

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

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Registered Number: 00239561
Charity Number: 1107827

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FOR THE YEAR ENDED 31 DECEMBER 2024

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CHAIRMAN'S INTRODUCTION

In this, my second Chair's statement, I wish to convey my deep gratitude for the work of the Board in 2024, and for its work before I took up office. That saw us through the fall in income during the pandemic which was the catalyst for dealing with the deteriorating structural imbalance between our income and expenditure.

Now, with our future direction securely based on local mission plans and aligned with the Church of England's national vision, we, the whole diocesan family - clergy, officers, worshippers alike - have a firm basis for our journey forward together. Hearts and minds are increasingly set on following Christ in the footsteps of St Chad with our strategy, 'Seeking the Kingdom' as our guide. Our new-found strategic focus will also need the best financial management in support of both future growth and present survival.

A common focus is a key ingredient in growth plans, and we now have that in our 10 Goals. In addition, we have affirmed the importance of safeguarding work in and with our parishes so that we offer the safest possible welcome in our churches. The recruitment of two more full-time equivalent safeguarding practitioners in 2025, shows our commitment to this as does the planning of our first diocesan safeguarding conference for parish officers. Practise over the last decade is much improved and the Board stands ready to support future arrangements once agreed.

Our work and our finances are built on thankfulness. As the liturgy for collections in church says, "Yours, Lord, is the greatness, the power, the glory, the splendour, and the majesty; for everything in heaven and on earth is yours. All things come from you, and of your own do we give you." I am deeply grateful for each and every person's gift of money to their parish. The portion that is paid to the Common Fund (the rest being spent directly by PCCs on their own mission and maintenance) is the mainstay of DBF funding, supporting every form of ministry in all our parishes. These accounts show that the amount we spend directly on parochial ministry currently exceeds sums paid into the Common Fund. As we seek more vocations and invest in our existing ministers, looking to grow, I am confident that this building up of our parishes will lead to more generosity and greater thankfulness.

The reduction (c£400,000) in Common Fund income this year does not, to me, signal a reduction in generosity. Indeed eleven parishes have gone the 'extra mile' with generosity that looks after others' needs as well as their own, contributing more than the parish share requested. These parishes plus the 85% who have given 100% of their Common Fund request along with those who strained every sinew to give what they could, demonstrate the generosity that sustains the Church of England's ministry in every community in the Black Country, Staffordshire and North Shropshire. This is all the more remarkable considering the strains on household incomes and Lichfield Diocese's position within the five lowest income dioceses for the allocation of national financial support.

I am thankful for the power granted to charitable bodies like the DBF to expend our capital resources on a total return basis which our synod approved in 2023. Access to a controlled portion of growth in our capital funds without 'selling the family silver' is allowing us the time for our strategy to take root and for the rebalancing of expenditure and income. 2024 saw significant capital revaluation and we have used some, but not all, of that so as to encourage further capital growth.

Assessing the level at which capital can prudently be released is one of the many highly skilled tasks performed by the excellent finance team at St Mary's House, led by Finance Director, Jonathan Hill. Preparing these financial statements is another. I am thankful *for* him and his team as well as *to* them. I commend them for helping us to cross the narrow bridge of funding from past challenges to the future opportunities in pursuit of the ten goals of 'Seeking the Kingdom'. This team shows single-minded commitment to supporting our vision and strategy with shrewd financial management.

I must record a final, fulsome note of thanks for Canon Julie Jones' long tenure as Diocesan Secretary. She left the Board in good order, facing the truth and facing the future. We all owe her too our gratitude. I invite you to join me in thanksgiving for all that is in this report and build on the past twelve months into the future to which we are called. God is faithful and he will do it.

David Wright
Chairman
27 May 2025

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REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2024

President	The Bishop of Lichfield,
Chair	Mr D Wright
Vice Chair	The Revd Preb T Bloor **
Ex-Officio	The Bishop of Shrewsbury
	The Bishop of Stafford
	The Bishop of Wolverhampton (Vacant to 15 October 2024)
	The Bishop of Oswestry
	The Dean of Lichfield (Vacant to 21 September 2024)
	The Archdeacon of Lichfield
	The Archdeacon of Salop – (vacant from 26 May 2024 until 04 May 2025)
	The Archdeacon of Stoke-upon-Trent
	The Archdeacon of Walsall – (vacant from 8 May 2024 until 04 May 2025)
	The Revd Preb B Whitmore ** (non Director from 11 January 2025)
	Mr J Wilson (to 23 August 2024) [¶]
	Mrs A Robbie (from 23 August 2024) [¶]
	The Revd Preb M Metcalf
Elected	The Revd M Beer (to 27 September 2024)
	The Revd P Cansdale (to 27 September 2024)
	The Revd J Cody (to 27 September 2024)
	The Revd J Gandon (from 27 September 2024)
	The Revd Preb B Leathers
	The Revd C Precious (from 27 September 2024)
	The Revd D Sims (from 27 September 2024)
	Mrs P Allen
	Mr A Charles
	Mr J Clark (to 27 September 2024)
	Mr S Clifford (from 27 September 2024)
	Mr P Coleman (from 27 September 2024)
	Dr J Fawn (to 27 September 2024)
	Mr C Gill
	Mr P Graetz
	Mrs J Locke
	Mr M Maclean
	Mr R Pithers (to 27 September 2024)
	Mrs L Rawling (to 27 September 2024)
	Mr C Randles (to 27 September 2024)
	Mrs A Robbie (to 23 August 2024) [¶]
	Mr J Wilson (from 24 August 2024) [¶]
	** Non-Director/Trustee
Nominated by the Bishop	The Revd J Lyon (from 6 th February 2025)
	The Rt Revd A Hollinghurst (from 27 March 2025)
Co-opted Member	None as at 31 December 2024
Company Registered Number	00239561
Charity Registered Number	1107827
Registered Office	St Mary's House
	The Close
	Lichfield
	Staffordshire
	WS13 7LD
Chief Executive Officer & Company Secretary	Mrs J Jones BSc FCIPD (to 31 December 2024)
	The Revd Preb T Bloor (Company Secretary from 13 January to 27 th April 2025)
	Mrs S Rushton (from 28 April 2025)
Director of Finance	Mr J R L Hill FCMA CGMA

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REFERENCE AND ADMINISTRATIVE DETAILS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

Independent auditors	HaysMac LLP 10 Queen Street Place London EC4R 1AG
Bankers	Lloyds Bank Plc 22 Conduit Street Lichfield WD13 6JS
Solicitors	FBC Manby Bowdler (Midlands) Ltd 6 – 10 George Street Snow Hill Wolverhampton WV2 4DN
Investment Advisors	CCLA Investment Management Ltd 1 Angel Lane London EC4R 3AB Canaccord Genuity Slip House Princes Drive Worcester WR1 2AB
Surveyors	Mr C Glenn – Internal Diocesan Surveyor Mr S Ray – Maintenance Surveyor & Head of Property Services
Insurers	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 2024

Trustees Annual Report 2024

The Directors, who are also Trustees for the purposes of charity legislation, present their annual report, together with the audited financial statements, for the year ended 31 December 2024.

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 charitable objects of the company are: 'To do all or any of the following things if and so far as allowed by law and observing and performing whatever may be required by law in order to carry out such objects, namely: to promote and assist the work and purposes of the Church of England in the Diocese of Lichfield.'

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 is arranged as four Archdeaconries, in three Episcopal Areas, with a total 27 Deaneries. It comprises 230 benefices, 421 parishes and 549 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 7th 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 2024

OBJECTIVES AND ACHIEVEMENTS FOR THE YEAR

Diocesan Vision

The vision and strategy for the Diocese is based on the principal 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 group to bring all aspects of Diocesan departments together and collaborated with groups all over the Diocese to ensure our vision statement and three strategic priorities (below) are at the heart of all we do and say.

Seeking the Kingdom – 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 16th March 2024. The priorities of the Diocese remain unchanged: -

*Developing Discipleship
Encouraging Vocations, and
Inspiring Evangelism.*

These 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.

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 context. These principles will also define the work and leadership of the Bishop’s Staff team and Diocesan officers.

Three workstreams will help us achieve these goals:

- Feeding Our Faith
- Supporting our Ministry
- Building up our parishes and communities

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.
- A strengthened culture of Vocations amongst all God’s people, and at least 30 new licensed lay ministers and 30 ordinations a year.
- 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 programme offered by the diocese.
- The age profile of each worshipping community reflecting the age profile of the community which it serves.
- Every Worshipping Community reflecting the diversity of the community they serve.
- All people being able to see themselves reflected in the leadership and governance of the diocese.
- To have substantial progress towards Net Zero Carbon (NZC) with a clear and achievable plan of how any shortfall will be resolved in the following years.

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TRUSTEES' ANNUAL REPORT Continued

FOR THE YEAR ENDED 31 DECEMBER 2024

These goals align with and are informed by the Six Bold Outcomes of the National Church's vision and strategy:

- Doubling the number of children and young adult active disciples in the Church of England by 2030.
- A Church of England which fully represents the communities we serve in age and diversity.
- A parish system revitalised for mission so churches can reach and serve everyone in their community.
- Creating ten thousand new Christian Communities across the four areas of home, work/education, social and digital.
- All Christians in the Church of England envisioned, resourced and released to live as disciples of Jesus Christ in the whole of life, bringing transformation to the church and world.
- All local churches, supported by their diocese, becoming communities and hubs for initial and ongoing formation.

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), consists of Governance, Communications, Safeguarding, Finance and Property. The Discipleship, Vocations and Evangelism Team; (DVE), comprises Education, Mission, Open to All, Transforming Church and Communities, and Vocations & Training.

The two teams together support the parishes through: -

- Welcoming and training people and groups;
- Supporting Clergy wellbeing;
- Alleviating parish statutory duties;
- Preventing escalation of issues;
- Asset Management.

Safeguarding

The Diocese of Lichfield is committed to caring for all the children, young people and vulnerable adults with whom it has contact, in all aspects of their wellbeing and at all levels. A policy document which outlines the detail of this commitment may be found on the diocesan website. The Diocesan Board of Finance, its Directors / Trustees, staff and senior leaders are fully committed to exercising their roles in line with this policy, ensuring that governance, recruitment, plans, processes and resourcing are aligned with the key goals of the Diocesan Safeguarding Policy.

In line with the policy, the Board resources the Diocese in the following ways:

- Provision of a professional and robust safeguarding team, led by the Diocesan Safeguarding Adviser, which supports senior leadership, office holders and parishes through policy development, case work, timely and expert advice, training and oversight
- Provision of high quality training on safeguarding issues to clergy, parish officers and all those working with children and vulnerable adults
- Resourcing and facilitating the work of the Independent Safeguarding Scrutiny Panel which oversees all safeguarding work across the diocese.

FUTURE PLANS

A great deal of the future will be centred around the Strategic Framework: Seeking The Kingdom.

The strategy or plan for the journey towards the vision is that, together, we will focus on **Feeding our Faith, Supporting our Ministry, and Building up our Parishes and Communities**. We will celebrate and invest in the existing pattern and practice of our ministry – parishes, schools, fresh expressions, chaplaincies and the cathedral, as well as identifying opportunities to try new ways of being church. At the same time, it will mean taking a careful and honest look at where we are, who we are and what we are doing, noting what is working and what may not be working, and seeing what we could do better. We should not carry on doing things just because 'that's the way we've always done them', but neither will we turn our backs on all that is distinctive, good and fruitful.

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TRUSTEES' ANNUAL REPORT Continued

FOR THE YEAR ENDED 31 DECEMBER 2024

By praying together, feeding and supporting one another as followers of Jesus, by building one another up we can reimagine and revitalise our ministry, and as a diocesan family we can journey together.

An essential part of this work is a plan that harnesses best practice communications to power better delivery of strategic goals, through delivering concise, clear, consistent, co-ordinated and culture-setting communications.

Feeding our faith leads to a deepening in discipleship, nourishing our confidence and eagerness to share the story of the love of Jesus Christ in our lives. Renewed confidence in storytelling will fuel the evangelism and outreach to those who have drifted away from church or not yet heard the Good News. Through engagement with our communities, our schools and our chaplaincies, and responding to the needs of those around us, we will develop patterns of worship and ways of being church that will enable us not only to be effective in service but also to grow as a worshipping community. Working alongside our schools and developing opportunities for children and young people, including young adults, we will engage those who are already in our churches and secure the future of our diocese and our next generation of leaders as we 'Grow Younger'. Our focus on diversity and inclusion will mean that we truly represent the full richness of our diocese and that we are flourishing as the gifting of all people is recognised.

Supporting our ministry will help us to identify the lay and ordained leadership that God is calling for our diocese's needs. Our leaders will be equipped and sustained for the work for which we are called into Kingdom living. We will increasingly deploy our leaders to the places where they are most needed and can have the most impact, and this will include establishing new worshipping communities. The right leadership in the right places will facilitate developing our thinking around generosity, leading to an improvement in our finances.

Building up our parishes and communities and understanding the health and vitality of all the parishes will allow us to develop an appropriate plan for the future of each parish and to see the places where we need to try something different and new. We will identify where revitalisation is needed, or where innovative and pioneering approaches should be adopted. This will be vital in sustaining our future growth. Our buildings represent a huge missional resource and by fully understanding the condition of our buildings and having a plan for their futures we will be able to start to make best use of that resource and to tackle issues that are becoming a drain on missional energy. By offering practical support and encouragement we will be able to play our part in the move towards net zero carbon which is not only essential as a Christian response to the climate emergency, but also an important way of establishing of our credibility with future generations.

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 allocations in each of three years, and the latest triennial allocation 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 at around £2m.

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 creates different challenges to parishes across the Diocese.

A national review of Lowest Income Community funding commenced in April 2024 and has formed part of the new overall Diocesan Finance Review from the National Church. The final recommendations will go before General Synod in July 2025. Indications suggest that those in receipt of Lowest Income Communities funding will receive up to a third additional funding from 2026, and this will be linked to inflation for subsequent years, meaning an increase in real terms in future years. Lichfield Diocese is in the top 5 dioceses' in terms of the new allocation formula and our hope and expectation is that we will receive more money from the national church in future to support ministry and mission in our most deprived communities.

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TRUSTEES' ANNUAL REPORT Continued

FOR THE YEAR ENDED 31 DECEMBER 2024

A Process of Change

Before the pandemic impact in 2020, we were already aware that there were structural issues that needed to be addressed in the diocese as expenditure was rising quicker than income. The pandemic simply expedited the need for change. A number of initiatives have been undertaken to address these issues which will seek to achieve financial sustainability through:

- Managing costs
- Increasing income
- Better use of capital

Managing cost: Deployment Reviews

A paper was discussed at Bishop's Council in May 2022 entitled 'A Church Post COVID-19'. It contained a recommendation to review, over a period, every post and parish in terms of its sustainability. There were five categories to review across all different areas as follows: -

1. Congregational Strength
2. Viability of church buildings, including fit for purpose in the 21st 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.

Increasing income: Generous Hope, Seeking The Kingdom and The Common Fund.

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 by 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. Work will be underway during 2025 to engage with the national church's development in Generous Giving 'Cornerstone'.

Seeking The Kingdom (Shaping for Mission)

As stated above, 'Seeking The Kingdom' has now developed and set goals for the next six years 2024 to 2030. In conjunction with this new strategy, work is on going with parishes to look at deployment and sustainability at parish level.

Seeking the Kingdom will strengthen our life of discipleship, vocation and evangelism while facing up to 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

FOR THE YEAR ENDED 31 DECEMBER 2024

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 spring from the heart that is touched by the spirit.

The system includes the use of IMD, in line with the National Church allocation process. Lowest Income Communities funding will be apportioned using deprivation factors across the diocese. The new apportionment system retains Mutual Support but at a reduced level; and is designed to encourage parishes to look beyond themselves, paying the minimum request and where possible offering additional support to other parishes across the Diocese. In 2024 a total of 11 parishes (2023:12 parishes) were generous in this way and a total of £25,655 (2023: £42,356) was donated by parishes to assist other parishes in 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 is working 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 in affording their request would see an increase to try and close the gap between request and formula. For 2025 as in 2024 an increase of 2% in the formula has been agreed, with a maximum of 5% for those with agreements in place to help the parishes aim to return to full formula. With support from identified Reserves and Total Return Approach, see note 32, the Common Fund represents 57% of income, where pre pandemic in 2019 it represented 67% of income. In cash terms the amount requested has fallen from £11.90M to a budgeted expectation of receipts of £9.44M, requested £10.523M.

The new format of Budget created a Unit Cost of Deployment; and it remains a central part of setting the level of Common Fund requests. In 2024 the Real Cost of Deployment was £62,630 (2023: £63,587) per full time post. This figure was then reduced to a subsidised Cost of Deployment for the Common Fund formula to £57,620 (2023:£56,490). In simple terms the Subsidised Cost of Deployment (and therefore Common Fund requests) increased by 2% after being frozen for the three previous years. The difference between the Real and Subsidised Cost was budgeted to be financed from Resourcing The Future, the Total Return Approach plus a small amount of Board unrestricted reserves.

In 2025 as aforementioned the Subsidised Cost of Deployment and therefore the apportionment formula was increased by 2% to £58,770. The real Cost of Deployment rose to £66,484. The gap will again be closed through wise use of reserves but also we anticipate a higher than usual vacancy rate (which is also being experienced by other dioceses) and a reduction in the number of stipendiary curates. Whilst neither of these are 'planned', they help to balance an otherwise unaffordable budget.

Using Capital Efficiently: 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 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. This will ensure the Board can safely continue as a Going Concern and continue to ease the burden on the parishes.

Total Return is applied to the Diocesan Stipends Fund. This is split into three different categories, Investments, Houses, and Glebe Land. A decision has been made on each category to decide what the historical cost or valuation of the assets is, and that amount and that has been locked as the Endowment Fund. Any growth above a fixed capital growth factor is classified as Total Unapplied Return and may be drawn down to support the work of the diocese.

Diocesan Synod agreed a 4% capital growth factor for each of the 3 classes of endowment. See note 32.

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TRUSTEES' ANNUAL REPORT Continued

FOR THE YEAR ENDED 31 DECEMBER 2024

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. In addition, there has been funding made available for NZC Projects

National Church Support (See Note 5)

In addition to LIC funding mentioned above, the Board is grateful for additional support that is received from the National Church for various projects and Strategic Posts. There is three-year Strategic Change Funding for a full time Strategic Programme Director, there is also three-year funding for a Church Building Supports Officer.

There has also been funding made available for Minor Repairs and Improvements through Buildings for Mission, continued support for Wolverhampton St Chad & St Mark through Initiative Funding, and continued support for Telford Minster via the Strategic Development funding that is due to end in 2026.

FINANCIAL REVIEW 2024

Financial Performance

Except for a brief recovery in 2022, the decline in income has continued since the start of the pandemic. In the last financial year there was a marginal fall in income although some areas outperformed expectations whilst others fell short. There remains a feeling that income growth is fragile in general funds. Whilst the rate of return on investments is performing well, we have needed to realise investments to help with liquidity, and so last year saw a decline in total investment income.

When the new Common Fund was introduced in 2022, it was agreed that there would be a period for some parishes to adjust to the new formula and given time to meet any increases in formula. The amount of transitional support required appears in the accounts as Support in 2023. In the 2024 accounts, we have changed the way of reporting transitional support and therefore the cost shown in the Statement for Financial Activities was Nil in 2024 (2023: £0.460M). The support from the Resourcing The Future fund for 2024 was £0.668M – see transfers note 17.

Following reductions in deployment, despite a formula increase of 2%, the total value of requests fell by £0.025M in 2024 (£0.211M in 2023). It had been hoped that, as a result of reducing requests, the collection rate would increase. In the year the collection rate fell in eleven of the twelve months and the final figures showed a collection rate of 84.83% (2023: 89.24%) resulting in actual cash receipts of £9.122M (2023: £9.623M).

The Trustees remain grateful to all the parishes who completed their Common Fund payments during the year, and especially to those parishes that made their contribution payments by monthly instalments, which is essential in keeping the Diocese's need to maintain a cash flow reserve to a minimum. In total 378 out of 448 (84%) parish paying units paid their allocation in full compared to 387 out of 446 (87%) in the previous year.

In addition to the Common Fund, £0.858M (2023: £0.858M) came from parishes by way of Statutory fees from Occasional Services.

The Board are fortunate to have received £2.423M in 2024 (2023: £2.448M) from the National Church in way of support. This amount includes £1.992M (2023: £2.014M) Low Income Community support, an SDF grant for £0.237M (2023: £0.169M), and a total of £0.171M towards Strategic Capacity Funding, most of which has been allocated to NZC and Buildings Work as previously referred to.

Overall consolidated income for the year was £16.974M compared to £17.249M in 2023. The Board as a consolidated charity therefore made a deficit before Net Gains on Investments of £2.249M (2023: deficit £2.268M).

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The Board as a standalone charity made a deficit before Net Gains on Investments of £2.302M (2023: deficit £2.180M). Unrestricted or General Funds made a deficit before Net Gains on Investments of £0.685M (2023 deficit £1.207M).

The capital values of properties increased in the last financial year, the value increased by £7.430M (2023: decrease £3.495M), whilst investments increased by £2.175M (2023: £2.414M) - resulting in an overall increase in funds of the group of £7.356M (2023: decrease £3.349M). Charity reserves increased by £7.198M (2023: decrease £3.210M).

Significant Property Transactions

In the year the Board sold Nil property (2023:1). This raised £Nil (2023: £0.595M) in net house proceeds. In addition, Nil investment properties were sold (2023: 0) raising £Nil in house proceeds (2023: £Nil).

In the year the Board purchased 5 properties (2023: 2) costing £1.850M (2023: £0.619M).

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 will 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, are registered.

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 £199.404M (2023: £192.048M) included in this total are properties, mostly in use for the ministry, and other Tangible Fixed Assets in use by the Board with a total value amounting to £135.316M (2023: £126.148M). 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 55 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 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 amount of free reserves held would be proportional to 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 2025 is £16.446M; therefore, the benchmark for Free Reserves is set at £4.115M.

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 2024 this totalled £2.658M (2023: £3.237M). This equates to 1.95 (2023: 2.41 months) months of budget expenditure. The trustees recognise that the current level of free reserves is significantly below the benchmark set and that this needs to be addressed. We have some comfort that the large majority of the total reserves are in investments which we could sell if required for liquidity. However, selling investments reduces investment income into the budget in future years and this is unsustainable. The Total Return Approach boosts Unrestricted reserves and will assist with future budget deficits. In 2024 £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 £2.844M (2023: £3.494M) of which £0.185M (2023: £0.257M) is tied up in tangible fixed assets. Unrestricted Reserves in the subsidiaries are shown as Restricted in the consolidated accounts 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 for operational ease. The total Designated fund as at 31 December 2024 was £11.990M (2023: £11.339M).

Restricted and endowment funds

As set out in note 23 the Board holds and administers many restricted and endowment funds. As at 31 December 2024 the charity restricted funds totalled £118.174M (2023: £114.467M) and endowment funds totalled £64.208M (2023: £60.718M). Neither are available for the general purposes of the Board. Consolidated restricted reserves amount to £120.362M (2023: £116.497M).

Within the Restricted Fund, £84.291M (2023: £79.800M) is invested in Property required to house the clergy of the Diocese and is therefore not readily accessible. Within the Endowment Fund £33.849M (2023: £30.693M) 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.

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.

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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 2024 is indicated in note 15. Grants of up to £150,000 are considered by the Finance and Asset Management Committee from budgets set aside for specific purposes. Grants over £150,000 are considered by Bishop's Council, on recommendation by the Finance and Asset Management 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 Asset Management 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 the funds they held were reinvested, split between CCLA and Canaccord. It was decided not to retain EdenTree as an investment manager. .

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 invest 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

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 2024 the CPI in December was 2.5%, making a Total Return benchmark of 7.50% compared to 9.00% in 2023. In 2024 the performance saw growth of 2.84% (2023:-7.32%). The yield in the year was 3.06% (2023: 3.35%), giving a total return for the year of 5.90% (2023:10.68%).

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 Asset Management 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 oversight of the delivery of the mitigation strategies identified 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 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
- A policy is in place regarding staff contact with press and media and appropriate training and support offered
- A policy on use of Social Media is also enforced.

IT: System failure or the Diocesan office is 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 October 2023 the Board migrated their main servers to the Cloud. In November 2024 there was a malware attack and damage was limited as access to the cloud was blocked. Systems have been forensically examined following the attack, supported via the Cyber Insurance and given a high safety score. More work is being undertaken including Cyber Essentials Plus, and further security has been added to the system.

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.
- Revision of internal structure in the autumn of 2024 to ensure Communications, Strategic change and Finance meet regularly and work collaboratively to ensure that all resources are aligned working towards Seeking The Kingdom and applying the right investment in the right places.

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 “Ephesian” 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.
- Donations received from Ephesian Fund support stipend, Ers NI, Pensions and housing plus a small contribution towards Safeguarding and DAC. See page 53.

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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-seven 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 decision-making 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.

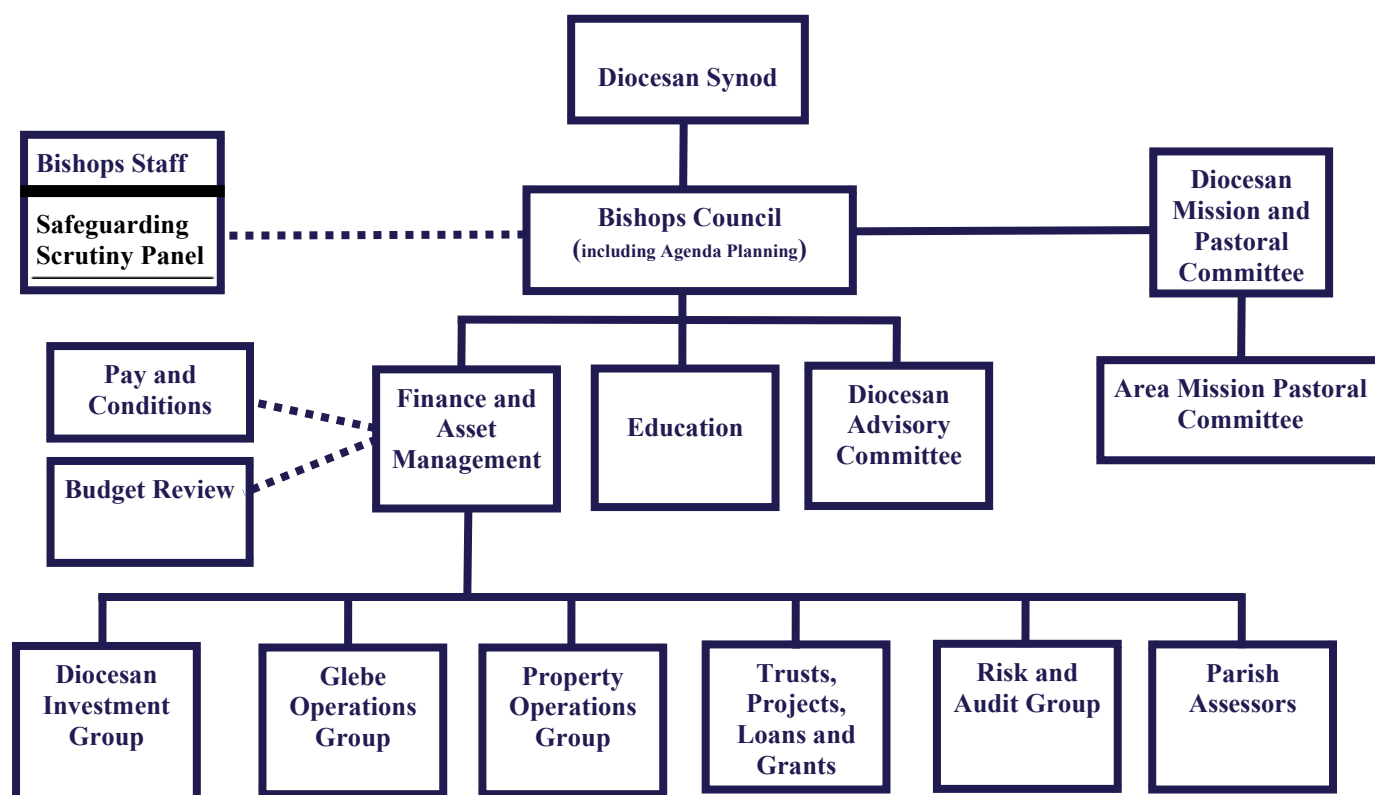
Every member of Diocesan Synod is also a member of the Lichfield Diocesan Board of Finance ('the Board'). The members of the Standing Committee of Diocesan Synod (Bishop's Council) comprise the Board of Trustees of the Board and under company law the Board of Directors. The Board of Directors under company 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



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.

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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, Strategic Programme Director 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 dioceses and in the wider not for profit sector.

Bishop's Council

Bishop's Council is made up of three elements. It sits as the Bishop's Council, the DBF Executive Committee (also called Bishop's Council under the memorandum and Articles of Association), and the Diocesan Mission and Pastoral Committee. The members of the Bishop's Council are the Board of Trustees. Bishop's Council consists of 15 ex-officio members, including the Diocesan Bishop and all other members of the House of Bishops and the 4 Archdeacons. 4 clergy elected by the House of Clergy from among their members and 12 lay persons elected by the members of the House of Laity. There are 2 co-opted places and 2 places to which the Diocesan Bishop may nominate.

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 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.

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.

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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.

Diocesan Risk and Audit Committee – the internal audit committee, who oversee internal controls, procurement policies and procedures, risk register including reports on General Data Protection Regulation and safeguarding.

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, groups 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, the Dean, the CEO/Diocesan Secretary, the Strategic Programme Director, the Director of Communications and the 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.

Safeguarding Scrutiny Panel: Given the critical nature of best safeguarding practice to the Board's activities, Safeguarding is monitored on behalf of the Board and its committees by a non-statutory (at present) Safeguarding Scrutiny Panel made up of independent, external experts sought for their experience of different aspects of safeguarding, the CEO, the Bishop's Chaplain, the Director of Communications, the Chief Operating Officer of Lichfield Cathedral and a survivor of church-based abuse. The chair is taken by an external expert. The panel's remit is to support the professional safeguarding staff in delivering a survivor focussed and trauma-informed service to parishes. The Board's responsibility is to ensure that there are sufficient staff and financial resources available to meet safeguarding responsibilities in accordance with these values and national church requirements which place responsibilities directly onto parishes. It is one of the tasks of the Board to ensure that there is compliance with these.

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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. Following the Diocesan Synod elections in 2024 the new Bishop's Council were 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 are not *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 2024 was £522,087 (2023: £516,746).

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 is also the Body with 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.

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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

On 18th November 2024, the company's auditor changed its name from haysmacintyre LLP to HaysMac LLP. HaysMac 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 2024

Website

Further details on the Lichfield Diocesan Board of Finance and its programmes can be obtained from the website: 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 27 May 2025 and signed on their behalf by:

Mr David Wright
Director/Trustee

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of The Lichfield Diocesan Board of Finance (Incorporated) for the year ended 31 December 2024 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 2024 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)

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 20, 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)

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. 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 HaysMac LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Endowment Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Income and endowments from:						
Parish Contributions	4	8,932	206	-	9,138	10,016
Less Parish Support**		-	-	-	-	(460)
Net Parish Contributions		8,932	206	-	9,138	9,556
Archbishops' Council	5	2,028	395	-	2,423	2,448
Other donations	6	334	371	-	705	554
Other trading activities	8	1,082	98	-	1,180	832
Investments	9	461	976	290	1,727	1,874
Charitable activities	7	1,019	804	-	1,823	1,733
Other income	10	(22)	-	-	(22)	252
Total income and endowments		13,834	2,850	290	16,974	17,249
Expenditure on:						
Raising funds	11	362	-	72	434	357
Charitable activities	13	15,962	2,765	62	18,789	19,160
Other expenditure	12	-	-	-	-	-
Total expenditure		16,324	2,765	134	19,223	19,517
Net (expenditure)/income before investment						
Gains		(2,490)	85	156	(2,249)	(2,268)
Net (losses)/gains on investments and Property		708	4,759	4,138	9,605	(1,081)
Net Income/(Expenditure)		(1,782)	4,844	4,294	7,356	(3,349)
Transfers between funds	17	1,783	(979)	(804)	-	-
Net movement in funds		1	3,865	3,490	7,356	(3,349)
Reconciliation of funds:						
Total funds at 1 January 2024	23	14,833	116,497	60,718	192,048	195,397
Total funds at 31 December 2024	23	14,834	120,362	64,208	199,404	192,048

*** Parish Support Package (Page 9) – 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 30 to 63 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 2024

	Note	2024 Unrestricted Funds £'000	2024 Restricted Funds £'000	2024 Total Funds £'000	2023 Total Funds £'000
Income		13,834	2,850	16,684	16,893
Gains on investments		708	4,759	5,467	(861)
Gross income in the reporting period		14,542	7,609	22,151	16,032
Less: Total expenditure		16,324	2,765	19,089	19,381
Net income for the year before Transfers		(1,782)	4,844	3,062	(3,349)
Transfers between funds	17,23	1,783	(979)	804	865
Net (expenditure)/income for the year after transfers		1	3,865	3,866	(2,484)
Net (expenditure)/income for the financial year	23	1	3,865	3,866	(2,484)

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 30 to 63 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2024

		2024	2023
	Note	£'000	£'000
Fixed assets			
Tangible assets	18	135,316	126,148
Investments	19	59,737	57,919
		<u>195,053</u>	<u>184,067</u>
Current assets			
Debtors: amounts falling due after more than one year	20	594	680
Debtors: amounts falling due within one year	20	1,371	1,774
Cash at bank and in hand	26	5,079	8,591
		<u>7,044</u>	<u>11,045</u>
Creditors: Amounts falling due within one year	21	<u>(2,446)</u>	<u>(2,817)</u>
Net Current Assets		<u>4,598</u>	<u>8,228</u>
Total assets less current liabilities		<u>199,651</u>	<u>192,295</u>
Creditors: amounts falling due after more than one year	22	<u>(247)</u>	<u>(247)</u>
Net assets		<u><u>199,404</u></u>	<u><u>192,048</u></u>
Charity Funds			
Endowment funds	23	64,208	60,718
Restricted funds	23	120,362	116,497
Designated funds	23	11,990	11,339
Unrestricted funds	23	2,844	3,494
		<u>14,834</u>	<u>14,833</u>
Total funds		<u><u>199,404</u></u>	<u><u>192,048</u></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 £7.198M (2023: deficit (£3.210M)).

The financial statements were approved and authorised for issue by the Trustees on 27 May 2025 and signed on their behalf by:

Mr David Wright
Director/Trustee

The notes on pages 30 to 63 form part of these financial statements.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2024

			2024		2023	
	Note	£'000	£'000	£'000	£'000	£'000
Fixed assets						
Tangible assets	18		133,507		124,415	
Investments	19		59,703		57,889	
			<u>193,210</u>		<u>182,304</u>	
Current assets						
Debtors: amounts falling due after more than one year	20	594		693		
Debtors: amounts falling due within one year	20	1,522		1,887		
Cash at bank		4,466		7,928		
		<u>6,582</u>		<u>10,508</u>		
Creditors: Amounts falling due within one year	21	(2,329)		(2,547)		
Net Current Assets			<u>4,253</u>		<u>7,961</u>	
Total assets less current liabilities			<u>197,463</u>		<u>190,265</u>	
Creditors: amounts falling due after more than one year	22		(247)		(247)	
Net assets			<u><u>197,216</u></u>		<u><u>190,018</u></u>	
Charity Funds						
Endowment funds			64,208		60,718	
Restricted funds			118,174		114,467	
Designated funds		11,990		11,339		
Unrestricted funds		2,844		3,494		
		<u>14,834</u>		<u>14,833</u>		
Total funds			<u><u>197,216</u></u>		<u><u>190,018</u></u>	

The financial statements were approved and authorised for issue by the Trustees on 27 May 2025 and signed on their behalf by:

Mr David Wright
Director/Trustee

The notes on pages 30 to 63 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 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Net cash used in operating activities	25	(3,853)	(4,374)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,727	1,874
Proceeds from the sale of fixed assets		193	811
Purchase of fixed assets		(1,936)	(918)
Interest paid		-	-
Purchase of investments		(1,866)	(4,281)
Proceeds from Sale of Investments		2,223	7,585
Net cash provided by/(used in) investing activities		341	5,071
Cash flows from financing activities:			
Repayments of borrowings		-	(50)
Cash inflows from new borrowing		-	-
Net cash provided by financing activities		-	(50)
Change in cash and cash equivalents in the year		(3,512)	647
Cash and cash equivalents brought forward		8,591	7,944
Cash and cash equivalents carried forward	26	5,079	8,591
Analysis of Net Funds:			
	01 Jan 2024 £'000	Cashflow £'000	31 Dec 2024 £'000
Cash at bank in hand	8,591	(3,512)	5,079
Loans and mortgages	(247)	-	(247)
Total	8,344	(3,512)	4,832

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024

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 2024

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 2024

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)
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2021 for the Church of England Funded Pensions scheme and 31 December 2022 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 2024

3. INCOME FROM DONATIONS AND LEGACIES	Total 2024 £'000	Total 2023 £'000
Parish contributions	9,138	9,556
Archbishops' Council	2,423	2,448
Other	705	554
	<u>12,266</u>	<u>12,558</u>
4. PARISH CONTRIBUTION	Total 2024 £'000	Total 2023 £'000
Current year apportionment requested	10,753	10,778
Additional Voluntary Contribution	-	4
Less share written off not provided for	(1,235)	(684)
Less increase in provision for doubtful debts	(380)	(82)
Net figure before Parish Support (page 9 & page 25)	<u>9,138</u>	<u>10,016</u>
Provision for doubtful debts	2024 £'000	2023 £'000
Total share arrears as at 31 December	2,035	2,234
Arrears received in January	(115)	(129)
Provision at year end	<u>1,920</u>	<u>2,105</u>
Provision for doubtful debts as at 1 January	2,105	2,681
Written off in the year	(565)	(658)
	<u>1,540</u>	<u>2,023</u>
Increase in provision for doubtful debts in the year	<u>380</u>	<u>82</u>
5. ARCHBISHOP'S COUNCIL	Total 2024 £'000	Total 2023 £'000
Low Income Communities	1,992	2,014
Resourcing Ministerial Education	(112)	169
Buildings for Mission (MR&I)	64	-
Strategic Capacity Funding	171	-
Strategic Development Funding	237	169
Other	71	96
	<u>2,423</u>	<u>2,448</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2024

6. OTHER DONATIONS	Total 2024 £'000	Total 2023 £'000
All Churches Trust	170	204
Walter Stanley Trust	105	107
Other donations	65	112
Legacy	-	6
Education	322	118
St Chad's Retreat Centre	3	3
Mercian Community Trust	40	4
	<u>705</u>	<u>554</u>
	<u><u>705</u></u>	<u><u>554</u></u>
7. CHARITABLE ACTIVITIES	Total 2024 £'000	Total 2023 £'000
Statutory fees	858	858
Chaplaincy income	116	122
Guaranteed annuities	1	1
Conferences and Related Fees	105	104
Education	250	180
St Chad's Retreat Centre	383	355
Mercian Community Trust	110	113
	<u>1,823</u>	<u>1,733</u>
	<u><u>1,823</u></u>	<u><u>1,733</u></u>
8. OTHER TRADING ACTIVITIES	Total 2024 £'000	Total 2023 £'000
Housing income	1,046	736
Parish services	81	40
St Chad's Retreat Centre	53	56
	<u>1,180</u>	<u>832</u>
	<u><u>1,180</u></u>	<u><u>832</u></u>
9. INVESTMENT INCOME	Total 2024 £'000	Total 2023 £'000
Rents receivable	294	304
Dividends receivable	1,145	1,291
Interest receivable	268	262
St Chad's Retreat Centre	2	1
Mercian Community Trust	18	16
	<u>1,727</u>	<u>1,874</u>
	<u><u>1,727</u></u>	<u><u>1,874</u></u>

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

FOR THE YEAR ENDED 31 DECEMBER 2024

10. OTHER INCOME

	Total 2024 £'000	Total 2023 £'000
(Loss)/Gains on sale of assets	(22)	140
Closed Churches - recovery of costs	-	99
Transforming Communities Together Transfer – Funds Introduced	-	5
Funds Introduced – Beheshtion	-	8
	<u>(22)</u>	<u>252</u>

11. RAISING FUNDS

	Total 2024 £'000	Total 2023 £'000
Agents fees	73	174
Rental costs	361	183
	<u>434</u>	<u>357</u>

12. OTHER EXPENDITURE

	Total 2024 £'000	Total 2023 £'000
Extra-ordinary costs relating to Pensions	-	-

13. CHARITABLE ACTIVITIES

	Total 2024 £'000	Total 2023 £'000
Contribution to Archbishops' Council		
Training for Ministry	431	432
National Church responsibilities	257	297
Agency Pension Contributions	44	14
Retired Clergy Housing Costs	179	171
Pooling of Candidates Grants	136	80
	<u>1,047</u>	<u>994</u>
Resourcing Ministry and Mission		
Parish Ministry		
Stipends and related costs	6,999	7,351
Pensions	1,231	1,320
Housing costs	3,396	3,016
Removal, resettlement Grants	101	368
Other expenses	941	1,337
	<u>12,668</u>	<u>13,392</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2024

13. CHARITABLE ACTIVITIES (continued)

	Total 2024 £'000	Total 2023 £'000
Support for Ministry		
Support for Ministry	3,694	3,378
St Chad's Retreat Centre	375	425
Mercian Community Trust	157	210
	<u>4,226</u>	<u>4,013</u>
Expenditure on Education		
Education	848	761
Total	<u><u>18,789</u></u>	<u><u>19,160</u></u>

14. ANALYSIS OF SUPPORT COSTS

	Total 2024 £'000	Total 2023 £'000
Central administration	1,756	1,501
Support schools	158	114
Governance		
- Audit	42	36
- Registrar and chancellor	151	141
- Synodical costs	17	32
	<u>2,124</u>	<u>1,824</u>

15. ANALYSIS OF EXPENDITURE INCLUDING SUPPORT COSTS

	Activities Undertaken £'000	Grants 2024 £'000	Support 2024 £'000	Total 2024 £'000
2024				
Raising funds	434	-	-	434
Charitable activities	-	1,048	-	1,048
Resources parish summary	14,365	572	1,966	16,903
Education	690	-	158	848
Other	-	-	-	-
	<u>15,489</u>	<u>1,620</u>	<u>2,124</u>	<u>19,233</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

ANALYSIS OF EXPENDITURE INCLUDING SUPPORT COSTS
2023 – Comparative

	<i>Activities Undertaken £'000</i>	<i>Grants 2023 £'000</i>	<i>Support 2023 £'000</i>	<i>Total 2023 £'000</i>
2023				
<i>Raising funds</i>	357	-	-	357
<i>Charitable activities</i>	-	994	-	994
<i>Resources parish summary</i>	14,992	703	1,710	17,405
<i>Education</i>	547	100	114	761
<i>Other</i>	-	-	-	-
	<u>15,896</u>	<u>1,797</u>	<u>1,824</u>	<u>19,517</u>

16. STAFF COSTS

	2024 £'000	2023 £'000
Employee costs were as follow:		
Wages and salaries	2,026	1,939
Social security costs	197	186
Other pension costs	250	225
	<u>2,473</u>	<u>2,350</u>

The wages and salaries include termination costs of £59,167 (2023: £2,570)

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

	2024 No.	2023 No.
Management and administration	29	26
Archdeacons and Bishop's support staff	8	9
Central sector ministers/advisers and support staff	30	29
St Chad's Retreat Centre	4	4
Mercian Community Trust	1	1
	<u>72</u>	<u>69</u>

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

	2024 No.	2023 No.
£60,000 - £70,000	1	-
£70,000 - £80,000	-	1
£80,000 - £90,000	1	1
£90,000 - £100,000	1	-
£100,000 - £110,000	1	-
	<u>4</u>	<u>2</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 they were:

Diocesan Secretary and Company Secretary	Mrs J Jones (to 31 December 2024)
Director of Finance	Mr J Hill
Director of Education	Mr M Davis
Director of Communications	Mr P Bate (to 31 May 2024)
Director of Communications	Mr A Kataria
Director of Strategy Programme	Revd Canon N Smeeton (from September 2024)

Remuneration, National Insurance and pensions for these 6 (2023:6) employees amounted to £367,269 (2023: £319,487).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee, 16 trustees (2023: 18 trustees) received travelling and out of pocket expenses, totalling £23,258 (2023: £32,471) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees. The Board in both 2023 and 2024 has an overarching policy that includes trustees' indemnity insurance however the premium attributable to the trustees' indemnity element is not separately identifiable.

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:

		Housing	Stipend	
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. Timothy Wambunya	Bishop of Wolverhampton	Yes	No	From Oct 2024
The Rt. Rev. Paul Thomas	Bishop of Oswestry	No	No	
The Very Rev. Jan McFarlane	Dean of Lichfield	No	No	
The Ven. Dr Susan Weller	Archdeacon of Lichfield	No	Yes	
The Ven. Paul Thomas	Archdeacon of Salop	Yes	Yes	To May 2024
The Ven. Dr Megan Smith	Archdeacon of Stoke	Yes	Yes	
The Ven. Julian Francis	Archdeacon of Walsall	No	Yes	To May 2024
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	To Sept 2024
The Rev Philip. Cansdale		Yes	Yes	To Sept 2024
The Rev. Julia Cody		Yes	Yes	To Sept 2024
The Revd James Gandon		Yes	Yes	From Sept 2024
The Revd Preb Brian Leathers		Yes	Yes	
The Revd Chris Precious		Yes	Yes	From Sept 2024
The Revd David Sims		Yes	Yes	From Sept 2024

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

FOR THE YEAR ENDED 31 DECEMBER 2024

16. STAFF COSTS (continued)

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 2024 three trustees made donations to the Board, totalling £3,830. In 2023, two trustees made donations to the Board totalling £2,813.

Stipends cost note

The LDBF paid an average of 203 (2023: 224) stipendiary clergy as officeholders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2024	2023
	£'000	£'000
Stipends	6,038	6,440
National insurance contributions	498	527
Pension costs - current year	1,469	1,628
- deficit reduction	-	-
	<u>8,005</u>	<u>8,595</u>

The stipend figure above includes Settlement Costs of £88,835 paid in 2024 (2023: £11,320).

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

17. ANALYSIS OF TRANSFERS BETWEEN FUNDS
2024

	General Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Endowment Funds £'000
Investment income towards General Costs	642	-	(363)	(279)
Education Investment Income costs	-	-	5	(5)
Transfer of House Sale Proceeds	-	-	-	-
Transfer to finance Common Fund Transition	667	-	(667)	-
Transfer of Property Classification	-	-	-	-
Transfer of Property Costs	-	-	-	-
Support costs for Safeguarding	20	-	-	(20)
Ordination Fund supporting Training Costs	24	-	(24)	-
Transfer of Total Unapplied Return	500	-	-	(500)
LinC and Special Agreements – Ephesian Fund	(70)	-	70	-
Supporting Spiritual Direction Course	-	-	-	-
	<u>1,783</u>	<u>-</u>	<u>(979)</u>	<u>(804)</u>

ANALYSIS OF TRANSFERS BETWEEN FUNDS
2023 – Comparative

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

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

FOR THE YEAR ENDED 31 DECEMBER 2024

18. TANGIBLE FIXED ASSETS	Freehold land	Leasehold	Office	
Group	and building	land	Equipment	Total
	£'000	and building	£'000	£'000
		£'000		
Cost or valuation				
At 1 January 2024	124,526	1,509	1,081	127,116
Additions	1,850	22	64	1,936
Disposals	-	-	(193)	(193)
Revaluation surplus/(deficit)	7,430	-	-	7,430
At 31 December 2024	133,806	1,531	952	136,289
Depreciation				
At 1 January 2024	-	162	806	968
Charge for the year	-	62	115	177
On disposals	-	-	(172)	(172)
At 31 December 2024	-	224	749	973
Net book value				
At 31 December 2024	133,806	1,307	203	135,316
At 31 December 2023	124,527	1,347	275	126,148
Company	Freehold	Leasehold	Office	
	Land and	Land and	Equipment	Total
	building	building		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2024	122,810	1,509	1,050	125,369
Additions	1,850	22	59	1,931
Disposals	-	-	(193)	(193)
Revaluation surplus/(deficit)	7,352	-	-	7,352
At 31 December 2024	132,012	1,531	916	134,459
Depreciation				
At 1 January 2024	-	162	792	954
Charge for the year	-	62	108	170
On disposals	-	-	(172)	(172)
At 31 December 2024	-	224	728	952
Net book value				
At 31 December 2024	132,012	1,307	188	133,507
At 31 December 2023	122,810	1,347	258	124,415

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

19. FIXED ASSET INVESTMENTS	Agricultural Land £'000	Residential property £'000	Listed Investments £'000	Total £'000
Group				
Market value				
At 1 January 2024	16,148	4,730	37,041	57,919
Additions	3	-	1,863	1,866
Disposals	-	-	(2,223)	(2,223)
Transfers/Reclassification	-	-	-	-
Revaluations	888	223	1,064	2,175
	<u>17,039</u>	<u>4,953</u>	<u>37,745</u>	<u>59,737</u>
At 31 December 2024	17,039	4,953	37,745	59,737
Historical cost	<u>3,841</u>	<u>935</u>	<u>22,712</u>	<u>27,488</u>
Company				
Market value				
At 1 January 2024	16,148	4,730	37,011	57,889
Additions	3	-	1,863	1,866
Disposals	-	-	(2,223)	(2,223)
Transfer (Education)	-	-	-	-
Revaluations	888	223	1,060	2,171
	<u>17,039</u>	<u>4,953</u>	<u>37,711</u>	<u>59,703</u>
At 31 December 2024	17,039	4,953	37,711	59,703
Historical cost	<u>3,841</u>	<u>935</u>	<u>22,712</u>	<u>27,488</u>

	At 1 January			Transfer	Change in Market	At 31 December
Group	2024 £'000	Additions £'000	Disposals £'000	£'000	Value £'000	2024 £'000
Unrestricted funds						
Unlisted investments	3,108	-	(79)	-	(12)	3,017
Investment properties	257	-	-	-	12	269
	<u>3,365</u>	<u>-</u>	<u>(79)</u>	<u>-</u>	<u>-</u>	<u>3,286</u>
Restricted funds						
Unlisted investments	24,884	1,256	(1,974)	-	735	24,901
Investment properties	1,329	-	-	-	63	1,392
Land Investment	-	-	-	-	80	80
	<u>26,213</u>	<u>1,256</u>	<u>(1,974)</u>	<u>-</u>	<u>878</u>	<u>26,373</u>
Endowment funds						
Unlisted investments	9,049	607	(170)	-	341	9,827
Investment Properties	3,144	-	-	-	148	3,292
Land investments	16,148	3	-	-	808	16,959
	<u>28,341</u>	<u>610</u>	<u>(170)</u>	<u>-</u>	<u>1,297</u>	<u>30,078</u>
Total	<u>57,919</u>	<u>1,866</u>	<u>(2,223)</u>	<u>-</u>	<u>2,175</u>	<u>59,737</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

19. FIXED ASSETS INVESTMENTS (continued)

Company	At 1 January			Transfer £'000	Change in Market Value £'000	At 31 December 2024 £'000
	2024 £'000	Additions £'000	Disposals £'000		£'000	£'000
Unrestricted funds						
Unlisted investments	3,108	-	(79)	-	(12)	3,017
Investment properties	257	-	-	-	12	269
	<u>3,365</u>	<u>-</u>	<u>(79)</u>	<u>-</u>	<u>-</u>	<u>3,286</u>
Restricted funds						
Unlisted investments	24,854	1,256	(1,974)	-	731	24,867
Investment properties	1,329	-	-	-	63	1,392
Land Investments	-	-	-	-	80	80
	<u>26,183</u>	<u>1,256</u>	<u>(1,974)</u>	<u>-</u>	<u>874</u>	<u>26,339</u>
Endowment funds						
Unlisted investments	9,049	607	(170)	-	341	9,827
Investment Properties	3,144	-	-	-	148	3,292
Land investments	16,148	3	-	-	808	16,959
	<u>28,341</u>	<u>610</u>	<u>(170)</u>	<u>-</u>	<u>1,297</u>	<u>30,078</u>
Total	<u><u>57,889</u></u>	<u><u>1,866</u></u>	<u><u>(2,223)</u></u>	<u><u>-</u></u>	<u><u>2,171</u></u>	<u><u>59,703</u></u>

20. DEBTORS

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Due after more than one year				
Secured Charge on Property	6	6	6	6
Loans	588	674	588	687
	<u>594</u>	<u>680</u>	<u>594</u>	<u>693</u>
Due within one year				
Parish Contributions (net of provision)	70	66	70	66
Amounts owed by group undertakings	-	-	179	134
Assigned fees	125	100	125	100
Loans	148	91	161	124
Prepayments	366	420	366	420
Recharges	191	74	191	74
Development Fund Bids	-	198	-	198
Parish Donations Paid in Advance	-	-	-	-
Legacy	-	-	-	-
Church Commissioners – Diocesan Debtors	8	248	8	248
Other Debtors	463	577	422	523
	<u>1,371</u>	<u>1,774</u>	<u>1,522</u>	<u>1,887</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

20. DEBTORS (continued)	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Loans				
Due in under one year				
Staff loans	19	16	19	16
Clergy loans	5	5	5	5
Cathedral	-	-	-	-
Loans to Parishes	124	70	137	103
	<u>148</u>	<u>91</u>	<u>161</u>	<u>124</u>
Due in more than one year				
Staff loans	30	30	30	30
Clergy loans	16	15	16	15
Loans to the Cathedral	-	-	-	-
Loans to Parishes	548	635	548	648
	<u>594</u>	<u>680</u>	<u>594</u>	<u>693</u>
Total	<u>742</u>	<u>771</u>	<u>755</u>	<u>817</u>
			2024 £'000	2023 £'000
Provision for doubtful debt				
Parish Contributions			1,902	2,105
Diocesan Loan Fund			352	352
Sundry sales accounts			5	5
			<u>2,259</u>	<u>2,462</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

21. CREDITORS: amounts falling due within one year	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Loans from Church Commissioners – CCLA	-	-	-	-
Payments received on account	337	328	337	328
Trade creditors	946	1,084	829	814
Deferred Expenditure Grants	267	308	267	308
Other taxation and social security	75	-	75	-
Schools Condition Allocation	776	922	776	922
Accruals	45	175	45	175
	<u>2,446</u>	<u>2,817</u>	<u>2,329</u>	<u>2,547</u>
22. CREDITORS: amounts falling due after more than one year	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Loans from Church Commissioners – Value Linked loans	247	247	247	247
	<u>247</u>	<u>247</u>	<u>247</u>	<u>247</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 2024 the Board had no intention of disposing of any of those properties funded via VLLs.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

23. 2024: STATEMENT OF FUNDS

Group Only	Brought Forward £'000	Income & Pensions £'000	Expenditure £'000	Transfers in/out £'000	Gains/ (losses) £'000	Carried Forward £'000
Designated funds						
Projects & Events	58	26	(70)	-	-	14
DBF Designated houses	11,281	-	(25)	-	720	11,976
	<u>11,339</u>	<u>26</u>	<u>(95)</u>	<u>-</u>	<u>720</u>	<u>11,990</u>
General funds						
General	3,494	13,808	(16,229)	1,783	(12)	2,844
	<u>3,494</u>	<u>13,808</u>	<u>(16,229)</u>	<u>1,783</u>	<u>(12)</u>	<u>2,844</u>
Total unrestricted funds	<u>14,833</u>	<u>13,834</u>	<u>(16,324)</u>	<u>1,783</u>	<u>708</u>	<u>14,834</u>
Endowment funds						
Diocesan Stipends Fund	60,010	269	(134)	(783)	4,114	63,476
Endowment & Gift	554	16	-	(16)	17	571
Education	154	5	-	(5)	7	161
	<u>60,718</u>	<u>290</u>	<u>(134)</u>	<u>(804)</u>	<u>4,138</u>	<u>64,208</u>
Restricted funds						
Property reserve	4,022	-	-	-	141	4,163
** Restricted Trust Reserve	7,376	210	(110)	(139)	95	7,432
Benefice Houses	75,184	-	-	552	3,644	79,380
Pastoral Fund	9,812	231	(306)	(1,200)	211	8,748
Diocesan Loan Fund	2,081	12	-	-	-	2,093
Clergy Widows & Orphans	1,225	35	(56)	-	29	1,233
Interior decoration scheme	536	31	(4)	-	19	582
## Misc. Projects and Appeals	354	33	(58)	(24)	3	308
Resourcing the Future	3,881	159	(115)	(673)	218	3,470
Res Ministerial Education	166	(112)	(20)	-	-	34
Telford Minster (SDF)	(198)	237	(469)	430	-	-
Harrison Legacy Fund	554	31	(23)	-	-	562
Board of Education	9,460	1,037	(690)	5	318	10,130
Net Zero Carbon	15	28	(17)	-	-	26
National Strategic Funding	-	104	(107)	-	-	(3)
Ephesian Fund	-	206	(258)	70	-	18
St Chad's Retreat Centre	1,769	440	(375)	-	81	1,915
Mercian Community Trust	260	168	(157)	-	-	271
	<u>116,497</u>	<u>2,850</u>	<u>(2,765)</u>	<u>(979)</u>	<u>4,759</u>	<u>120,362</u>
Total funds	<u>192,048</u>	<u>16,974</u>	<u>(19,223)</u>	<u>-</u>	<u>9,605</u>	<u>199,404</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF FUNDS

2023 Comparative

	Brought Forward £'000	Income & Pensions £'000	Expenditure £'000	Transfers in/out £'000	Gains/ (losses) £'000	Carried Forward £'000
Designated funds						
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>
General funds						
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>
Total unrestricted funds	<u>15,774</u>	<u>14,271</u>	<u>(16,760)</u>	<u>1,282</u>	<u>(234)</u>	<u>14,833</u>
Endowment funds						
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>
Restricted funds						
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& Appeals	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 Grant	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>
Total funds	<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 2024

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 2024

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. Miscellaneous Projects (Restricted) and Appeals

The fund derives from donations or grants to support specific areas of work, including Evangelism & Discipleship, Newchapel Hub, Ministry @ Work and Lichfield Theological Forum. Smaller Appeal funds have been added to this section in 2024 including the Lent and Ordination Candidates Funds.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

23. STATEMENT OF FUNDS (continued)

Restricted Funds

9. Resourcing The Future (RTF)

This includes identified restricted surplus funds from sale of property that are invested to generate capital growth so the funds can be used to support any short-term additional deployment and Mission Orientated Projects in future years.

10. 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.

11. 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. The Pastoral fund will underwrite any negative reserve.

12. 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.

13. 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.

14. Net Carbon

This fund is made up of various support grants. The funds are restricted to specific Net Carbon initiatives and strategy as part of the General synod aspiration for a Net Zero Carbon by 2030. The fund is used to support and help parishes as well as Diocesan controlled operations.

15. National Strategic Funding.

This fund covers support from the National Church for Strategic change. The funding supports posts as well as funding made available for specific projects and Church Buildings.

16. Ephesian Fund.

This fund has been made available for churches who do not wish to pay the Common Fund but contribute towards the cost of stipendiary ministry within their parish. The donations received are off set against stipend, Ers Ni, Pensions and Housing plus a small contribution to Safeguarding and DAC. The donations are classed as restricted and the Board continues to offer agreed support through Low Income Funding if applicable and any Agreements that were in place under the Common Fund, although the Board has the right to adjust any agreement that is financed from Board reserves.

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 2024

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 Endowment Funds as follows: -

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. 2024: GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2024 Total Funds £'000
Tangible fixed assets	15,366	86,101	33,849	135,316
Fixed asset investments	3,286	26,373	30,078	59,737
Debtors due after more than 1 year	46	548	-	594
Current assets	(3,042)	9,190	302	6,450
Creditors due within one Year	(575)	(1,850)	(21)	(2,446)
Creditors due in more than one year	(247)	-	-	(247)
	<u>14,834</u>	<u>120,362</u>	<u>64,208</u>	<u>199,404</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

24. 2023: GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

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

	2024 £'000	2023 £'000
Net income for the year (as per Statement of financial activities)	7,356	(3,349)
Adjustment for:		
Depreciation charges	177	142
Dividends, interest and rents from investments	(1,727)	(1,874)
Revaluation (Gains)/Losses on fixed assets and investments	(9,605)	1,081
Education Cash & Equivalents		-
Loss/(profit) on the sale of fixed assets	(172)	(140)
Decrease/(Increase) in debtors	489	63
Increase/(decrease) in creditors	(371)	(297)
Net cash used in operating activities	<u>(3,853)</u>	<u>(4,374)</u>

26. ANALYSIS OF GROUP CASH AND CASH EQUIVALENTS

	2024 £'000	2023 £'000
Cash in hand	5,079	8,591
	<u>5,079</u>	<u>8,591</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 £12,760 as at 31 December 2024 (2023:- £33,164). 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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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

28. CAPITAL COMMITMENTS

On 31 December 2024 – the Group and Company had no capital commitment. The commitment as at the end of 2023 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 2024: £1.460M (2023: £1.636M), 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 2024, following the valuation results being agreed, the deficit contributions paid were £Nil (2023: £Nil).

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 2024

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:

	% of pensionable stipends
31 December 2021	7.1% payable January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil
31 December 2024	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 2023 and 31 December 2024 is nil. The movement in the balance sheet liability over 2023 and over 2024 is set out in the table below.

	2024	2023
	£	£
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SOFA)	-	-
Remaining change to the balance sheet liability* (recognised in (SOFA))	-	-
	<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.

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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FOR THE YEAR ENDED 31 DECEMBER 2024

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 (2024: £Nil, 2023: £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 2024 (2023: £Nil).

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. At the most recent was carried out as at 31 December 2022, there was a surplus of £73.6M.

The next actuarial valuation is due at 31 December 2025.

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2023 or 31 December 2024.

The movement in the provision is set out below:

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

	2024 £	2023 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SOFA)	-	-
Remaining change to the balance sheet liability* (recognised in (SOFA))	-	-
	<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 2024	December 2023	December 2022
Discount rate	n/a	n/a	0.0% 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 (2024: £266,739, 2023: £241,453).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent was carried out as at 31 December 2022.

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FOR THE YEAR ENDED 31 DECEMBER 2024

29. PENSION COMMITMENTS (continued)

Pension Builder Scheme (Continued)

For the Pension Builder Classic section, the 2022 valuation revealed a surplus of £34.8M on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, 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 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5M on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, the Lichfield diocesan Board of Finance could become responsible for paying a share of the failed employer's pensions liabilities.

30. OPERATING LEASE COMMITMENTS

The group had no Operating Leases as at the end of 31 December 2024. There were none as at 31 December 2023. All operating equipment is purchased and depreciated in line with the policies set out in note 1.7.

31. SUBSIDIARY

Company name	Country	Percentage Holding	Description
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.

	2024	2023
	£'000	£'000
Income	440	413
Expenditure	(375)	(424)
Net gains/(losses) on investments	81	(52)
Net income	146	(59)
Balance sheet	2024	2023
	£'000	£'000
Tangible fixed assets	1,809	1,730
Current assets	222	154
Creditors: amounts falling due within one year	(114)	(99)
Creditors: amounts falling due in more than one year	-	(13)
Net assets	1,917	1,772
Restricted funds	1,917	1,772
Total funds	1,917	1,772

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FOR THE YEAR ENDED 31 DECEMBER 2024

31 SUBSIDIARY

Company Name:	Country	Percentage Holding	Description
Mercian Community Trust Company Number 04345177	England and Wales	100	Overseeing Community Projects in the Diocese

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

	2024 £'000	2023 £'000
Income	168	133
Expenditure	(157)	(209)
Net gains/(losses) on investments	-	(2)
Net income	11	(78)
Balance sheet	2024 £'000	2023 £'000
Tangible fixed assets	4	3
Investments	30	30
Current assets	432	413
Creditors: amounts falling due within one year	(195)	(186)
Creditors: amounts falling due in more than one year	-	-
Net assets	271	260
Restricted funds	271	260
Unrestricted funds	-	-
Total funds	271	260

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FOR THE YEAR ENDED 31 DECEMBER 2024

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 8). 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. Consent of Diocesan Synod would be required to increase this percentage. A minimum of 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 and 2024 £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 2024 the total amount of Total Unapplied Return was £28.482M (2023: £26.219M).

	Endowment	Unapplied Total Return	Total
	£'000	£'000	£'000
01 Jan 2024	33,791	26,219	60,010
Capital Growth	1,352	(1,352)	-
Revaluation	-	4,115	4,115
Movement in cash & cash equivalents	(149)	-	(149)
Transfer to general funds	-	(500)	(500)
31 Dec 2024	34,994	28,482	63,476

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FOR THE YEAR ENDED 31 DECEMBER 2024

33. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (31 DECEMBER 2023)

	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total Funds 2023 £'000
Income and endowments from:				
Parish Contributions	10,016	-	-	10,016
Less Parish Support**	(460)	-	-	(460)
Net Parish Contributions	9,556	-	-	9,556
Archbishops' Council	2,057	385	6	2,448
Other donations	360	194	-	554
Other trading activities	776	56	-	832
Investments	447	1,077	350	1,874
Charitable activities	1,085	648	-	1,733
Other income	(10)	262	-	252
Total income and endowments	14,271	2,622	356	17,249
Expenditure on:				
Raising funds	239	2	116	357
Charitable activities	16,521	2,619	20	19,160
Other expenditure	-	-	-	-
Total expenditure	16,760	2,621	136	19,517
Net (expenditure)/income before investment				
Gains	(2,489)	1	220	(2,268)
Net gains on investments and Property	(234)	(627)	(220)	(1,081)
Net Income/(Expenditure)	(2,723)	(626)	-	(3,349)
Transfers between funds	1,782	(917)	(865)	-
Net movement in funds	(941)	(1,543)	(865)	(3,349)