593
Archbishops' Council	2,045	2,078	30	4,153
Other donations	395	235	-	630
Other trading activities	591	-	-	591
Investments	415	738	370	1,523
Charitable activities	1,181	567	-	1,748
Other income	160	9,252	340	9,752
<b>Total income and endowments</b>	<b>14,380</b>	<b>12,870</b>	<b>740</b>	<b>27,990</b>
<b>Expenditure on:</b>				
Raising funds	129	25	83	237
Charitable activities	16,200	2,475	3	18,678
Other expenditure	3	-	-	3
<b>Total expenditure</b>	<b>16,332</b>	<b>2,500</b>	<b>86</b>	<b>18,916</b>
<b>Net (expenditure)/income before investment</b>				
Gains	(1,952)	10,370	654	9,072
Net gains on investments and Property	466	2,065	6,534	9,065
<b>Net Income/(Expenditure)</b>	<b>(1,486)</b>	<b>12,435</b>	<b>7,188</b>	<b>18,137</b>
Transfers between funds	(1,089)	1,219	(130)	-
Net movement in funds	(2,575)	13,654	7,058	18,137