

**WAKEFIELD DIOCESAN
BOARD OF FINANCE**

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2007

Company Registered Number: 245111

Charity Registered Number: 249315

WAKEFIELD DIOCESAN BOARD OF FINANCE

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Reference and administrative details of the Wakefield Diocesan Board of Finance

In accordance with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005), the trustees (for the purposes of charity law) and directors (for the purposes of company law) during the year and as at the date of signing follow:

President (ex officio)	The Rt Revd S G Platten
Suffragan Bishop (ex officio)	The Rt Revd A W Robinson
Archdeacons (ex officio)	The Ven R J Freeman (Archdeacon of Halifax) The Ven J D F Greener (Archdeacon of Pontefract) (resigned 07.12.07)
Diocesan Secretary (ex officio)	Mr A W Ellis
Elected	
Chair	Mr F J Marshall
Vice-Chairman	Mr G A Rolfe
Revd N Clews (resigned 07.06.07)	Revd J Hadjioannou
Mr I S Wilson	Mr G A Mowbray
Mr D O Cowling	Mr J Haigh
Mr J S Dixon (resigned 05.03.07)	Mr R D Guy (resigned 05.03.07)
Mrs M A Gummerson	Mr W T Mutch
Mr P Arblaster	Mr J A Riley
Mr A Stears (appointed 06.06.07)	
Co opted	
Mr E A Speight	Mr G Lawley (resigned 02.05.07)
Mr R C Scholes	
Secretary	Mr A W Ellis
Registered Office	Church House 1 South Parade Wakefield WF1 1LP
Telephone	01924 371802
Facsimile	01924 364834
Company registration number	245111 (England & Wales)
Charity registration number	249315

Auditors

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LS1 4BN

Bankers

Yorkshire Bank PLC
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Wakefield WF1 1TA

Solicitors and Registrars

Dixon Coles & Gill
Bank House
Burton Street
Wakefield WF1 2DA

Investment Managers:

Listed Investments

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Glebe Property Agents

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WAKEFIELD DIOCESAN BOARD OF FINANCE

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The trustees, who are also directors for the purposes of company law, present their combined trustees' report and directors' report, together with the audited financial statements, for the year ended 31 December 2007.

This report refers to the Diocese of Wakefield except for Section 2 and is set out as follows:

1. Reference and administrative details of the Wakefield Diocesan Board of Finance (WDBF)
2. Summary information about the structure of the Church of England
3. Structure, governance and management
4. Objectives and activities
5. Achievements and performance
6. Financial review
7. Plans for future periods
8. Appointment of auditors
9. Approval of the Trustees Annual Report

1. Reference and administrative details of the Wakefield Diocesan Board of Finance

These are set out on pages 1 to 2.

2. Summary information about the structure of the Church of England

The Church of England is organised as two provinces; each led by an Archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 43 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two Archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are 108 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 *to co-ordinate, promote, aid and further the mission of the Church of England*. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Pensions Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

The Cathedral

The cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, Wakefield Cathedral, Northgate, Wakefield, WF1 1HG.

The information about General Synod, the Church Commissioners, the Archbishops' Council and Wakefield Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

The Diocese

Diocesan Synod

The statutory governing body of the diocese is the Diocesan Synod which is elected with representation across the Diocese with broadly equal numbers of clergy and lay people meeting 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 bishop where requested;
- deal with matters referred by General Synod;
- provide for the financing of the diocese.

Deanery Synod

Deanery Synod has two houses, laity and clergy, and its role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;

- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod;
- raise with Diocesan Synod such matters as it considers appropriate;
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod;
- elect members of the deanery to the Diocesan Board of Finance.

The Bishop's Council

Under the constitution of the Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- To initiate proposals for action by the Synod and to advise it on matters of policy;
- To advise the President on any matter;
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session;
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees;
- To carry out such functions as the Synod may delegate to it.

Parochial Church Council (PCC)

The PCC is the elected governing body of an individual parish which broadly is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently exempted from registration with the Charity Commission, subject to the Charities Act 2006 under which those above £100,000 gross income for the year will be required to register within a timescale to be identified by the Charity Commission. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation and use of a parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the various archdeaconries under the spiritual leadership of the Diocesan Bishop.

3. Structure, governance and management

The Diocese of Wakefield was created in 1888 and took broadly its present form in 1926. It covers an area of 557 square miles.

The diocese is arranged as two archdeaconries, Halifax covering the western part with 6 deaneries and Pontefract the eastern part also with 6 deaneries. In total there are some 200 parishes.

Diocesan governance

The Diocesan Synod is statutory governing body, which is an elected body with representation from all parts of the Diocese. Membership consists of ex officio members, including the Bishops and Archdeacons, clergy members elected by the houses of clergy in Deanery Synods, lay persons elected by the houses of laity in Deanery Synods, up to six persons who may be co-opted by the house of clergy or the house of laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Standing Committee, Bishop's Council.

Company status

The company, Wakefield Diocesan Board of Finance (WDBF), was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 15 January 1930 as a company limited by membership guarantees (No. 245111) and its governing documents are the Memorandum and Articles of Association. WDBF was registered with the Charity Commission (No. 249315) on 26 September 1966.

The directors of the WDBF under company law have a personal liability limited to £1 under their guarantee as company trustees in the event of its being wound up.

Decision-making structure

Diocesan Synod has delegated the following functions to the Bishops Council:

- Planning the business of Synod including the 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;
- Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod;
- To carry out such functions as the Diocesan Synod may delegate to it.

Diocesan Synod has delegated the following functions to the WDBF:

- Management of the funds and property of the Diocese;
- Preparation of annual estimates of expenditure;
- Advising on action needed to raise the 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.

The Diocesan Synod and the Board of Trustees have delegated responsibility for the day-to-day management of the company to the Diocesan Secretary who is supported by a number of heads of departments and their staff.

Committee structure

There are a number of Diocesan Synod committees that, though not sub-committees of WDBF can influence the operations of WDBF.

The following are statutory committees:

The Parsonage Board which is the Board of Finance is responsible for determining policy and making major decisions concerning the management of glebe property parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by WDBF.

Diocesan Pastoral Committee, which is responsible for the task of approving pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry.

Diocesan Advisory Committee, which 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.

Wakefield Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

Redundant Churches Uses Committee, which is responsible for finding appropriate alternative uses for churches which have been declared redundant.

In addition to the statutory committees, there are also a number of committees which include:

Child Protection advises and initiates training in relation to Child Protection matters for clergy and laity. In this respect it works closely with the Family Life and Marriage Education officers and Parish Education officers

Church in Society seeks to help in the exploration of faith relation to daily life. In so doing it believes communities should be served in the name of the Lord.

Wakefield Ministry Scheme Council promotes collaborative ministry in parishes to train and support lay ministry teams and provide for the selection and training of candidates for Ordained Local Ministry.

Bishop's Council

Bishop's Council consists of nine ex officio members, including the Diocesan and Suffragan Bishops and the two Archdeacons, six clergy elected by the house of clergy from among their number and nine lay persons elected by the members of the house of laity.

Wakefield Diocesan Board of Finance

The current membership of the Wakefield Diocesan Board of Finance is set out on Page 1.

The membership consists of five ex officio members, including the Diocesan and Suffragan Bishops the two Archdeacons and the Diocesan Secretary. In addition there are twelve elected lay representatives (one from each deanery), four clergy to be elected from membership of the Diocesan Synod (on an Archdeaconry basis, two per Archdeaconry) and six co-opted members appointed by members of the Board. With the exception of the ex officio members, all are elected or re-appointed triennially.

The WDBF has the following sub-committees:

Budget Sub-Committee, which is responsible for drafting and drawing up draft budgets for approval by the trustees prior to submission to Diocesan Synod and monitors expenditure and income.

Parish Share Sub-Committee, which is responsible for reviewing and monitoring all aspects of the parish share.

Risk Management Sub-Committee, which is responsible for assisting the trustees in the discharge of their responsibilities in respect of risk management, internal control and financial reporting.

Property Management Sub-Committee, which is responsible for assisting the trustees in the discharge of their responsibilities concerning the management of glebe property parsonage houses in each benefice, including buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by WDBF.

Appointment of trustees

Trustees are provided with induction training when first appointed and receive ongoing training, as appropriate. Some senior staff have job titles incorporating the title ‘Director’ but they are not directors of the company for the purposes of company law.

Trustees’ responsibilities

Company law requires the trustees (in their capacity as directors) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net incoming or outgoing resources of the company for that year.

In preparing those financial statements the trustees are required to:

- Select the most suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards and the SORP, 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 company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the corporate and trust assets of the company and ensuring their proper application under charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure to the auditors

At the date of making this report each of the Charity’s trustees as set out in page 1 confirm the following:

- So far as each trustee is aware there is no relevant information needed by the Charity’s auditors in connection with preparing their report of which the Charity’s auditors are unaware; and
- Each trustee has taken all the steps they ought to have taken as a trustee in order to make themselves aware of any relevant information needed by the Charity’s auditors in connection with preparing their report and to establish that the Charity’s auditors are aware of that information.

Related parties

General Synod, Church Commissioners and Archbishops' Council

WDBF has to comply with Measures passed by the 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 Suffragan Bishops are borne by the Church Commissioners.

Parochial Church Councils (PCCs)

The company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

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

Connected charities

The trustees consider the following to be connected charities:

Wakefield Diocesan Board of Education - a registered charity, which has responsibility for 102 Church schools across the Diocese, provides pastoral and professional support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.

Other connected charities with which WDBF co-operates in pursuit of its charitable objectives are:

Wakefield Diocesan Church Organization Society is a registered charity, which administers trust funds on behalf of parishes within the Diocese of Wakefield.

Wakefield West Riding Charitable Society Trust is a registered charity, which applies money in supplementary relief or assistance to qualifying persons who are resident or have served within the Diocese of Wakefield which was formerly situated in the West Riding of Yorkshire.

Pension Scheme

WDBF is the sponsoring employer of the Wakefield Diocesan Board of Finance Staff Retirement Benefit Scheme. This is a pension fund for the benefit of employees of WDBF. Costs of administration and secretarial services are borne by WDBF.

Further details are contained in note 1 to the financial statements.

Risk management

The trustees confirm that the major risks, to which WDBF is exposed, as identified by the trustees and staff, have been reviewed and that systems and procedures have been established to manage those risks. The trustees delegate to the Risk Management Sub-Committee the task of ensuring that risks are reviewed and managed as part of the risk management strategy. Sub-Committees have defined the risks in their areas, reported on the measures in place to manage and monitor these risks and implemented procedures and controls designed to minimise any potential impact on WDBF should any of the risks materialise. A risk register has been compiled.

4. Objectives and activities

Aims and objectives

WDBF aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Diocese of Wakefield and elsewhere.

WDBF strategic plan includes:

- Undertake a wide review of Diocesan finance. The review will incorporate all aspects of finance, including the share and budget as well as the financial structure and its responsibilities.
- Maintaining the number of clergy in line with the fall in the clergy allocation.
- Increase the Parish Share collection rate to at least the level included in the budget.
- To review vacant properties with a view to sell those surplus to requirements when appropriate.
- Introduce a policy of a minimum six months letting for vacant properties.
- Review the Diocesan Property portfolio with a view to make optimum use of the Boards assets.

WDBF's strategy for achieving its objectives is to maintain the sound financial structure needed to enable it to continue supporting the clergy through the payment of stipends, managing parsonages and other ministerial housing and also by providing other facilities and resources in support of the ministry of both clergy and lay people in parishes across the Diocese.

The key activities may be summarised as:

- Contributions for national church institutions (mainly by grant support).
- Mission and Ministry in the Parishes (includes all clergy training, housing, stipends, pension and all other expenditure supporting parish based ministry).
- Education funding by means of a grant to the Wakefield Diocesan Board of Education.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (See note 9 to the financial statements). Grants are paid to other connected charities and to other charitable projects which appear to the Board to support the furtherance of WDBF's objects.

5. Achievements and performance

Plans and achievements in 2007

During 2007 WDBF planned to:

- Set a deficit budget of £167,000. The £167,000 deficit is due to an increase in the clergy pension contribution (increased from 33.8% to 39.8%) during 2007. The full impact of this increase could not be absorbed by the share increase and will be funded by the reserves.

- Apply a 5% average increase in parish share across the Diocese. The future years' increase in parish share will be reviewed in line with the budget requirements.
- Continue the programme to reduce the backlog of repairs identified in the Quinquennial (QI) and vacancy inspections (VI) on housing stock.

During the year WDBF has:

- Incurred a net deficit of £480,000 against budget which contributed to the overall £257,000 deficit on total incoming resources.
- Increased clergy stipends in line with inflation and increased pension contributions to 39.8%.
- Applied an arrears rebate policy to parishes paying full share for two consecutive years.
- Continued the increased expenditure on repairs to housing to significantly reduce outstanding QI and VI work and improve the quality of the Board's housing stock.

Operational performance

WDBF received 84.96% of Parish Share due for the year (2006 - 90.56%). Although this was a significant reduction in the collection rate, the WDBF met all of its financial obligations to continue resourcing Diocesan needs as these arise, including the support of the ministry, provision of well-maintained houses for the clergy, national church responsibilities and enriching and facilitating many other aspects of church life throughout Wakefield such as retreats and cultural and spiritual gatherings.

Investment performance

Overall performance

Investments are held in both glebe (land and property) and general funds. The total value of investments (excluding short-term cash deposits) at 31 December 2007 was £7.57m (2006: £7.61m) and the total return on investment was 1% (2006: 14.8%). The overall return of 1.0% was significantly below the 2006 increase of 14.8% due to a weakening in the commercial real estate prices which adversely affected the performances of the CBF Property Fund and the CBF Investment Funds.

General fund investments

The Board's investments are with the CCLA Investment Management Ltd in Investment Funds and Property Funds. The Investment Fund showed an unrealised gain of £90,000 whilst the Property Funds had an unrealised loss of £182,000. The income from investments performed better than expected and was £19,000 more than the budget of £185,000. The Investment Fund performed in line with its benchmark (+6.1% WM Co CFS Universe). The Property Fund fell by -2.9% which significantly less the benchmark (-7% HSBC/AREF/IPD Balanced Property Unit Trust Index).

External factors affecting performance

The Parish Share, which is contributed by PCCs towards the ministry and other costs of the Diocese is a voluntary contribution and provides in excess of 65% of the Diocesan income. A large part of the costs are clergy costs and building maintenance costs, which both tend to increase at a rate in excess of the Retail Price Index. In addition, the Diocese has to increase contributions to the clergy and staff pension schemes.

The historical resources of the Diocese of Wakefield is relatively weak, financially, compared with many other dioceses and is expected to receive a proportionately larger share of National Church support than the better resourced Dioceses.

6. Financial review

Overall financial position

Total Income (unrestricted and restricted) before revaluation adjustments totalled £7.61m (2006: £7.39m) and total expenditure (unrestricted and restricted) amounted to £7.78m (2006: £7.39m).

The Statement of Financial Activities (SOFA) for the year shows net outgoing resources of £165,000 (2006: £2,000) before net gains and losses on the revaluation of investments and fixed assets and on the sale of investment assets.

After revaluation adjustments, the net movement in funds amounted to an outgoing of £257,000 (2006: incoming of £698,000).

During the year, total fund balances reduced from £46.72m to £46.46m. There was an overall net cash outflow of £97,000 (2006: £280,000).

Review of the statement of financial activities

The Parish Share income for 2007 was £517,000 less than budgeted. The fall in the collection was a significant shortfall on the previous year which was also below budget (2006: £206,000 shortfall). The overall share receipts including arrears payments have shown deterioration in both monetary and percentage collection over the last three years. The receipts in 2007 were 85% (2006: 90.56%) to which is added the arrears payments of £141,000 (2006: £86,000). The Diocese has started a process of engagement with the parishes and the clergy to highlight the financial difficulties facing the Board and in particular the impact of the deterioration in share.

Other income exceeded budget by £153,000, due to increased investment and rental income as well as additional external funding from other sources. The deterioration in share combined with the improved other income affected overall income which was £222,000 worse than budget.

The costs of ministry in parishes which are principally stipend, pension and property costs showed a £150,000 overspend against budget. The improvement and repairs to the Diocesan Housing started in 2004 continued into 2007, and was £393,000 greater than budget. The purchase of clergy housing during 2007 has been mainly funded from loans from the Church Commissioners which has resulted in an additional £49,000 interest costs. There were savings from vacancies in clergy posts of £292,000. Other areas of the budget contributed to savings of £59,000 resulting in a total overspend of £91,000 against the budget.

The unrestricted funds showed a £313,000 overspend against budget; the restricted funds provided a surplus against budget of £241,000. In addition the disposal of houses made a surplus of £74,000.

Principal funding sources

Around 67% of the income of the DBF comes from the Parish Share and 17% from National Church Selective Allocations.

Review of the financial position

The balance sheet has declined by £257,000 due to the deficit of £165,000 and the revaluation losses of £92,000 in the investments. Net cash flow has been negative due to further investment in property for use by the Diocese.

Financial sustainability

WDBF has sound financial management; however the Board is conscious of the continued fall in the parish share collection and the impact on the future plans. The Board continues to review these issues and will address them through consultation during 2008.

Going concern

After making enquiries the Trustees are satisfied that WDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Investment policies

WDBF's investment policies are based on two key policies:

The Board has a policy to invest in accordance with the ethical investment policy of the Church of England Ethical Investment Advisory Group - 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 endowed funds and as a result follow a correspondingly 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 glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to balance income, liquidity and the maintenance of capital.

Glebe investments

£1.3 million of the WDBF's investments are in glebe funds, primarily to generate a sustainable income to continue funding clergy stipends. Glebe investments are held in agricultural land, let on agricultural and business tenancies. Rents receivable amounted to £35,000 an income yield of 2.7%.

Unrestricted fund investments

Funds which may be needed for working capital in the short term are held as deposits with the Central Board of Finance.

Reserves policy

WDBF has considerable responsibilities including the remuneration of nearly 160 parochial stipendiary clergy, the upkeep of approximately 200 houses and the employment of some 30 full or part time staff. The target free reserves (net of fixed assets and investments) is currently set at an amount equivalent to three to twelve months' gross expenditure from unrestricted funds estimated at £1.8m to £7m. At 31 December 2007, WDBF's free reserves (i.e. excluding those tied up in fixed assets) were £3.5m.

The trustees intend to continue building up free reserves within these levels to maintain its overall aim of balanced budgets for long-term sustainability. The lower limit is set by the Board based on the historical under collection of parish share (8 to 10% under-recovery). The upper limit has been set so that adequate provision is made for providing loans to parishes and contingencies for future costs (mission projects and increased pension costs).

7. Plans for future periods

The trustees will continue to set annual budgets as appropriate; in line with the reserves policy (subject to building up free reserves to target level and seeking to hold down Parish Share increases in order to allow funds to be spent on mission activity). The ongoing objective is to resource diocesan needs, as determined by Synod and informed by local and national Church institutions.

8. Appointment of auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton.

Robson Rhodes resigned as auditors on 5 July 2007, creating a casual vacancy which the trustees have filled by appointing Grant Thornton. A resolution to appoint Grant Thornton as auditors of the company will be proposed at the forthcoming AGM.

9. Approval of the Trustees Report

The report of the trustees was approved by the Board on 6 May 2008 and signed on its behalf by:



A W Ellis
Diocesan Secretary



F Marshall
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WAKEFIELD DIOCESAN BOARD OF FINANCE

We have audited the financial statements of Wakefield Diocesan Board of Finance for the year ended 31 December 2007 which comprise the principal accounting policies, the statement of financial activities, the summary income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and notes 2 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Wakefield Diocesan Board of Finance for the purposes of company law) for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 December 2007.



Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
Leeds, England
6 May 2008

WAKEFIELD DIOCESAN BOARD OF FINANCE
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Unrestricted funds General £'000	Designated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2007 £'000	Total funds 2006 £'000
Incoming resources							
Incoming resources from generated funds:							
Voluntary income							
Parish contributions	2	4,890	-	-	-	4,890	4,887
Archbishops' Council	3	1,254	128	-	-	1,382	1,327
Other	4	227	-	-	-	227	182
Activities for generating funds	5	114	-	-	-	114	98
Investment income	6	272	-	65	199	536	348
Incoming resources from charitable activities							
Statutory fees, chaplaincy and other income	7	355	-	-	-	355	385
Other incoming resources	8	110	-	-	-	110	158
Total incoming resources		7,222	128	65	199	7,614	7,385
Resources expended							
Costs of generating funds:							
Cost of generating voluntary income		3	-	-	-	3	8
Investment management costs		21	-	-	-	21	21
Charitable activities							
Contributions to Archbishops' Council	9	385	-	-	-	385	384
Resourcing ministry and mission	10	7,072	128	23	-	7,223	6,831
Education	11	111	-	-	-	111	110
Governance costs	12	36	-	-	-	36	33
Total resources expended	13	7,628	128	23	-	7,779	7,387
Net (outgoing)/incoming resources before transfers		(406)	-	42	199	(165)	(2)
Gross transfers between funds	14	(455)	-	(382)	837	-	-
Net (outgoing)/incoming resources before other recognised gains and losses	15	(861)	-	(340)	1,036	(165)	(2)
Other recognised gains							
(Loss)/gains on investment assets		(22)	-	19	(89)	(92)	700
Net movement in funds	16	(883)	-	(321)	947	(257)	698
Reconciliation of funds							
Total funds at 1 January		6,634	-	1,831	38,251	46,716	46,018
Total funds at 31 December		5,751	-	1,510	39,198	46,459	46,716

All activities relate to continuing operations.

WAKEFIELD DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	£'000	£'000
Total incoming resources	7,613	7,385
Gross expenditure	<u>7,778</u>	<u>7,387</u>
Net deficit before investment fund disposals	(165)	(2)
Net deficit for the year	<u>(165)</u>	<u>(2)</u>

All income and expenditure relates to continuing activities

STATEMENT OF HISTORICAL COST PROFITS AND LOSSES FOR THE ENDED
31 DECEMBER 2007

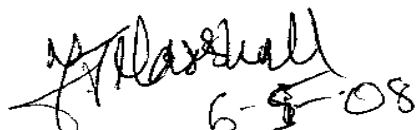
	2007	2006
	£'000	£'000
Net deficit for the year	(165)	(2)
Realisation of revaluation gross gains of previous years	<u>87</u>	<u>526</u>
Historical cost (deficit)/surplus for the year	<u>(78)</u>	<u>524</u>

WAKEFIELD DIOCESAN BOARD OF FINANCE
BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	19	40,424	38,528
Investments	20	7,574	7,613
		<u>47,998</u>	<u>46,141</u>
Current assets			
Stock		21	25
Debtors	21	204	684
Investments	22	2,052	1,756
Cash at bank and in hand		329	426
		<u>2,606</u>	<u>2,891</u>
Creditors : amounts falling due within one year	23	(1,373)	(1,092)
Net current assets		<u>1,233</u>	<u>1,799</u>
Total assets less current liabilities		49,231	47,940
Creditors : amounts falling due after more than one year	23	(2,772)	(1,224)
Net assets		<u>46,459</u>	<u>46,716</u>
The funds of the charity:			
Endowment funds	24	39,198	38,251
Restricted income funds	24	1,510	1,831
Unrestricted income funds:			
General funds	24	5,751	6,634
Total funds		<u>46,459</u>	<u>46,716</u>

The notes on pages 20 to 33 form part of these financial statements. The accounts were approved by the Board of Directors on 6 May 2008 and were signed on behalf of the Board by

Mr. F. Marshall, Chairman and Director/Trustee


6-5-08

WAKEFIELD DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 £'000	2006 £'000
Net outgoing resources before transfers		(165)	(2)
Depreciation		9	16
Net gain on disposal of tangible fixed assets		(74)	(99)
Interest and dividends receivable		(274)	(291)
Interest payable		124	60
Decrease in stock		4	-
Decrease/(increase) in debtors		480	(108)
Increase in creditors		1,829	312
Net cash inflow/(outflow) from operating activities		<u>1,933</u>	<u>(112)</u>
Returns on investment and servicing of finance			
Interest and dividends received		274	291
Interest paid		(124)	(60)
		<u>150</u>	<u>231</u>
Capital expenditure and financial investment			
Expenditure on tangible fixed assets		(2,165)	(1,509)
Sale of tangible fixed assets		334	714
Purchase of investments		(53)	(47)
Loans advanced		(1,698)	(135)
Loans repaid		75	35
		<u>(3,507)</u>	<u>(942)</u>
Net cash outflow before financing		(1,424)	(823)
Management of liquid resources			
(Increase)/decrease in CBF deposits held as investments		(296)	443
Financing			
Loans advanced		1,698	135
Loans repaid		(75)	(35)
		<u>1,623</u>	<u>100</u>
Decrease in cash	26	<u>(97)</u>	<u>(280)</u>

WAKEFIELD DIOCESAN BOARD OF FINANCE
NOTES TO THE ACCOUNTS

1. **Principal accounting policies**

The financial statements comply with applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" published in March 2005, as interpreted by the Diocesan Annual Report and Financial Statements Guide. A summary of the material accounting policies and estimation techniques adopted follows.

Basis of preparation

The Board prepares its annual financial statements on the basis of historical cost [adjusted for the revaluation of land and buildings] and the carrying of investment assets (including investment properties) at market value. The financial statements are drawn up in accordance with the requirements of the Companies Act 1985 except where the special nature of the company's operations has required adaptation of the required formats as required or allowed by Section 226(5) of the Act.

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

- **General funds** are the company's corporate funds. Undesignated general funds are freely available for any purpose within the company's objects, at the discretion of the Board.
- **Designated funds** are those funds set aside out of general funds by the Board for a specific purpose over whose use and purpose the Board has discretion.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Fund Capital and Parsonage Houses), 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.

The Diocesan Stipends Fund Measure 1953 and the Pastoral Measure 1983 (including the various amendments to these measures); govern the purposes for which the restricted funds may be used, including the permissible transfer of monies to unrestricted funds.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are disclosed in the trustees' annual report.

WAKEFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE ACCOUNTS

1. **Principal accounting policies - continued**

Incoming resources

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

Grants received which are subject to pre-conditions for entitlement or use 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.

In respect of parochial contributions, only contributions received during the year are included in the financial statements.

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 SOFA for the sake of greater clarity and simplicity in financial reporting.

Resources expended

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

Where costs cannot be directly attributed to particular headings they have been allocated or apportioned to activities on a basis consistent with use of the resources. Central support costs are apportioned on the basis of the estimated usage of resources at Diocesan Church House. The apportionment in 2007 can be summarised as follows:

- 5% - Cost of generating voluntary income
- 75% - Resourcing ministry and mission
- 15% - Education
- 5% - Governance

Clergy Pensions

The Board participates in the Church of England Funded Pensions Scheme and employs 151 members of the Scheme out of a total membership of approximately 10,000 active members.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Board is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. A valuation of the Scheme was carried out as at 31 December 2003. This revealed a shortfall of £91m, with assets of £196m and a funding target of £287m.

1. **Principal accounting policies** - continued

Clergy Pensions - continued

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the Board to account for pension costs on the basis of contributions actually payable to the Scheme in the year. Following the results of the valuation, the Board's contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005.

Following a subsequent informal review of the Scheme's funding position, the Board's contribution rate increased again to 39.8% of pensionable stipends with effect from 1 January 2007 as an interim measure, pending the results of the next formal valuation of the Scheme.

A new valuation has now been carried out, as at 31st December 2006. This has revealed a shortfall of £141m, with assets of £468m and a funding target of £609m, assessed using the following assumptions:

- An investment strategy of: a nil allocation to gilts for the next 10 years, increasing linearly to reach 30% after 20 years; and the balance of the assets in equities;
- Investment returns of 4.25% pa on gilts and 5.75% pa on equities;
- RPI inflation of 3.1% pa (and pension increases consistent with this);
- Increase in pensionable stipends 4.6% pa; and
- Post-retirement mortality in accordance with the PA00 tables, adjusted so that members are assumed to be two years younger than they actually are, with allowance for future improvements according to the "medium cohort" projections, and subject to a minimum annual improvement in mortality rates of 1% for males and 0.5% for females.

Taking account of the results of that valuation, as well as some agreed changes to benefits, the contribution rate from 1st April 2008 onwards will be 39.7% of pensionable stipends.

Employee Pensions

The Board participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund.

The Board 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 DBS. A valuation of the Fund was carried out as at 31 December 2004 and the Employer's contribution rate was revised from 20.38% to 30.75% with effect from 1 January 2006.

At 31 December 2007 the Board had 35 active members and 23 deferred pensioner members in the Fund.

Investments

Investments include agricultural holdings, commercial properties, and investment securities. They are valued as at 31 December each year.

WAKEFIELD DIOCESAN BOARD OF FINANCE
NOTES TO THE ACCOUNTS

1. **Principal accounting policies - continued**

Properties for the charity's own use

All these properties are included at the Board's best estimate of market value. It is the Board's policy to carry out a formal valuation of these revalued properties every 5 years. The last formal valuation was carried out as at 31 December 2003.

Depreciation on freehold and leasehold properties for the charity's own use

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value (by reference to prices ruling at the time of acquisition of the capitalised asset in each case) is not materially less than their carrying value. The Board has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

The Directors perform annual impairment reviews in accordance with the requirements of FRS 15 and FRS 11 to ensure that the carrying value is not more than the recoverable amount.

Depreciation on other tangible fixed assets

Depreciation is provided in order to write off the cost of other fixed assets within the year of purchase.

Parsonage Houses

The Board has followed the requirements of Financial Reporting Standard No 5, in its accounting treatment for benefice houses (parsonages). FRS 5 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Board is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if declared redundant, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Directors therefore consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value on the basis described above.

Gains and losses on fixed assets

Realised gains and losses on non-investment properties are included within net incoming resources for the year. Unrealised gains and losses on properties are included as part of other recognised gains and losses together with both realised and unrealised gains and losses on investment assets.

Governance Costs

Costs allocated to governance include expenditure incurred in the DBF meetings, Bishop's Council and Synod meetings as these are involved in the strategic planning processes that contribute to the future development of the company.

Management of liquid resources

Movements in short-term deposits not repayable on demand are reported under the heading of liquid resources.

WAKEFIELD DIOCESAN BOARD OF FINANCE
NOTES TO THE ACCOUNTS

	Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
	General	Designated			2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
2. Parish contributions						
Parish share						
Current year's allocation	5,266	-	-	-	5,266	5,016
Shortfall in contributions	(517)	-	-	-	(517)	(206)
	<u>4,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,749</u>	<u>4,810</u>
Arrears for previous years	141	-	-	-	141	77
	<u>4,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,890</u>	<u>4,887</u>
Total parish share receipts represent 87.3% of the allocation (2006 – 92.2%)						
3. Voluntary Income from Archbishops' Council						
Selective allocation	1,254	-	-	-	1,254	1,201
Parish Mission fund	-	128	-	-	128	126
	<u>1,254</u>	<u>128</u>	<u>-</u>	<u>-</u>	<u>1,382</u>	<u>1,327</u>
4. Other voluntary income						
Ecclesiastical Insurance Group	86	-	-	-	86	79
Other grants and donations	141	-	-	-	141	103
	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227</u>	<u>182</u>
5. Income from activities for generating funds						
Rental income from parsonages	99	-	-	-	99	81
Diocesan Magazine	15	-	-	-	15	17
	<u>114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114</u>	<u>98</u>
6. Investment income						
Dividends receivable	207	-	36	-	243	227
Interest receivable	37	-	29	-	66	87
Glebe minerals	-	-	-	199	199	-
Rents receivable	28	-	-	-	28	34
	<u>272</u>	<u>-</u>	<u>65</u>	<u>199</u>	<u>536</u>	<u>348</u>
7. Incoming resources from charitable activities						
Statutory fees and chaplaincy income	349	-	-	-	349	379
Church Commissioners: Guaranteed annuities	6	-	-	-	6	6
	<u>355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355</u>	<u>385</u>

WAKEFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE ACCOUNTS

	Unrestricted funds		Restricted funds £'000	Endowment funds £'000	Total funds 2007 £'000	Total funds
	General	Designated				2006
	£'000	£'000				£'000
8. Other incoming resources						
Gains on disposal of fixed assets	74	-	-	-	74	99
Loan interest	5	-	-	-	5	8
Other income	31	-	-	-	31	51
	110	-	-	-	110	158
9. Contributions to Archbishops' Council						
Training for ministry	141	-	-	-	141	130
National Church responsibilities	139	-	-	-	139	141
Grants and provisions	21	-	-	-	21	18
Mission Agency pension contributions	10	-	-	-	10	10
Retired clergy housing costs (CHARM)	41	-	-	-	41	44
Pooling of ordinand candidates' costs	25	-	-	-	25	34
General Synod expenses	8	-	-	-	8	7
	385	-	-	-	385	384
10. Expenditure on resourcing ministry and mission						
Parish ministry :						
Stipends and national insurance	3,174	-	-	-	3,174	3,179
Pension contributions	999	-	-	-	999	884
Housing costs	1,465	-	23	-	1,488	1,295
Removal, resettlement and other grants	210	-	-	-	210	187
Other expenses	47	-	-	-	47	67
	5,895	-	23	-	5,918	5,612
Support for ministry	1,177	128	-	-	1,305	1,219
	7,072	128	23	-	7,223	6,831
Housing costs include interest payments of £58,000 (2006: £58,000) on loans for the purchase of clergy houses.						
11. Expenditure on education						
Church Schools:						
Administration	62	-	-	-	62	62
Grants	49	-	-	-	49	48
	111	-	-	-	111	110

WAKEFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE ACCOUNTS

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	funds	funds	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
12. Governance costs						
Audit fees	9	-	-	-	9	9
Bishops Council expenses	6	-	-	-	6	3
Strategic management expenses	21	-	-	-	21	21
	36	-	-	-	36	33

13. Analysis of resources expended including allocation of support costs

	Activities undertaken directly	Grant funding of activities	Support costs	TOTAL 2007
	£'000	£'000	£'000	£'000
Cost of generating voluntary income	3	-	21	24
Contributions to Archbishops' Council	-	385	-	385
Resourcing ministry and mission	6,704	210	309	7,223
Education	-	49	62	111
Governance costs	15	-	21	36
	6,722	644	413	7,779

14. Analysis of transfers between funds

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	funds	funds	2007
	£'000	£'000	£'000	£'000	£'000
Clergy housing	(87)	-	(382)	469	-
DBF housing	(368)	-	-	368	-
	(455)	-	(382)	837	-

15. Net incoming resources for the year

These are after charging:

	2007	2006
	£'000	£'000
Depreciation	9	16
Auditors' remuneration	9	9

Auditors' remuneration is the fees payable to the Company's auditor for the audit of the financial statements.

WAKEFIELD DIOCESAN BOARD OF FINANCE
NOTES TO THE ACCOUNTS

16. Summary of fund movements

	Balances at					Balances at
	1 January 2007 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	31 December 2007 £'000
Unrestricted funds						
General	4,554	4,016	(4,326)	(368)	(22)	3,854
DBF Houses	1,953	-	-	(87)	-	1,866
Stipends fund income	127	3,206	(3,302)	-	-	31
Designated	-	128	(128)	-	-	-
	<u>6,634</u>	<u>7,350</u>	<u>(7,756)</u>	<u>(455)</u>	<u>(22)</u>	<u>5,751</u>
Restricted funds						
Pastoral account	1,405	50	(23)	(382)	19	1,069
Housing Scheme	426	15	-	-	-	441
	<u>1,831</u>	<u>65</u>	<u>(23)</u>	<u>(382)</u>	<u>19</u>	<u>1,510</u>
Endowment funds						
Expendable endowment						
Stipends fund capital	3,311	199	-	-	(89)	3,421
Accumulated Capital	109	-	-	-	-	109
Accumulated Income	4,237	-	-	837	-	5,074
Parsonage houses	30,594	-	-	-	-	30,594
	<u>38,251</u>	<u>199</u>	<u>-</u>	<u>837</u>	<u>(89)</u>	<u>39,198</u>
Total funds	<u>46,716</u>	<u>7,614</u>	<u>(7,779)</u>	<u>-</u>	<u>(92)</u>	<u>46,459</u>

17. Directors' remuneration and expenses

No remuneration has been paid to any Director in their capacity as directors (2006: £NIL).

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including the payment of council tax and maintenance costs, as part of normal clergy remuneration. Directors were reimbursed for travel, subsistence and incidental costs incurred in undertaking their ministerial activities totalling £13,196 (2006: £12,677).

The WDBF agreed the payment of a salary, national insurance, pension contribution and reimbursement of travel and incidental expenses to the Diocesan Secretary who is a member of the Board. The Diocesan Secretary was reimbursed for travel, subsistence and incidental costs incurred in undertaking his executive activities totalling £4,879 (2006: £4,137).

WAKEFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE ACCOUNTS

18. **Employee details**

All staff are employees of the Board of Finance

The average number of employees, based on full-time equivalents, were as follows:

	2007	2006
Support for parish ministry	21	19
Statutory Education	4	4
	<u>25</u>	<u>23</u>

Staff Costs were as follows

	2007	2006
	£'000	£'000
Gross salaries	580	535
Social Security costs	38	35
Pension contributions (defined contribution scheme)	183	147
	<u>801</u>	<u>717</u>
Funded by other related bodies	(188)	(192)
Charged to these accounts	<u>613</u>	<u>525</u>

The company recharges a proportion of its salaries to the Wakefield Board of Education.

The are no employees whose emoluments exceeded £60,000

19. **Tangible assets**

	Freehold property £'000	Office equipment £'000	Parsonages £'000	Glebe team vicarages £'000	TOTAL £'000
At cost or valuation					
At 1 January 2007	5,519	573	27,110	5,899	39,101
Additions	1,322	9	368	466	2,165
Disposals	(260)	-	-	-	(260)
At 31 December 2007	<u>6,581</u>	<u>582</u>	<u>27,478</u>	<u>6,365</u>	<u>41,006</u>
Accumulated depreciation					
At 1 January 2007	-	573	-	-	573
Charge for the year	-	9	-	-	9
At 31 December 2007	<u>-</u>	<u>582</u>	<u>-</u>	<u>-</u>	<u>582</u>
Net book value at 31 December 2007	<u>6,581</u>	<u>-</u>	<u>27,478</u>	<u>6,365</u>	<u>40,424</u>
Net book value at 31 December 2006	5,519	-	27,110	5,899	38,528

All the Board's fixed assets are used for charitable purposes.

WAKEFIELD DIOCESAN BOARD OF FINANCE
NOTES TO THE ACCOUNTS

20. Investments

	Agricultural land £'000	Commercial Property £'000	Listed investments £'000	Total 2007 £'000
Within the United Kingdom				
At 1 January 2007	1,205	110	6,298	7,613
Additions	-	-	53	53
Revaluation	-	-	(92)	(92)
At 31 December 2007	1,205	110	6,259	7,574
Cost at 31 December 2007	962	110	4,920	5,992
Cost at 31 December 2006	962	110	4,867	5,939

Listed investments

	2007	
	Valuation £'000	Cost £'000
Central Board of Finance of the Church of England		
Investment fund	3,773	3,243
Property fund	2,486	2,308
	6,259	5,551

The agricultural land was revalued on 31 December 2003 by the Glebe agent, on an open market basis.
The Glebe lands were vested in the Board on 1 April 1978 under the Endowments and Glebe Measure 1976.

	2007 £'000	2006 £'000
21. Debtors		
Due within one year		
Monies held by Church Commissioners	-	425
Prepayments	53	48
Loans to parishes	44	30
Other debtors	51	60
	148	563
Due after one year		
Loans to parishes	53	110
Other debtors	3	11
	56	121
Total	204	684

WAKEFIELD DIOCESAN BOARD OF FINANCE

NOTES TO THE ACCOUNTS

	2007	2006
	£'000	£'000
22. Short-term investments		
CBF deposit fund	2,052	1,756
	<u>2,052</u>	<u>1,756</u>
23. Creditors		
	2007	2006
	£'000	£'000
Amounts falling due within one year		
Other creditors	274	248
Accruals and deferred income	995	815
Loans from the Church Commissioners: Parishes	7	7
: Permanent loans	97	22
	<u>1,373</u>	<u>1,092</u>
Amounts falling due after one year		
Loans from the Central Board of Finance: Parishes	21	28
Loans from the Church Commissioners: Value linked	1,184	984
Permanent loans	1,567	212
	<u>2,772</u>	<u>1,224</u>

Loans, excluding the value linked loans, fall due as follows:

	Central Board of Finance £'000	Church Commiss- ioners £'000	TOTAL £'000
In less than one year	7	97	104
In 1 - 2 years	7	97	104
in more than 2 but less than 5 years	14	291	305
in more than 5 years	-	1,179	1,179
	<u>28</u>	<u>1,664</u>	<u>1,692</u>

Value Linked Loan (VLL) and Permanent loans are for purchasing property and were raised from the Church Commissioners.

Value Linked Loans are subject to interest at an initial rate of 4% which is increased each year in line with the Retail Price Index. The loans are due for repayment when the respective properties or their replacements are no longer required. They are therefore regarded as long term but are payable on demand if the property is disposed of or no longer qualifies for a VLL. They are secured on the properties to which they relate.

Permanent loans are subject to interest at variable rates set by the Church Commissioners. These loans are repayable between 4 and 25 years and the principal is repaid on an annuity basis.

WAKEFIELD DIOCESAN BOARD OF FINANCE
NOTES TO THE ACCOUNTS

24. Summary of assets per fund

	Fixed assets		Current assets	Creditors	Net assets
	Tangible	Investments			
	£'000	£'000	£'000	£'000	£'000
Endowment funds					
Expendable endowment					
Stipends fund capital	-	3,176	244	-	3,420
Glebe Land	-	1,205	-	-	1,205
Church House	800	-	-	-	800
Parsonage houses	27,478	-	-	(20)	27,458
Glebe Houses	6,365	-	-	(50)	6,315
	34,643	4,381	244	(70)	39,198
Restricted funds					
Pastoral account	-	820	690	-	1,510
	-	820	690	-	1,510
Unrestricted funds					
General	-	2,373	1,672	(1,296)	2,749
DBF Houses	5,781	-	-	(2,779)	3,002
	5,781	2,373	1,672	(4,075)	5,751
TOTAL	40,424	7,574	2,606	(4,145)	46,459

Stipends Fund Capital

This fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends (but, since 1993, capital can be applied for improvements to parsonage houses).

Glebe Land

This fund is governed by the Endowments and Glebe Measure 1976. It represents the value of all the agricultural, commercial land in the Diocese held primarily to generate a sustainable income to continue to fund clergy stipends.

Church House

This fund represents the value of Diocesan Headquarters.

Parsonage houses

This fund represents the value of all the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.

Glebe Houses

This fund is governed by the Endowments and Glebe Measure 1976. It represents the value of all the houses transferred from benefice ownership to diocesan glebe by way of a pastoral scheme. They are retained for housing team ministers licensed to the benefice.

WAKEFIELD DIOCESAN BOARD OF FINANCE
NOTES TO THE ACCOUNTS

24. Summary of assets per fund - continued

Pastoral account	This fund includes the proceeds of redundant churches and parsonages. The purposes for which the account may be used are laid down in Section 78 of the Pastoral Measure 1983.
Houses Scheme Church Commissioners	These funds are from the sale of parsonage houses held by the Church Commissioners for a specific benefice. The funds cannot normally be released unless used for the benefice concerned or until an appropriate pastoral scheme has been affected.
General fund	This fund is available for any purpose within the objects of the Board. It is principally used for the payment of stipends, national insurance, pension contributions and housing costs of clergy and licenced lay-workers in parish ministry.
DBF Houses fund	This fund represents value of all the DBF corporate houses purchased with DBF funds transferred into DBF corporate ownership by pastoral scheme or donated or bequeathed for unrestricted purposes. They include houses for the suffragan bishop, archdeacons, assistant staff, sector ministers and others.

25. Corporate revaluation reserve

	2007	2006
	£'000	£'000
At 1 January	32,547	33,773
(Loss)/gain on revaluation of investments	(92)	699
Realisation of revaluation losses in previous years	(87)	(526)
At 31 December	32,368	33,946

WAKEFIELD DIOCESAN BOARD OF FINANCE
NOTES TO THE ACCOUNTS

26. Analysis of changes in net debt

	As at 1 January 2007 £'000	Cash flow £'000	As at 31 December 2007 £'000
Cash at bank	426	(97)	329
Debt			
Loans from the Church Commissioners: Value linked loans	(984)	(200)	(1,184)
Permanent loans	(234)	(1,430)	(1,664)
Loans from the Central Board of Finance	(35)	7	(28)
Current asset investments	1,756	296	2,052
	<u>503</u>	<u>(1,327)</u>	<u>(824)</u>
Net debt	<u>929</u>	<u>(1,424)</u>	<u>(495)</u>

Reconciliation of net cash flow to movement in net debt

	2007 £'000
Decrease in cash during the year	(97)
Cash flow from decrease in debt and financing	(1,623)
Current Asset Investments	296
	<u>(1,424)</u>
Net debt at 1 January 2007	<u>929</u>
Net debt at 31 December 2007	<u>(495)</u>

27. Contingent liability

Redundant churches in the Diocese are vested in the Board for care and maintenance until their disposal. The directors are unable to assess the extent of any future maintenance liabilities. During 2007 the Board had expenditure of £16,453 (2006: £7,256) on maintaining redundant churches.

28. Related Party Disclosures

The company and the Wakefield Diocesan Church Organization Society are under common control by virtue of common directors. During the year the company has paid £4,000 (2006: £4,000) by way of funding to the Wakefield Diocesan Church Organization Society. An amount of £1,500 (2006: £1,500) is due from the Wakefield Diocesan Church Organization Society.

The Wakefield Diocesan Board of Education is a company with a separate board membership. There are two directors (the Diocesan Bishop and the Archdeacon of Halifax) common to both boards. The officers of the Board of Education including the Secretary to the Board of Education are employed by the Wakefield Diocesan Board of Finance. During the year the company has paid a grant of £49,300 (2006: £47,800) by way of funding to the Wakefield Diocesan Board of Education. During the year the company provided management services of £181,400 (2006: £157,200) to the Wakefield Diocesan Board of Education, with £19,912 (2006: £16,499) outstanding at the year end.