



**The Blackburn Diocesan Board of Finance
Limited**

Annual report and financial statements

Company limited by guarantee (no 225457)

Registered charity (no 247647)

Date: 31 December 2017

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Contents

Vision statement.....	2
Legal objects	3
Strategic report.....	3
<i>Strategic aims and objectives for the year</i>	3
<i>Activities and achievements in the year</i>	4
<i>Future plans</i>	6
<i>Financial review</i>	6
<i>Principal risks and uncertainties</i>	8
Structure, governance and management.....	9
<i>Summary information about the structure of the Church of England</i>	9
<i>Organisational structure</i>	10
Directors responsibilities	12
<i>Statement of disclosure to the auditors</i>	13
<i>Appointment of auditor</i>	13
Administrative details.....	14
<i>Attendance of directors at meetings in 2017</i>	15
Independent auditor's report to the members of the Blackburn Diocesan Board of Finance Limited...	17
Statement of financial activities	19
Income and expenditure account	20
Balance sheet.....	21
Cash flow statement	22
Notes to the financial statements	23

VISION STATEMENT

‘Healthy Churches Transforming Communities’

We desire to make the Good News about Jesus Christ more widely known, because we believe:

- He is the One who brings ‘life in all its fullness’
- Healthy church communities have a positive and transformative impact on our society.

We will work together to achieve this by:

Making disciples of Jesus Christ

- Knowing the Scriptures better through reading, teaching, preaching and study
- Praying with greater depth and urgency for the Kingdom of God to come
- Giving generously of our time, talents and money to the cause of Christ

Being witnesses to Jesus Christ

- Sharing the Gospel of salvation with confidence
- Holding regular enquirers courses in as many local churches as possible
- Showing God’s love in action through projects that meet a local human need
- Offering thorough and accessible Baptism preparation and follow-up
- Planting or renewing 50 new strategic congregations by 2026

Growing leaders for Jesus Christ

- Supporting and equipping the current leadership for today’s context
- Enabling missional leadership in every Christian community
- Liberating lay leadership for greater participation
- Creating the varied patterns of Sunday and weekday worship necessary to welcome all kinds of people, especially the newcomer

Prioritising work among children, young people and schools to raise up a new generation for Christ

The Diocesan Vision Prayer

Heavenly Father, we embrace Your call for us to make disciples, to be witnesses and to grow leaders. Give us eyes to see Your vision, ears to hear the prompting of Your Spirit and courage to follow in the footsteps of your Son, our Lord and Saviour Jesus Christ. Amen

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

The Directors of the Blackburn Diocesan Board of Finance Limited (BDBF), who are the Trustees for the purpose of charity law, present their annual report, together with the audited financial statements, for the year ended 31 December 2017.

The directors and 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 requirement for:

Directors Report of a charitable company
Strategic Report under the Companies Act 2006 and
Trustees Annual Report under the Charities Act 2011

LEGAL OBJECTS

The BDBF's principal objective is to promote, assist and advance the work of the of the Church of England, primarily but not exclusively in the Diocese of Blackburn, by acting as the financial executive of the Blackburn Diocesan Synod.

The BDBF has the following statutory functions:

- The BDBF has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.
- It is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.
- The BDBF is custodian trustee in relation to PCC property.

STRATEGIC REPORT

STRATEGIC AIMS AND OBJECTIVES FOR THE YEAR

The main role of the BDBF is to identify and manage the financial aspect of the provision of the 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.

In March 2015, the Diocesan Synod agreed the vision statement and strategic priorities for the following ten years.

We will continue to have specific focus for the next two years on the following contexts:

- Presence and Engagement parishes (the Church of England's national programme equipping Christians for mission and ministry in a multi-faith society)
- Cathedral (its role within the town and diocese)
- Outer estates (deprived urban areas with significant social housing)
- Turnaround parishes (parishes where there has been decline in attendance and finances, but where there is an active willingness to change)
- The Preston Resourcing Church

The Directors are aware of the Charity Commission's published guidance on the public benefit requirement in general and, more particularly, in 'The Advancement of Religion for the Public Benefit' and have had regard to it in their administration of the BDBF.

The Directors believe that, by carrying out these objectives and in promoting the work of the Church of England in the Diocese of Blackburn, the BDBF helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and service by members of the Church in and to their communities, for the benefit of individuals and society as a whole.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The key activities may be summarised as:

- contributions to the National Church Institutions (mainly by grant support)
- mission and ministry in parishes (includes clergy training, housing, stipends, pension and all other expenditure required to support parish based ministry)
- grant funding to Blackburn Diocesan Board of Education Ltd for work with children and young people
- supporting and encouraging the strategic priorities of Vision 2026
- specific diocesan projects
- provision of the Diocesan Conference and Retreat House (Whalley Abbey)

During 2017 the BDBF planned to:

- meet existing commitments to support the ministry of the Diocese of Blackburn, within an agreed deficit management budget, and other restricted funds, and subject to reserve constraints, respond to any new need as they arose. We also planned to encourage parishes struggling to meet their Parish Share requests to meet DBF Directors, Archdeacons and DBF Officers
- finish the consultation on Vision 2026 and receive approval from Diocesan Synod, develop the concepts of 13 strategic priorities of Vision 2026 and give a call to prayer to the Diocese for Vision 2026
- submit two applications to the Archbishops' Council's Strategic Investment Board (SIB) for Strategic Development Funding (SDF) for (a) Outer Estates Leadership and (b) a resource church in Preston
- encourage parishes to write/update their Mission/Vision Action Plans, engage with the cathedral Eucharistic Festival, 'Thy Kingdom Come' prayer and church initiatives

During the year the BDBF has:

- paid clergy stipends and provided for the housing requirements of the clergy
- continued to task the DBF Directors, Archdeacons, Diocesan Secretary and Deputy Diocesan Secretaries to meet with Parishes which are not paying their allocated quota of share to provide support and to encourage them to pay and improve the collection of share. We have continued to support parishes to increase their giving and therefore be able to meet their quota of share supported parishes in their mission aspirations with grant funding from the Vision Grant and Loan Fund, which are available to support appropriate mission-based projects. We have processed a number of applications for financial assistance and supported a variety of projects
- allocated to each of the Vision 2026 key initiatives a sponsoring bishop and key members of the Bishop's Leadership Team to lead the work with volunteers and other diocesan officers.
- appointed Mrs Ruth McGaughey (Head of Finance) and Mr Dave Champness (Vision Coordinator) as Deputy Diocesan Secretaries
- been granted £1.54m SDF towards the total (£2.5m) over six years for the Outer Estates Leadership Programme, based in Blackpool and Blackburn, but benefiting deprived parishes across the diocese and been invited to submit a stage 2 SDF application for the Preston Resource Church
- replaced the diocesan contact database with the Contact Management System (CMS) developed and co-funded by 25 dioceses and updated the diocesan website using a smart phone/tablet-friendly platform with an easy to administer content management tool
- commenced the roll out of an extensive safeguarding training programme for clergy and parish officers attended by over 750 delegates. Over 95% of parishes have nominated at least one Parish Safeguarding Officer
- the Parish Mission Support team advised parishes on creating their Mission/Vision Action Plans and/or carrying out stewardship campaigns

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

- commenced a review of the Parish Share system, including the formula, communication, culture, training and consequences

In 2017 we supported the diocesan commitment to Making Disciples of Jesus Christ by:

- subsidising 'This Church is Open' banners, bought by 45 churches
- Over 200 people attended the Eucharistic Festival, and 200 people attended the Thy Kingdom Come launch event in the cathedral and Bishop Philip and the Revd Damian Porter leading a pilgrimage to the Holy Land with over 40 pilgrims from across the diocese. His daily video logs from Israel were posted on the diocesan Facebook page and YouTube channel with hundreds viewing each post
- Launching the 'Routes of Faith' modular foundation course, with 16 people enrolling for the first module and 36 people enrolling for other modules

In 2017 we supported the diocesan commitment to Being Witnesses to Jesus Christ by:

- the Diocesan Evangelism Team leading mission events in four parishes
- holding five evening events attended by over 100 people promoting the 'being witnesses through words and deeds' initiative for 2018
- holding a conference for 15 parish leaders interested in church planting
- commencing the 'Mission Shaped Ministry' course jointly with the Methodist Church which was attended by 16 people

In 2017 we supported the diocesan commitment to Growing Leaders for Jesus Christ by:

- Holding clergy study mornings which were attended by over 90% of clergy titled 'Does Vision 2026 have a theology?' and realigning the format of curate in-service training to mirror the Vision themes. 29 people explored ordained vocations of whom nine were selected for ordination training by a Bishop's Appointment Panel. 22 people attended occasional preacher and 19 worship leader training. Four Readers commenced training, 101 Readers, were re-licensed at the triennial relicensing service and there are also 57 Readers with permission to officiate.

The actions outlined above were enabled through a range of administrative and legal functions ensuring that the priorities identified within Vision 2026 were facilitated and the company maintained good governance.

Related parties

- General Synod, Church Commissioners, Archbishops' Council and Church of England Pensions Board

The BDBF has to comply with Measures passed by the General Synod of the Church of England. It pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod. The BDBF receives a grant from funds managed by the Church Commissioners. The BDBF pays for clergy stipends through the Church Commissioners. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

The BDBF pays retirement contributions for stipendiary clergy and some employees to the Church of England Pensions Board.

- Parochial Church Councils (PCCs)

The BDBF is required by Measure to be custodian trustee in relation to PCC property, but 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 decision-making within the BDBF and at Diocesan Synod level through representations to those bodies and through the input of Deanery Synods.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

- Blackburn Cathedral who lease part of Church House to the BDBF.
- Blackburn Diocesan Board of Education is a registered charity, which has responsibility for 186 Church schools across the Diocese and is responsible for the largest number of voluntary aided schools in the country. It provides pastoral and professional support to all its schools and has particular commitment to enhancing the quality of provision for religious education, collective worship and the spiritual, moral, social, and cultural development of all pupils.
-
- Cidari Multi-Academy Trust is the Trust that has been established to act as a sponsor for underperforming church schools in the Diocese and to welcome and support converter schools wishing to join the Cidari family of academies.
-
- All Saints Centre for Mission and Ministry provides training courses for Ordained and accredited Lay Ministry. The BDBF became a member of this company on the 22 March 2017.
-
- Together Lancashire is an ecumenical partnership of Anglicans, Methodists and other Christians supported by the Church Urban Fund, its purpose being to help church leaders, congregations and community activists to tackle the effects of poverty.

FUTURE PLANS

We plan to support the diocesan commitment to Making Disciples of Jesus Christ by encouraging initiatives in prayer, bible reading and spirituality; equipping people for whole life discipleship and resourcing people and churches through the work of Christian stewardship.

We plan to support the diocesan commitment to Being Witnesses to Jesus Christ by developing and increasing the range of resources to support outreach and evangelism in the local church, resourcing work on outer estates, actively supporting social responsibility through advice, training, resources and local projects; actively encouraging and resourcing Church Planting and Fresh Expressions of Church and continuing the development of effective internal and external communication through a wide variety of media and the provision of communication resources and training.

We are supporting the diocesan commitment to Growing Leaders for Jesus Christ by developing ministerial training and resources, with particular emphasis on creating opportunities for ministry and training in challenging contexts; actively promoting vocations to a breadth of ministries and encouraging younger vocations; offering support and resources to those involved in leadership roles and facilitating effective and efficient ministry in local contexts.

Our intent is that during the period 2018-2019, through a range of legal and administrative functions, we will continue to resource the actions outlined above enabling the continuing implementation of the priorities identified within Vision 2026.

FINANCIAL REVIEW

Financial performance

Parish share, the money given by Parishes to the BDBF to fund the mission and ministry of the Diocese, is the principal sources of funding for the BDBF in 2017. This reduced by £221,000 to £7.19m (2016: £7.42m).

The provision for outstanding parish share at the year end is £6.61m (2016: 6.31m).

The Directors are grateful to parishes for their contributions during the year, and especially to those parishes that make their parish share payments by monthly instalments.

Total income (including parish share) before revaluation adjustments totalled £11.96m (2016: £12.35m), a decrease of £398,000. Included in these figures are gains on the disposal of fixed assets of £0.9m (2016: £0.7m).

Expenditure amounted to £11.01m (2016: £11.38m). Included in these figures are losses on disposal of fixed assets of £75,000 (2016: £34,000). Expenditure decreased by £364,000.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

The Statement of Financial Activities (SOFA) for the year shows net income of £0.94m (2016: £0.98m) before net gains and losses on the revaluation of investments. This is a reduction of £34,000. The general funds had a reduction of £349,000.

After revaluation adjustments, the net movement in funds amounted to a £2.02m increase (2016: £2.81m), which results in a total fund balance of £59.89m (2015: £57.87m).

Significant Property Transactions

During the year we have purchased four curate houses and one house for the Blackpool Ministry Experience project totalling £942,000. Sale proceeds were received for three parsonages and a parcel of parsonage land of £853,000 and eight other houses of £1,499,000.

Balance Sheet Position

While the net assets on the balance sheet total £59.89m (2016: £57.87m) it must be remembered that included in this total are freehold land and buildings which are mostly used for ministry totalling £38.48m (2016: £39.08m). Much of the remainder is held in restricted or endowment funds. The defined benefit pension deficit of £3.77m (2016: £4.14m) is shown against general funds.

Investment Performance

The charity does not receive its donations evenly throughout the year. Some donations or funding grants received are held for a period prior to them being required for expenditure. The charity utilises NatWest reserve accounts and CCLA for cash investments.

The Board requests a member of CCLA to annually attend a meeting of the Investment Committee to update them on the Board's investment position. The Board invests in the CCLA Deposit, Investment and Property Funds.

The total value of investments and deposits (excluding cash and investment property) at 31 December 2017 was £22.0m (2016: £20.26m) and the return on investment was 3.0% (2016: 3.4%). (Income divided by average capital value).

The total value of investment property at 31 December 2017 was £1.89m (2016: £1.96m) and the return on investment was 2.3% (2016: 1.5%). (Net rental income divided by average capital value). Included in the income for 2017 was an unusual rent receipt of £8,000 representing 18% of the total investment rental income for the year.

Investment Policies

The BDBF's investment policies are based on two key policies:

Ethical investment – the BDBF seeks to pursue an investment policy consistent with the values of the Christian faith. This is achieved by investing in CCLA who follow the policies of the Church of England's ethical investment advisory group.

Long-term responsibilities – the Directors 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 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 towards clergy stipends on an ongoing basis. Unrestricted and restricted funds are invested to balance income, liquidity and the reimbursement of capital.

Reserves Policy

The Directors have reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commission. The BDBF has considerable responsibilities, including the remuneration and housing of on average 167.5 parochial stipendiary clergy. The BDBF aims to maintain the equivalent of at least three months' budgeted expenditure (Parish Share budget) up to a maximum of six months'

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

expenditure. This will be held within the unrestricted funds (excluding fixed assets and pension deficit), the investments of the designated funds allocated to generate income for general operations. This is considered sufficient to cover short-term cash outflows and cushion non-receipt of Parish Share. This policy is reviewed annually.

The current level of free reserves is £5,371,000 and represents 5.98 months of expenditure which is within the current policy.

There are a number of designated funds totalling £3,882,000 and the material ones are listed in note 25 on pages 41 and 42.

Those designated to provide income to specific purposes in the parish share budget of £1,085,000 are included in the free reserves figure.

The BDBF also administers a number of restricted and endowment funds that are held in specific trusts under charity law and are not available for general purposes. As at 31 December 2017 restricted funds totalled £8,384,000 and endowment funds totalled £44,716,000. A description of each reserve, together with the intended use of the fund is set out in notes 26 and 27 of the financial statements on pages 42 to 44.

Grant making 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 11 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 the BDBF's objectives (see note 17 to the financial statements).

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of the charitable company have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- an annual budget approved by the directors
- regular consideration of financial results and cash flows
- regular review of internal controls
- delegation of authority and segregation of duties
- regular review and update of risk assessments

The directors will continue to develop the risk management process to assess and document business risks and implement risk management strategies. This involves assessing the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. This process draws on ongoing consideration of business risk, which already forms a significant aspect of the directors' duties and of the management review by the Auditors, which occurs annually to discuss financial and internal control issues. There is no internal audit function as it is not considered an efficient use of the resources of the charity. The risk register is reviewed on a six-monthly basis and material changes are notified to the directors.

The key risks, which may impact on the charitable company, include:

1. A decline in the payment of Parish Share – the risk is that the BDBF is unable to meet its objectives due to financial constraints.

Existing Controls

- regular monitoring and meetings with those parishes who need help to meeting their assessment
- budget for the shortfall
- pastoral reorganisation to ensure affordability
- focus on stewardship
- free reserves policy

The parish share formula is currently under review with the work due to be completed in 2018.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

2. Reducing regular weekly attendance – the risk is that parishes will become increasingly unable to pay parish share due to the reduced number and the BDBF is unable to meet its objectives due to financial constraints. In 2017, the BDBF focused on Vision 2026 and supporting the church community in its missional work. We also submitted a bid for Strategic Development Funding (SDF) for Outer Estates Leadership as part of the plan to create or revitalise 50 church communities. The BDBF will be continuing to submit applications for new projects in 2018. In 2018 the focus is on being witnesses in word and deed and in 2019 it will be on discipleship.
3. Declining stipendiary clergy numbers. The risk is that the BDBF is unable to resource the local parish and, in 2017, improved vocation support, aimed to increase numbers of ordinands and curates, and developed training in lay leadership. This work will continue in 2018 with the appointment of a Director of Vocations.
4. Safeguarding cases, both current and historic. There is reputational and financial risk if there is historic occurrence of abuse by someone working on behalf of the Diocese not being adequately dealt with, although the BDBF follows National Church guidelines in relation to past cases and has appropriate insurance cover. Controls that have been introduced include the recruitment of trained Diocesan Safeguarding Advisors (DSA), mandatory national safeguarding training for all who require this, including those who hold the Bishop's licence, PCC members and others undertaking work in parishes with children and vulnerable adults. All clergy must have due regard for all national safeguarding policy and practice guidance and 95% of parishes now have a Parish Safeguarding Officer.
 - diocesan self-assessment processes and a parish safeguarding audit has been undertaken and returned to the National Safeguarding Team and the DSA
 - an assistant DSA has been recruited in line with national church recommendations
 - we will participate in a pilot national safeguarding progress review in 2018
 - The Diocesan Safeguarding Advisory Panel, with an independent chair and including senior membership from the police, probation and social care services, oversees diocesan safeguarding practice and monitors the business plan
 - training of key personnel as well as parish officers and clergy will be ongoing in 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is the established church with HM The Queen as the Supreme Governor.

It is organised into two provinces each led by an archbishop (Canterbury for the Southern Province and York for the Northern) and 42 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.

A diocese is divided into archdeaconries, deaneries, benefices and parishes. Benefices may comprise single or multiple parishes and are overseen by a parish priest (usually called a vicar, rector or priest-in-charge). The parish priests are responsible for the 'cure of souls' in their parish.

The Church of England is governed nationally by General Synod as its legislative and deliberative body. It comprises ex-officio and elected representatives 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. Blackburn Diocese currently has 5 elected clergy members and 6 elected lay members of General Synod. They were elected in 2015 for a period of five years.

In addition to the General Synod, the Archbishops' Council has a coordinating role for the work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and some lay workers.

Within each diocese, overall leadership lies with the Diocesan Bishop, who exercises that leadership as Bishop in the Diocesan Synod which is the statutory governing body of the diocese.

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.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

The Diocese of Blackburn was created in 1926. It has an area of 988 square miles and encompasses Lancashire with a few parishes in Wigan Metropolitan Borough. The overall population is approximately 1.3 million within urban and rural areas.

The Diocese of Blackburn has two archdeaconries (Blackburn and Lancaster), each the responsibility of an archdeacon. Each archdeaconry has seven deaneries with a number of benefices/parishes grouped geographically. An area dean has oversight of the deanery and each deanery has its own Synod. Within each parish there is a body called the parochial church council which is made up of parish priest as chair, the churchwardens and a number of elected members. Each parochial church council is a separate charity.

The Cathedral is the mother church of the diocese and is legally constituted as a separate charity. Copies of its trustees' report and financial statements may be obtained from the Cathedral Offices, Cathedral Close, Blackburn BB1 5AA.

ORGANISATIONAL STRUCTURE

The BDBF, was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 29 October 1927 as a charitable company limited by membership guarantees (No 225457) and its governing documents are the Memorandum and Articles of Association. The BDBF is registered with the Charity Commission (No 247647). The charity is a limited company and statutory accounts are filed annually with Companies House.

The members of the company comprise the Diocesan Bishop, each member for the time being of the Blackburn Diocesan Synod, including sufficient co-opted lay members in order to ensure that there is a majority by one of lay membership. Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council and standing committee.

The members of Bishop's Council are the Board of Trustees for the charity and in Company Law the Directors.

The Directors comprise six ex-officio members; the Diocesan Bishop, the Suffragan Bishops, the two Archdeacons, the Dean of Blackburn Cathedral. Four ex-officio elected positions; the Chairs and Vice Chairs of the Houses of Clergy and Laity of Diocesan Synod. Three ex-officio appointed positions; the Chair and Vice Chair of the Board of Finance and the Chair of the Property Committee. The elected members are 4 clergy, 2 from each archdeaconry, elected by the House of Clergy and 8 lay members, 4 from each archdeaconry, elected by the House of Laity. Two members may be co-opted with the approval of the directors. Elections will take place in 2018 with directors, both elected and co-opted, taking up post on 1 January 2019 for a term of three years.

Governance and policy of the BDBF is the responsibility of the directors.

Corporate priorities and the overall financial strategy for the BDBF, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Blackburn, are agreed by the Directors and confirmed by Diocesan Synod.

The responsibility for ensuring that these priorities and strategies are delivered were delegated to the Department Leaders.

The members of the company meet once a year in the general meeting to receive the annual report and financial statements. The Diocesan Synod each year receives and agrees the parish share budget, prepared and approved by the Directors. The Directors meet during the year to formulate and coordinate policies on mission, ministry and finance.

The role name of one Department Leader incorporates the title 'Director' but, for the purposes of company law, is not a director of the company.

Diocesan Synod has delegated the following functions to the Directors of the BDBF:

- transacting the business of the Diocesan Synod when not in session
- management of the funds and property of the Diocese
- preparation of the annual Parish Share Budget

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

- 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; and
- carrying out any other functions delegated by Diocesan Synod.

Statutory ecclesiastical boards and committees:

The Diocesan Mission and Pastoral Committee is responsible for the task of approving pastoral reorganisation, taking account of available clergy numbers and making use of new patterns of ministry. It is also responsible for finding appropriate alternative uses for churches which are closed for public worship.

The Diocesan Advisory Committee advises on matters affecting churches and places of worship such as 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.

The Parsonages Board: the BDBF is designated as the Parsonages Board for the Diocese for the purpose of exercising the Parsonages Board's functions under the Repair of Benefice Buildings Measure 1972.

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

Non-statutory committees:

The Finance Committee is responsible for the transaction of some of the business of the Board of Finance. Within delegated limits it can approve grants and other support and makes recommendations to the Directors in other cases. The membership of the Committee consists of the Chair and Vice Chair of the Board of Finance, the Diocesan Bishop and the two Archdeacons. Bishop's Council can co-opt up to six members on the basis of their expertise, of whom a minimum of 3 must be members of Bishop's Council and Directors of the BDBF.

The Property Committee is responsible for making major decisions concerning the management of parsonage and other houses owned by the BDBF, including setting the policy for their purchase, sale, repair and maintenance. The committee has delegated authority to authorise repairs and to buy and sell property and land vested in the Board of Finance for diocesan purposes. It is also responsible for determining policy and making major decisions concerning the management of glebe property and investments for the benefit of the Blackburn Diocesan Stipends Fund.

The Budget Committee is responsible for the drawing up of the annual draft budgets for approval by the Directors prior to submission to Diocesan Synod.

The Investment Committee meets on a regular basis to consider diocesan investments, to adjust the portfolio within parameters agreed by the Directors and to make recommendations to the Directors.

The Audit, Governance and Risk Committee is responsible for assisting the Directors in the discharge of their responsibilities for accounting policies, risk management, internal control and financial reporting, including liaison with the auditors.

The HR Committee deals with sensitive and other matters in relation to employed staff which cannot be considered by the full Board, partly because of their confidential nature and partly because of time pressures.

The Financial Assistance Group considers all applications for financial assistance from the Diocesan Vision Grant and Loan Funds. It has delegated authority to approve grants of up to £5,000 and makes recommendations for support to the Finance Committee for applications in excess of this amount.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Directors' induction

Directors are given an induction file when first appointed. Explanations are given in Directors' meetings to provide continuing training and Directors are encouraged to ask questions in order to develop their understanding of the charity. If additional information is required, it is brought to the attention of directors and the directors' induction file updated accordingly.

Remuneration of key management personnel

The salary scale of the Diocesan Secretary is determined by the Chair of the BDBF, but any annual award is in line with the employed staff salary increase.

The salary levels of Department Leaders and all other posts are set by a job evaluation system. Annual pay increases are determined by the HR Committee within a maximum set by the budgeting process. The members of the HR Committee are the Archdeacon of Lancaster, a clergy director and a lay director.

Funds held as custodian trustee

The BDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the BDBF does not control them and these assets are held separately to those of the BDBF.

PCC trust investment assets held by the BDBF had a market value of £13.1m at 31 December 2017 (2016 £12.7m). Detailed certificates of holdings were sent to parishes (c. 1,500 accounts) and other managing trustees of the respective charities as requested at that date. Details of these investments are summarised in note 30.

DIRECTORS RESPONSIBILITIES

The Directors, who are also the Trustees, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the BDBF and of the surplus or deficit of the BDBF for that period. In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Directors are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the BDBF and enable them to ensure that the financial statements comply with the Companies Act 2011. They are also responsible for safeguarding the assets of the BDBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the BDBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Directors are aware:

- a. there is no relevant audit information of which the charitable company's auditors are unaware, and
- b. we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITOR

The re-appointment of Haysmacintyre as auditors to the BDBF will be proposed at the Annual General Meeting.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

ADMINISTRATIVE DETAILS

Registered Address Diocesan Offices, Clayton House, Walker Office Park, Blackburn
BB1 2QE

Trustees/Directors

Ex-Officio Rt Revd J T Henderson
Rt Revd P J North
Rt Revd G S Pearson (resigned 31 July 2017)
Very Revd P Howell-Jones (appointed 25 March 2017)
Ven M J Everitt
Ven M C Ireland

Ex-Officio elected position Revd Canon Dr S J Cox
Revd N E Goodrich
Mr R J Collins
Mr T D Cox

Ex-Officio appointed Canon J J Dell
Mr N P Aves
Revd Canon A G Sage

Co-opted Mr P Jelley
Mr D J Wilkinson

Elected Clergy Revd P A Bicknell (resigned 31 May 2017)
Revd Canon A Holliday
Revd P A Lillicrap
Revd R A H Marshall

Elected Lay Persons Mr G D Burrows
Dr A Carter (appointed 25 November 2017)
Professor R Carter (appointed 25 November 2017)
Canon M L Chew
Mr C Scott
Ms J M Stamper

Key management personnel and advisers

**Diocesan Secretary,
Company Secretary** Canon G Pollard

Director of Ministry Revd Canon Dr S Penfold (resigned 5 February 2018)

**Department Leader Parish
Mission Support** Revd Canon D Banbury (resigned 25 March 2018)

**Head of Finance, Deputy
Diocesan Secretary** Mrs R McGaughey

**Vision 2026 Manager,
Deputy Diocesan Secretary** Mr D Champness

Solicitors Napthens LLP, Darwen House, Walker Office Park, Blackburn BB1
2QE

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Insurers	Ecclesiastical Insurance Office, Beaufort House, Brunswick Road, Gloucester GL1 1JZ
Bankers	National Westminster Bank, 35 King William St, Blackburn BB1 7DJ
Investment Managers	CCLA Investment Management Ltd, Senator House, 85 Queen Victoria St, London EC4V 4ET
Registered Auditor	haysmacintyre, 10 Queen Street Place, London EC4R 1AG
Glebe and Land Agent	Lea Hough & Co LLP, Phoenix Park, Blackburn BB1 5RW
Whalley Abbey Architect	Mr I Wilson, Ivan Wilson Architects Ltd, Waterloo Mill, Waterloo Rd, Clitheroe, Lancashire BB7 1LR

ATTENDANCE OF DIRECTORS AT MEETINGS IN 2017

	Total	
Ex officio		
Mr N P Aves	5/5	
Mr R J Collins	5/5	
Revd Canon Dr S J Cox	4/5	
Mr T D Cox	5/5	
Canon J J Dell	4/5	
Ven M Everitt	3/5	
Revd N E Goodrich	2/5	
Rt Revd J T Henderson	5/5	
Very Revd P Howell-Jones	2/4	(appointed 25 March 2017)
Ven M C Ireland	4/5	
Rt Revd P J North	4/5	
Rt Revd G S Pearson	2/2	(resigned 31 July 2017)
Revd Canon A G Sage	4/5	
Co-opted		
Mr P Jelley	2/5	
Mr D J Wilkinson	5/5	
Elected Clergy		
Revd P A Bicknell	3/3	(resigned 31 May 2017)
Revd Canon A Holliday	4/5	
Revd P A Lillicrap	3/5	
Revd R A H Marshall	5/5	
Elected Lay Persons		
Mr G D Burrows	5/5	
Dr A Carter	0/0	(appointed 25 November 2017)
Professor R Carter	0/0	(appointed 25 November 2017)
Canon M L Chew	1/5	
Mr C Scott	4/5	
Ms J M Stamper	4/5	

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

By order of the Board approving both the Directors' Report and Strategic Report



Canon J J Dell

Chair of the Board of Finance
16 June 2018



Mr N P Aves

Vice-chair of the Board of Finance
16 June 2018

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

Opinion

We have audited the financial statements of The Blackburn Diocesan Board of Finance Limited for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the 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).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, 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 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 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.

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.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. 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 incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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.



Adam Halsey (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors

16 June 2018

10 Queen Street Place
London
EC4R 1AG

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2017

		Unrestricted funds		Restricted funds	Endowment funds	Total funds	Total funds
	Note	General	Designated			2017	2016
		£000	£000	£000	£000	£000	£000
Income and endowments from:							
Donations and legacies							
Parish contributions	2	7,194	-	-	-	7,194	7,415
Archbishops' Council and Church commissioners	3	-	-	1,303	-	1,303	1,016
Other	4	23	140	153	19	335	627
Charitable activities: statutory fees, chaplaincy and other income	5	173	25	713	7	918	1,000
Other trading activities	6	239		66	236	541	581
Investments	7	158	20	475	31	684	702
Other	8	44		795	142	981	1,013
Total		7,831	185	3,505	435	11,956	12,354
Expenditure on:							
Raising funds	9	252	-	17	-	269	375
Charitable activities	10	3,028	168	6,290	1,259	10,745	11,003
Total	11	3,280	168	6,307	1,259	11,014	11,378
Net income/(expenditure) before investments		4,551	17	(2,802)	(824)	942	976
Net gains on investments	19	321	118	10	832	1,281	1,024
Net income/(expenditure) before transfers		4,872	135	(2,792)	8	2,223	2,000
Transfers between funds	13	(4,978)	724	3,715	539	-	-
Net income/(expenditure) before other recognised gains and losses		(106)	859	923	547	2,223	2,000
Other recognised gains/(losses)							
(Loss)/gain on revaluation of fixed assets	19	-	-	-	(64)	(64)	74
(Loss)/gain on defined benefit pension schemes		(141)	-	-	-	(141)	734
Net movement in funds		(247)	859	923	483	2,018	2,808
Reconciliation of funds							
Total funds at 1 January 2017		3,156	3,023	7,461	44,233	57,873	55,065
Total funds at 31 December 2017	24	2,909	3,882	8,384	44,716	59,891	57,873

All activities derive from continuing activities. The notes on pages 23 to 46 form part of the financial statements.

Details of comparative figures by fund are disclosed in note 31.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2017

	2017 £000	2016 £000
Total income	11,521	11,681
Total expenditure	(9,755)	(10,075)
Operating surplus/(deficit) for the year	1,766	1,606
Net gains on investments	449	348
Net income for the year	2,215	1,954
Other comprehensive income:		
Net assets transferred to endowments	(539)	(1,238)
Actuarial gains(losses) on defined benefit pension schemes	(141)	734
Total comprehensive income	1,535	1,450

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 Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

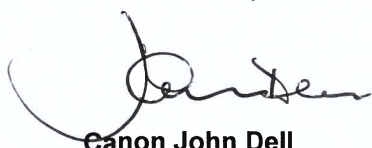
BALANCE SHEET

at 31 December 2017

	Note	2017 £000	2016 £000
Fixed Assets			
Tangible Assets	18	38,664	39,270
Investments	19	17,436	15,145
Investment Property	19	1,896	1,960
		57,996	56,375
Current assets			
Stocks		6	6
Debtors (amounts receivable after more than one year: £481,000 (2016:500,000))	20	823	1,057
Deposits and Cash at bank and in hand		6,001	5,866
		6,830	6,929
Creditors: amounts falling due within one year	21	(457)	(542)
Net current assets		6,373	6,387
Creditors: amounts falling due after more than one year	21	(707)	(752)
Provisions for liabilities: Pensions and similar obligations	21	(3,771)	(4,137)
		(4,478)	(4,889)
Net Assets	24	59,891	57,873
Capital and Reserves			
Endowment funds (Including investment revaluation reserve of £6,014,000 (2016: £5,246,000))	27	44,716	44,233
Restricted funds (Including investment revaluation reserve of £22,000 (2016: £12,000))	26	8,384	7,461
Unrestricted funds (Including investment revaluation reserve of £1,359,000 (2016: £1,038,000))	25	2,909	3,156
Designated funds (Including investment revaluation reserve of £1,146,000 (2016: £1,028,000))	25	3,882	3,023
		59,891	57,873

The notes on pages 23 to 46 form part of the financial statements.

These financial statements were approved by the Directors and were signed on their behalf on 16 June 2018 by:



Canon John Dell
Chair of the Board of Finance



Mr N P Aves
Vice-chair of the Board of Finance

The Blackburn Diocesan Board of Finance Ltd is a company limited by guarantee registered in England and Wales (no. 225457)

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

CASH FLOW STATEMENT

for the year ended 31 December 2017

	2017 £000	2017 £000	2016 £000	2016 £000
Net income before other recognised gains and losses	942		976	
(Gains)/Losses on disposal of fixed assets	(862)		(704)	
(Gains)/Losses on disposal of investments	-		-	
Depreciation	101		96	
Impairment of fixed assets	7		262	
Increase in stock	-		-	
(Increase)/decrease in debtors	211		(169)	
(Decrease)/increase in creditors current liabilities	(130)		184	
Movement in pension commitment	(507)		(429)	
Cash inflow from operating activities		(238)		216
Net income from investing activities				
Purchase of tangible fixed assets	(992)		(2,225)	
Proceeds of sale of fixed assets	2,352		1,794	
Purchase of investments	(1,010)		(260)	
Proceeds from sale of investments	-		-	
Net cash outflow from investing activities		350		(691)
Net cash inflow/(outflow) from financing activities				
Cash inflows from new borrowing	-		107	
Loan repayments received	25		196	
New loans made	(2)		(5)	
Net cash inflow/(outflow) from financing activities		23		298
(Decrease)/increase in cash in the year		135		(177)
Cash and cash equivalents at the beginning of the year		5,866		6,043
Cash and cash equivalents at the end of the year		6,001		5,866
Analysis of cash and cash equivalents				
	2017 £000		2016 £000	
Cash in hand and at bank	1,414		745	
Short term deposits	4,587		5,121	
	6,001		5,866	

The notes on pages 23 to 46 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charitable company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, the Charities SORP (2015) and applicable accounting standards FRS102, and under the historical cost convention adjusted for the revaluation of certain fixed assets.

The Directors are satisfied that there are no material uncertainties about the charitable company's ability to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Trustees' annual report and financial statements.

The Directors believe that the charitable company is a public benefit entity.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and the assumptions used in determining the value of the pension scheme deficit.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fixed assets and depreciation

Assets with a value in excess of £500 are capitalised. Freehold land is not depreciated. Depreciation is only provided for on the jointly owned Diocesan Offices. No other depreciation is provided on the charitable company's freehold buildings including parsonage houses (explanation regarding parsonage houses is included in note 18) as the depreciation charge is immaterial.

As it is the charitable company's policy to maintain houses to a high standard, in accordance with a planned approach to repair and maintenance, such properties maintain residual disposal values in aggregate at least equal to their book values.

The charitable company will perform annual impairment testing of assets on which depreciation is not provided to determine whether residual values of housing properties in aggregate continue to exceed carrying value.

The company holds all Heritage assets at an accurate valuation wherever possible. Where not possible they are held at depreciated value.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Depreciation is provided on the Diocesan Offices and to write off the cost less the estimated residual value of other tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold property	30 years or, if shorter, the remainder of the lease term
Diocesan Offices	50 years on property 20 years on remodelling
Whalley Abbey Retreat and Conference House	15 years to a residual value of £500,000
Fixtures, fittings and office equipment	4-10 years
Heritage asset	15 years

Fixed asset investments

Fixed asset investments are stated at market value at the balance sheet date. Movements in market value arising during the year are shown as unrealised gains or losses on fixed asset investments in the Statement of Financial Activities.

Investment properties

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

Previously, all glebe properties were held as functional assets, but on review it has been determined that some of the agricultural glebe land is held for the purposes of producing income for clergy stipends, therefore these holdings should be classified as investment properties. As an investment asset revenue-earning glebe has been revalued to fair value.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Income

Parish contributions

Income includes amounts received from Parochial Church Councils in respect of parish share for general, stipends fund and parsonage house fund assessments. Parish share is recognised in the accounts when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

Income from Archbishops' Council

Money from National Church Institutions is recognised when entitlement is probable.

Other donations, grants, legacies and similar income

Grants and donations receivable towards the cost of additions or improvements to freehold buildings are credited to income in the period to which they relate. Other grants are recorded as income when entitlement is probable. Where grants are restricted to future accounting periods they are treated as deferred income and recognised in those accounting periods. Other donations are recorded as income when received.

Other trading activities

Other trading activities relate to the operations of Whalley Abbey, the Diocesan conference and retreat house, and the receipts from the sale of the Diocesan magazine. The income from these sources is recognised on an accruals basis. Income in the restricted fund mainly relates to fees and chaplaincy income and is recognised when entitlement is certain.

Investment income

Investment income is recognised on an accruals basis.

Expenditure

Expenditure has been charged to the Statement of Financial Activities on an accruals basis. Expenditure relating directly to the objectives of the charity is shown as direct charitable expenditure.

Grants payable

Grants payable are debited to expenditure when the charitable company has a constructive obligation to pay.

Ministry in Parishes

Ministry in Parishes includes the stipends, NI, pensions, housing costs and any direct expenses paid by the charitable company for stipendiary ministers located in parishes.

Ministry Support

Ministry Support includes the costs of the charitable company that provide either a direct service to the parishes or to the community of the parish. It also includes the National Training costs paid to National Church for the training of Ordinands and the costs of Whalley Abbey the retreat house of the Diocese.

Support and Governance Costs

Governance costs includes audit fee, trustee meeting expenses, Diocesan Synod expenses, Bishops Council expenses and an allocation of costs based on estimated time spent preparing statutory information and for governance/ strategic issues, by the Finance Department, Diocesan Secretary and Head of Support Services.

Support includes the costs of the finance department and general management not included under Governance costs. Support costs have been allocated based on an estimate of time spent in each area.

Taxation

The Blackburn Diocesan Board of Finance Limited (by guarantee) is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II 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.

Pensions

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in independently administered funds. The amount charged in the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

The charitable company also participates in the Church Workers Pension Fund and the Church of England Funded Pension Scheme (see note 16). The assets of the defined benefit pension schemes are held separately from the charitable company in independently administered funds. The pension costs charged as expenditure represent the BDBF's contributions paid in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which the BDBF participates is accrued at current value.

Fund accounting

Funds held by the charitable company are either:

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charitable company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Endowment funds - this is capital, held in perpetuity to create income for specified purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Where a grant or donation is received to fund a capital item or where an asset is donated, if there is an obligation relating to the future use or retention of the relevant asset, the balance relating to that asset is held within restricted funds as long as that restriction exists. Where there is no such restriction, the income relating to the purchase of capital items is transferred to unrestricted funds in the Statement of Financial Activities.

2. Parish contributions

	Unrestricted funds		Restricted funds	Endowment Funds	Total funds 2017	Total funds 2016
	General £000	Designated £000	£000	£000	£000	£000
Parish share						
Current year's allocation	8,160	-	-	-	8,160	8,305
Provision for Share Support Fund	(966)	-	-	-	(966)	(890)
	<u>7,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,194</u>	<u>7,415</u>

3. Archbishops' Council and Church Commissioners

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total funds 2017	Total funds 2016
	General £000	Designated £000	£000	£000	£000	£000
Lowest Income Communities Funding	-	-	1,206	-	1,206	-
Selective Allocation	-	-	-	-	-	815
Parish Mission Fund	-	-	-	-	-	168
Resourcing Ministerial Education Block Grant	-	-	32	-	32	-
Mixed-mode ordinands grant	-	-	19	-	19	33
Strategic Capacity Grant	-	-	46	-	46	-
	<u>-</u>	<u>-</u>	<u>1,303</u>	<u>-</u>	<u>1,303</u>	<u>1,016</u>

4. Other donations

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total funds 2017	Total funds 2016
	General £000	Designated £000	£000	£000	£000	£000
Social Responsibility Projects	-	-	45	-	45	-
Allchurches Trust	-	130	-	-	130	130
Donations	19	9	90	-	118	414
Legacies	3	-	-	-	3	17
Other Grants	1	1	18	19	39	66
	<u>23</u>	<u>140</u>	<u>153</u>	<u>19</u>	<u>335</u>	<u>627</u>

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

5. Charitable activities

	Unrestricted Funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£000	£000	£000	£000	£000	£000
Statutory fees; chaplaincy income	-	-	572	-	572	620
Church Commissioners - Guaranteed annuities	-	-	3	-	3	3
Recharge of staff costs	48	-	37	-	85	69
Whalley Abbey Conference House	92	-	-	-	92	97
Social Responsibility projects fees	-	-	101	-	101	151
Sale of publications	-	22	-	-	22	22
Income for training courses	6	-	-	-	6	13
Other fees/sales	27	3	-	7	37	25
	<u>173</u>	<u>25</u>	<u>713</u>	<u>7</u>	<u>918</u>	<u>1,000</u>

6. Other trading activities

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£000	£000	£000	£000	£000	£000
Rental Income	85	-	66	236	387	411
Whalley Abbey Conference House	137	-	-	-	137	153
Accounting service	17	-	-	-	17	17
	<u>239</u>	<u>-</u>	<u>66</u>	<u>236</u>	<u>541</u>	<u>581</u>

7. Investment Income

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£000	£000	£000	£000	£000	£000
Dividends receivable	151	19	424	31	625	650
Interest receivable	7	1	6	0	14	22
Rents receivable	-	-	45	-	45	30
	<u>158</u>	<u>20</u>	<u>475</u>	<u>31</u>	<u>684</u>	<u>702</u>

8. Other income

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£000	£000	£000	£000	£000	£000
Gains on disposal of fixed assets	-	-	795	142	937	739
Whalley Abbey Insurance Claim	38	-	-	-	38	266
Realised Gain on Investments	-	-	-	-	-	-
Loan interest	6	-	-	-	6	8
New Funds	-	-	-	-	-	-
	<u>44</u>	<u>-</u>	<u>795</u>	<u>142</u>	<u>981</u>	<u>1,013</u>

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

9. Cost of raising funds

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£000	£000	£000	£000	£000	£000
Social Responsibility Team	-	-	9	-	9	17
Parish share						
Secretariat	7	-	-	-	7	7
Archdeacons	-	-	6	-	6	6
Bishop's Harvest Appeal	-	-	1	-	1	1
Investment Management Costs	4	-	1	-	5	5
Whalley Abbey Rents	9	-	-	-	9	19
Fundraising Trading Whalley Abbey	232	-	-	-	232	320
	<u>252</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>269</u>	<u>375</u>

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

10. Charitable Activities

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	016
	£000	£000	£000	£000	£000	£000
Contributions to Archbishops' Council						
Training for ministry	289	-	-	-	289	281
National Church responsibilities	230	-	-	-	230	212
Grants and provisions	25	-	-	-	25	27
Mission Agency pension contributions	3	-	-	-	3	16
Retired clergy housing costs (CHARM)	95	-	-	-	95	91
Pooling of ordinand candidates costs	32	-	-	-	32	47
General Synod expenses	12	-	-	-	12	13
	<u>686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>686</u>	<u>687</u>
Parish ministry						
Stipends & National Insurance	-	-	4,210	-	4,210	4,172
Pension contributions	55	-	923	-	978	1,052
Housing costs	44	10	300	1,259	1,613	1,528
Community Centre Impairment Removal, resettlement and other grants	-	-	7	-	7	262
	-	-	265	-	265	212
Other expenses	-	7	31	-	38	53
	<u>99</u>	<u>17</u>	<u>5736</u>	<u>1,259</u>	<u>7,111</u>	<u>7,279</u>
Support for ministry: Departments	1,614	105	55	-	1,774	1,659
Whalley Abbey Conference House	201	-	-	-	201	291
Whalley Abbey House Renovation	-	-	73	-	73	132
Redundant churches	-	-	67	-	67	67
Social Responsibility Projects	-	-	191	-	191	210
Grants to Parishes, individuals and other charities	5	21	160	-	186	256
Sale of Publications	-	25	-	-	25	25
Miscellaneous Expenses	-	-	8	-	8	20
	<u>1,820</u>	<u>151</u>	<u>554</u>	<u>-</u>	<u>2,525</u>	<u>2,660</u>
Expenditure on education						
Grants for the work of the Board	423	-	-	-	423	377
	<u>423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423</u>	<u>377</u>
Charitable activities	<u>3,028</u>	<u>168</u>	<u>6,290</u>	<u>1,259</u>	<u>10,745</u>	<u>11,003</u>

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

11. Analysis of expenditure including allocation of support costs

	Activities undertaken directly £000	Grant funding of Activities £000	Manage- ment Admin Support £000	Ttal 2017 £000	Total 2016 £000
Fundraising Trading Whalley Abbey	232	-	-	232	320
Cost of raising funds	24	-	13	37	55
Contributions to Archbishops' Council	-	686	-	686	687
Resourcing ministry and mission	8,598	304	734	9,636	9,939
Education	-	423	-	423	377
	<u>8,854</u>	<u>1,413</u>	<u>747</u>	<u>11,014</u>	<u>11,378</u>

12. Analysis of support costs

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2017	2016
	£000	£000	£000	£000	£000	£000
Raising Funds	7	-	6	-	13	13
Central Administration	398	-	-	170	568	554
Governance costs						
Secretariat	47	-	-	-	47	46
Accounting and Finance Office	34	-	-	-	34	33
Audit & accountancy fees	17	-	-	-	17	41
Diocesan Synod costs	11	-	-	-	11	10
DBF Executive and Bishop's Council Meetings	10	-	-	-	10	2
Chancellor and Registrar Fees	47	-	-	-	47	43
	<u>571</u>	<u>-</u>	<u>6</u>	<u>170</u>	<u>747</u>	<u>742</u>

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

13. Analysis of transfers between funds

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2017	2016
	£000	£000	£000	£000	£000	£000
From general fund to stipends income fund (restricted) and parsonages fund (expendable endowment), to cover the deficits on net expenditure of those funds	(4,345)	-	3,424	921	-	-
From Parsonages Fund to Pastoral Fund – transfer book value of parsonages sold	-	-	427	(427)	-	-
From Pastoral Fund to Parsonages Fund – transfer asset value for parsonages additions	-	-	(12)	12	-	-
From funds previously designated funds to cover some of the expenditure on Parsonages repairs as agreed by the Directors	-	(33)	-	33	-	-
From Bishop's Ordination Fund to general fund for ordinands grants	44	-	(44)	-	-	-
From Stipends Income Fund to general fund for HR support cost relating to time spent on clergy HR matters	36	-	(36)	-	-	-
From Church Commissioners Grant (restricted) and Vision 2016 fund (designated) to general fund for the Vision Coordinator post	59	(15)	(44)	-	-	-
From general fund to designated pension fund for budgeted allocation towards pension deficits	(20)	20	-	-	-	-
From general fund to create a Diocesan Vision 2026 Strategic Development fund to provide matched funding for Church Commissioner grants	(756)	756	-	-	-	-
From designated funds for office building to general fund for building retention	4	(4)	-	-	-	-
	<u>(4,978)</u>	<u>724</u>	<u>3,715</u>	<u>539</u>	<u>-</u>	<u>-</u>

The funds that have been transferred have been used in line with any applicable restrictions and have been transferred to make the presentation of the expenditure more transparent. The spending of the funds has extinguished any restrictions.

14. Net income for the year

	2017 £000	2016 £000
<i>These are stated after charging:</i>		
Auditor's Remuneration – audit of prior year financial statements	-	18
Auditor's Remuneration – audit of 2017 financial statements	17	17
Whalley Abbey Conference House Trading Deficit	96	51
	<u>113</u>	<u>86</u>

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

15. Staff numbers and costs

The average number of people employed during the year was 57.5 (2016: 63) of this 6.5 (2016: 6.5) were sessional workers employed at Whalley Abbey and in Social Responsibility Projects.

The full-time equivalent employees during the year, including sessional workers, has been analysed by department.

	2017	2016
Central Services Department - General	18.7	17.9
Central Services Department - Whalley Abbey	10.1	10.5
Vision 2026 Coordinator	1.0	1.0
Suffragan Bishops' Secretaries	1.1	1.4
Discipleship and Ministry Department	4.5	4.7
Parish Mission Support Department - General	4.1	4.7
Parish Mission Support Department - Social Responsibility Projects	3.0	4.9
	42.5	45.1

Certain of the costs with reference to the staff numbers analysis by department above, are recovered from Social Responsibility project funding (3.0), the Church Commissioners (1.9), DBE Services Ltd (0.4) and Blackburn Diocesan Board of Education (1.1). The Social Responsibility projects also contribute a management charge towards the costs of the SR admin, lead officer and the finance provision (0.7).

The aggregate payroll costs of all employees were as follows:

	2017 £000	2016 £000
Wages and salaries	1,300	1,340
Redundancy and settlement payments	68	6
Social security costs	121	120
Other pension costs	198	199
	1,687	1,665

There was one employee whose salary was in excess of £60,000 (2016: one employee), in the band £60,000 to £70,000. Pension contributions in respect of this employee were £21,371 (2016: £21,055).

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 2017 they were:

Diocesan Secretary and Company Secretary:	Canon Graeme Pollard
Discipleship and Ministry Department Leader:	Revd Canon Dr Susan Penfold
Parish Mission Support Department Leader:	Revd Canon David Banbury
Head of Finance and Deputy Diocesan Secretary	Mrs Ruth McGaughey
Vision 2026 Coordinator and Deputy Diocesan Secretary	Mr David Champness

Remuneration, pensions and expenses for these 5 employees amounted to £385,065 (2016: £247,100 for 3 employees). In 2017 Mrs Ruth McGaughey and Mr David Champness were appointed as the Deputy Diocesan Secretaries of Blackburn Board of Finance in addition to their existing roles.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

In addition to the foregoing numbers of persons employed by the charitable company in 2017 there were 159.0 (2016: 157.7) full time equivalent stipendiary clergy in post in the Diocese. These may be analysed as follows:

	2017	2016
Archdeacons	2.0	1.9
Incumbents	135.4	134.9
Assistant Curates	20.6	19.9
Lay Workers	1.0	1.0
	<u>159.0</u>	<u>157.7</u>

The average number of stipendiary clergy in post during 2017 were 167.5 (2016: 167.0).

Although not employed by the charitable company the payroll costs of the above persons are met by the charitable company and are included in the financial statements. The aggregate payroll costs of the above persons are as follows:

	2017 £000	2016 £000
Stipend	3,814	3,882
Redundancy and settlement payments	-	16
Social security costs	307	305
Apprenticeship Levy	14	-
Pension costs - current year	932	933
- interest costs	55	124
	<u>5,122</u>	<u>5,260</u>

Trustees' emoluments

	Average number of directors	
	2017	2016
Directors	<u>21.7</u>	<u>22.3</u>

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £14,809 (2016 - £15,392) in respect of General Synod duties, duties as archdeacon or area dean, and other duties as Trustees.

Trustees who are also licensed stipendiary clergy and archdeacons in the diocese were in receipt of a stipend and housing provided by the BDBF during the year. The BDBF is also responsible for the provision of housing for the suffragan bishop but excluding the diocesan bishop and cathedral staff.

16. Pension schemes

Church of England Funded Pension Scheme

The BDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This 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.

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, plus any impact of deficit contributions (see below).

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference:

% of pensionable stipends	January 2016 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

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

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

	2017 £	2016 £
Balance sheet liability at 1 January	3,940,000	5,228,000
Deficit contribution paid	(538,000)	(542,000)
Interest cost (recognised in SoFA)	55,000	124,000
Remaining change to the balance sheet liability* (recognised in SoFA)	(141,000)	(870,000)
Balance sheet liability at 31 December	3,598,000	3,940,000

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

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

	December 2017	December 2016	December 2015
Discount rate	1.4% pa	1.5% pa	2.5% pa
Price inflation	3.0% pa	3.1% pa	2.4% pa
Increase to total pensionable payroll	1.5% pa	1.6% pa	0.9% pa

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

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.

Group Personal Pension Plan

The BDBF participates in a defined contribution pension scheme. The assets of the pension scheme are held separately from those of the BDBF in an independently administered fund. The pension cost charge for the year represents contributions payable by the BDBF to the fund.

Church Workers Pension Fund

The BDBF (DBS) participates in the Defined Benefits Scheme section of the 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.

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.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such 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 (2017: £50,013, 2016: £49,269), plus any impact of deficit contributions (see below).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, 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 the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 30.5% of pensionable salary and expenses of £2,300 per year.

The BDBF and the Blackburn Diocesan Board of Education (BDBE) are jointly in the scheme and the Directors will agree a split of the liability.

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

Joint Movement	2017 £	2016 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	-	-
Balance sheet liability at 31 December	-	-

* 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:

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

	December 2017	December 2016	December 2015
Discount rate	0.00%	0.00%	0.00%

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

The next valuation of the scheme is being carried out as at December 2016.

Parsonages Board Retirement Benefit Schemes

The Parsonages Board Retirement Benefit Schemes contains one scheme with one member. It is a defined benefit scheme with the Ecclesiastical Insurance Group.

The scheme is not considered material within the assets of the Blackburn Diocesan Board of Finance and due to the cost to the charity of obtain information on the scheme the Blackburn Diocesan Board of Finance have not complied in full with the requirements of FRS102.

The deficit was recognised at 1 January 2014 based on the triannual valuation (2013) of £94,200. The SOFA has been charged with the future service contribution rate with the past service deficit reducing the balance sheet liability in the intervening years. The balance sheet deficit has been adjusted on receipt of the latest triannual valuation report (2016). The deficit recognised at 31 December 2016 is £172,800.

17. Grants paid

	2017 £000
Unrestricted Fund	
National Church Responsibilities	385
National Church – Training	289
General Synod Expenses	12
Grants to Ordinands	113
Blackburn Diocesan Board of Education	423
Other Organisations	
Christians Against Poverty and Boaz Trust (Archdeacons' Visitations)	5
2 grants of £300 or less	
Total Unrestricted Fund	1,227
Designated Fund	
Growth Fund	
Trinity Community Church	2
Lower Darwen St James PCC	5
2 grants of £250 and less	-
Allchurches Fund	
Bishop of Blackburn Discretionary fund	5
Blackburn Cathedral (related party)	7.5
Computer Grants (Parishes) 1 Grant	0.5
1 grant to clergy	1
Total Designated Fund	21
Restricted Funds	
Parish Vision Grant Fund	
Shevington St Annes	8
Layton St Mark	10
Leyland St John	9
Leyland St Andrew	12
Blackpool Christ Church	12
Bispham All Hallows	11
Lower Darwen St James	10
Blackburn St Barnabas	5
Overton St Helen	5
Clergy Widows and Retired Clergy	
Grants to individuals	
187 grants of £250 or less	47
3 grants of £2,250 or less	4
Bishop's Harvest Appeal	
Christian Aid and Tairio	25

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Restricted Funds (Continued)	2017 £000
Other Restricted Funds	
Grants to Individuals	
12 grants to clergy at £500 (Clergy Stipends fund)	6
2 grants to ordinands at £300 or less	-
3 grants to individuals at £120 or less	-
Grant to Hope 08	1
Total Restricted Funds	165
TOTAL GRANTS PAID	1,413

18. Tangible fixed assets

	<i>Parsonages</i> £000	<i>Non Parsonages/ Land</i> £000	<i>Total Freehold land and buildings</i> £000	<i>Long leasehold buildings</i> £000	<i>Fixtures, fittings and office equipment</i> £000	<i>Total</i> £000
Cost or valuation						
At beginning of year	29,265	10,509	39,774	316	196	40,286
Additions	13	955	968	-	24	992
Disposals	(427)	(1,063)	(1,490)	-	(17)	(1,507)
Impairments		(7)	(7)	-	-	(7)
At end of year	28,851	10,394	39,245	316	203	39,764
Depreciation						
At beginning of year	-	694	694	235	87	1,016
Charge for year	-	68	68	10	23	101
Disposals	-				(17)	(17)
At end of year	-	762	762	245	93	1,100
Net book value						
At 31 December 2017	28,851	9,632	38,483	71	110	38,664
At 31 December 2016	29,265	9,815	39,080	81	109	39,270

Parsonage houses are legally vested in the incumbent (an "ecclesiastical corporation sole") as freeholder during his incumbency. Three features of the incumbent's freehold have significantly influenced the accounting treatment adopted in these financial statements. Firstly, the freeholder is not free to dispose of the house for personal benefit and is not responsible for maintaining the house. Secondly, proceeds of any sale, following a pastoral reorganisation which makes the house surplus, normally revert to the Diocesan Pastoral Account or Diocesan Stipends Fund. Thirdly, the Diocese is responsible for repair and maintenance, a responsibility which is currently carried out by the Diocesan Property Committee. The Diocese therefore carries both the benefits and obligations of ownership, and accordingly the financial statements include the parsonage houses together with other Diocesan land and buildings.

Parsonage houses and other Diocesan residential houses have been included in tangible fixed assets at cost, or valuation where cost was not available for houses purchased prior to 1998. The valuation attributed to each house was the mid-point (low point for the top two bands) of the council tax valuation banding applied to the house. The aggregate value of the houses valued in this way amounted to £21,488,000 (2016: £22,175,000).

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Heritage Asset

Whalley Abbey was bought from the Diocese of Manchester in 1926. It comprises of substantial remains of a Cistercian Abbey founded in 1296 and dissolved in 1537.

The Abbey of St Mary the Virgin, also known as *Locus Benedictus* de Whalley was founded by Henry de Lacy, third Earl of Lincoln on the 4th April 1296. The Abbey had moved from the unfavourable site of Stanlaw into the Parsonage and other temporary buildings at Whalley in 1283, when there were 20 monks.

Excavation has uncovered the outlines of the church, surviving as foundations, as does the eastern claustral range and the polygonal Chapter House.

The standing Abbey buildings and Conference House

The following notes are extracted from the Conservation Plan prepared in 2002.

The Conservation Plan was compiled under the direction of John Prichard (Lloyd Evans Prichard), architect accredited in building conservation, with architectural history advice from James Anderson and Clare Hartwell (Architectural History Practice), and archaeological advice from Jason Wood (Heritage Consultancy Services).

North-East Gatehouse

The North-East Gatehouse dates to circa 1480, and was constructed to provide an impressive entrance to the Abbot's Lodging and *Clausum*, the sacred precinct. It echoes the earlier North-West Gatehouse with its two entrance ways, but is embellished with diagonal buttresses, crenellation, and a statue niche.

Courtyard North Range

The Courtyard North Range may include some medieval content, but the present structures are principally seventeenth century, with nineteenth-century additions, and substantial late twentieth-century alterations to create the tea room, kitchen, and exhibition room. It is excluded from the scheduling.

The Conference House

The Conference House is excluded from the scheduling, but it deserves its Grade I status and is of national significance. The individual components are considered below, and elements of significance discussed.

The central block includes original medieval fabric, such as the arch adjacent to the chapel, as well as medieval stonework which has probably been re-used from demolished structures, such as the window between the Dining Room and the kitchen. The nineteenth century interiors are a very good example of Gothic Revival/Arts and Crafts work; particularly noteworthy is the roof and fireplace in the Great Hall and the staircase decorated windows.

The East Wing

The East Wing extends south from the chapel and comprises inter alia the Paslew Suite and the Peter of Chester room on the ground floor, and seven bedrooms on the first floor. The Paslew Suite and Peter of Chester room may incorporate medieval material, but they, and the bedrooms immediately above, were substantially rebuilt in the late sixteenth century, as evidenced by the mullioned windows in the east wall, the date stone (not always a true indicator and the dating of Forrest Historic by English Heritage during the 21stC refurbishment works. An extension was added in the mid-nineteenth century, with bedrooms above.

The West Wing

The West Range was added in the 1860s, and was well designed externally to blend with the late seventeenth-century gabled north extension, and the remains of the Abbot's Kitchen and Long Gallery Range on the west.

The BDBF recognises its responsibility to preserve the heritage asset and is currently looking to raise funds to be able to undertake work on the ruins. It does not intend to acquire other heritage assets. Whalley Abbey grounds are open to the public to view the ruins but access is restricted to the buildings on the site.

The current asset value for Whalley Abbey is £0.9m after a major refurbishment of the house in 2004. The asset is being depreciated over 15 years to £0.5m. The depreciated value represents the value in the accounts of the whole site and is based on an indication made by a local surveyor. It is difficult to obtain an accurate valuation for the site as the ruins represent a continued liability for their maintenance and upkeep which considerably reduces the value of the asset if sold in its entirety.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

19. Investments and investment property

	Investment Property	Unlisted CBF investments	Others investments	Total investments
	£000	£000	£000	£000
<i>At valuation</i>				
At beginning of year	1,960	15,130	15	17,105
Additions	-	1,010	-	1,010
Increase (decrease) in market value	(64)	1,281	-	1,217
At end of year	1,896	17,421	15	19,332
<i>At historic cost</i>	660	9,856	15	10,531

Investment property is Diocesan glebe land vested in the DBF under the Endowments and Glebe Measure 1976 that is held for the purposes of producing income for clergy stipends. The glebe land is measured at fair value at the year end by an independent RICS registered valuer. The valuation has been undertaken in accordance with International and RICS Valuation Standards and has been based upon the valuer's experience in the valuation of agricultural, institutional and amenity land within the Lancashire and wider north-west region.

Unlisted investments are made up of Central Board of Finance investments in Church of England Investment Fund shares, Property Fund shares and Fixed Interest Securities. Other investments are made up of government treasury stock with various maturity dates.

20. Debtors

	2017 £000	2016 £000
<i>Amounts receivable within one year</i>		
Prepayments and accrued income	254	272
Other debtors	82	266
Amount owed by related parties (Cidari Education)	1	3
Loans to parishes	5	13
Loans to individuals	-	1
	342	557
<i>Amounts receivable after more than one year</i>		
Loans to parishes	454	479
Loans to individuals	-	2
Amount owed by related parties (Cidari Education)	27	31
	481	500

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

21. Creditors

	2017 £000	2016 £000
<i>Amounts falling due within one year</i>		
Other loans	6	6
Due to Churches Conservation Trust	45	-
Trade creditors	80	240
Other creditors (taxation and social security)	39	40
Other creditors	60	68
Accruals	171	132
Amounts owed to related parties (BDBE)	56	56
	457	542
	2017 £000	2016 £000
<i>Amounts falling due after more than one year</i>		
CCLA loans	550	550
Due to Churches Conservation Trust	157	202
Provisions for liabilities: Pension deficit	3,771	4,137
	4,478	4,889

The long term loans from CCLA are flexible loan facilities subject to a maximum repayment term of 10 years. There are no current plans to make any payments in the next 12 months.

The amount owed to Churches Conservation Trust is due on disposal of five redundant church buildings.

22. Commitments

Commitments at 31 December 2017, for which no provision has been made in these accounts, were as follows:

	2017 £000	2016 £000
Authorised, but not contracted:		
Grant Fund	110	146
Allchurches Grant Fund	98	78
Pastoral and Stipends Capital Fund	25	25
Clergy Housing Fund	208	170
	441	419

23. Called up share capital

The charitable company is limited by guarantee, registered in England and does not have an authorised or allotted share capital.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

24. Net assets analysed by fund

	Tangible Fixed Assets	Fixed Asset Investment	Net Current Assets	Long term Creditor	Net assets as at 31 December 2017
	£000	£000	£000	£000	£000
General Fund	2,394	4,219	485	(4,189)	2,909
Designated Funds		1,490	2,392	-	3,882
Total Unrestricted Funds	2,394	5,709	2,877	(4,189)	6,791
Pastoral Account	5,555	-	1,559	(289)	6,825
Other Restricted Funds	-	272	1,287		1,559
Total Restricted Funds	5,555	272	2,846	(289)	8,384
Parsonage Houses Fund	28,851	830			29,681
Stipends Capital / Housing Fund	1,864	8,914	645	-	11,423
Other Endowment Funds		3,607	5	-	3,612
Total Endowment Funds	30,715	13,351	650	-	44,716
Total Net Assets	38,664	19,332	6,373	(4,478)	59,891

25. Unrestricted funds

Unrestricted funds comprise those funds which are available for application for the general purposes of the charity as set out in its governing document. Movements on this fund are as follows:

	At 1 January 2017 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2017 £000
General Fund	3,156	7,831	(3,280)	180	(4,978)	2,909
	At 1 January 2017 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2017 £000
Designated Funds						
Income for specific purposes	992	-	-	93	-	1,085
Office Assets Fund	308	10		25	(3)	340
Parsonages Fund	335	3	(10)	-	(33)	295
Parish Vision 2026 Loan Fund	319	-	-	-	-	319
Diocesan Vision Strategic Development Fund	-	-	-	-	756	756
Diocesan Vision 2026 Fund	359	79	(66)	-	(15)	357
Allchurches Trust Grant Fund	268	65	(33)	-	-	300
Other Designated Funds	442	28	(59)	-	19	430
	3,023	185	(168)	118	724	3,882

General Fund

The general reserve represents those assets held by the Board for carrying out its general activities. It provides the assets and liquidity for the Board to carry out its objectives, including statutory compliance, administration of funds and some housing. The Board's policy is to maintain sufficient levels of cash and liquid assets to cover short term fluctuations in incoming resources. The Board were satisfied that the general reserves at the year end were within acceptable levels compared to this policy.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Designated Funds

Fund	Application/purpose
Income for specific purposes	Designated to provide income to specific purposes in the parish share budget
Office Assets Fund	Designated for repairs, renovation or for buying a new building in the future.
Parsonages Fund	For repairs and disability adaptation on parsonages in excess of parish share budget
Parish Vision 2026 Loan Fund	Designated to provide some of the loans to parishes to continue their mission projects
Diocesan Vision Strategic Development Fund	Designated to provide match funding necessary for Strategic Development Funding applications
Diocesan Vision 2026 Fund	Designated to contingencies for the development of the diocesan vision
Allchurches Trust Grant Fund	The fund assists with funding the cost of diocesan projects, building administration costs, education, parish mission projects and major building works.

26. Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations, grants and investment income held on trust to be applied for specific purposes:

	At 1 January 2017 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2017 £000
Social Responsibility Projects	228	149	(200)	-	-	177
Diocesan Pastoral Account	5,245	810	(195)	-	964	6,824
Diocesan Stipends Fund	-	2,280	(5,668)	-	3,388	-
Income Account	-	-	-	-	-	-
Parish Vision 2026 Grant Fund	437	12	(83)	-	-	366
Bishops Clergy Widows Fund	549	76	(70)	10	-	565
Ordination Fund	140	46	(5)	-	(44)	137
Resourcing Ministerial Education (RME) Fund	-	31	(30)	-	-	1
Bishop's Harvest Appeal	24	25	(26)	-	-	23
Bishop's Clergy in Need Fund	37	-	-	-	-	37
Other Restricted Funds	65	74	(30)	-	(43)	66
Parish Pastoral Fund	736	2	-	-	(550)	188
	<u>7,461</u>	<u>3,505</u>	<u>(6,307)</u>	<u>10</u>	<u>3,715</u>	<u>8,384</u>

The specific purposes for which the funds are to be applied are as follows:

Fund	Application/purpose
Social Responsibility Projects	The Social Responsibility section of the Parish Mission Support Department receives funding for specific projects and for its general costs relating to those projects. Project funding is restricted to the project it has been requested for and approved expenditure is applied against the funding in accordance with the funders rules. The individual funders usually monitor the expenditure of these projects. Donations are occasionally received which are for project work but not restricted to a specific project. These are applied against the central costs of the project work.
Diocesan Pastoral Account	Purposes are laid down in Section 78 of the Pastoral Measure 1983, the main purposes being: • Costs incurred for the purposes of the Measure or any scheme or order made by the measure except for salaries of regular diocesan employees • Costs of disposing of or maintaining houses or churches vested in the DBF or Commissioners • For the benefit of another diocese • Transfer to the DSF Capital or Income Funds

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Diocesan Stipends Fund Income Account	Subject to any charges imposed by the scheme or order the fund shall be applied to: • Provide or augment stipends of incumbents, assistant curates and others engaged in the cure of souls in the Diocese • Meet expenses incurred in repairing and maintaining parsonage houses • Paying secondary Class 1 contributions in respect of ministers not employed under a contract of service • Defray sequestrators' expenses
Parish Vision 2026 Grant Fund	The Grant Fund exists to enable parishes to fulfil mission opportunities, normally through the appointment of lay workers.
Bishops Clergy Widows Fund	The Bishop's Clergy Widows Fund is used to help clergy widows and retired clergy in cases of financial hardship, particularly with housing costs. It funds the cost of social events and the cost of the Diocesan Officer and Bishop's visitors.
Ordination Fund	The Ordination Fund is used to assist with meeting the costs of Ordinands in training.
Bishop's Harvest Appeal	Each year the Bishop selects a charity to benefit from his Harvest Appeal. Parishes, Schools and individuals within the Diocese collect money in support of this charity and the monies are distributed by the Diocese in accordance with the appeal.
Bishop's Clergy Fund	The fund was established by transfer of some of the Extra Mission and Ministry funds received from the Archbishops' Council 2008 – 2010. Grants from the fund are awarded at the discretion of the Bishop, to serving clergy in the Diocese.
Parish Pastoral Fund	This fund reflects monies ring fenced from the sale of a vicarage in a parish where no scheme for pastoral re-organisation is currently in place. The monies must be held until either a vicarage is purchased, or a scheme is put in place.

27. Endowment funds

The endowment funds are held on trust to be retained for the benefit of the charity as a capital fund. Where the whole of the fund must be permanently maintained it is known as permanent endowment. Where there is power of discretion to convert endowed funds into income, the fund is classified as expendable endowment.

	At 1 January 2017 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	At 31 December 2017 £000
<i>Expendable endowment</i>						
Diocesan Stipends Fund Capital Account	10,896	142	(13)	398	-	11,423
Parsonage Houses Fund	30,024	293	(1,246)	71	539	29,681
	<u>40,920</u>	<u>435</u>	<u>(1,259)</u>	<u>469</u>	<u>539</u>	<u>41,104</u>
<i>Permanent endowment</i>						
Bishops Clergy Widows Fund	1,641	-	-	153	-	1,794
Maintenance of the Ministry	228	-	-	21	-	249
General purposes	283	-	-	17	-	300
Whalley Abbey	124	-	-	12	-	136
Other endowments	59	-	-	15	-	74
Stipends	978	-	-	81	-	1059
	<u>3,313</u>	<u>-</u>	<u>-</u>	<u>299</u>	<u>-</u>	<u>3,612</u>
	<u>44,233</u>	<u>435</u>	<u>(1,259)</u>	<u>768</u>	<u>539</u>	<u>44,716</u>

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

Expendable endowments

The Diocesan Stipends Fund Capital Account

This fund represents the value of glebe property and investments at the balance sheet date.

The account is governed by the Diocesan Stipends Fund Measure 1953 as amended by the Endowments and Glebe Measure 1976, the National Institutions Measure 1998, and the Miscellaneous Provisions Measure 1992.

Income arises from the sale of glebe assets, the transfer of parsonage sale money, transfers from the DSF Income account, as well as gifts, bequests and donations.

The main function of the fund is to produce income for the stipends, but it may also be used for other purposes including: acquiring glebe property, investing in a subsidiary, developing and protecting glebe amenities, investment, discharging loans and levies on glebe, improving parsonage houses and discharging any loans made by the Church Commissioners under the Endowments and Glebe Measure 1976.

Parsonages Houses fund

This fund represents the value of benefice houses at the balance sheet date, together with the Parsonages Building Fund held by the Church Commissioners and investments held by the Parsonages Board. The houses are used to provide accommodation for the parochial clergy.

The diocese is not free to dispose of the houses except in accordance with the appropriate measure. There is provision for the net proceeds of sale to be applied to either the DPA or DSF Capital once a disposal has been effected.

Permanent endowments

The permanent endowments are established under a variety of trust deeds and documents which require the funds to be held in perpetuity. The income of the funds is to be applied to the Bishops Clergy Widows fund, Maintenance of the Ministry fund, General purposes fund, Diocesan Stipends Income fund, Whalley Abbey fund and other smaller endowment funds.

28. Related parties' transactions

During the year the company shared office space with the Blackburn Diocesan Board of Education, Cidari Education Ltd and Blackburn Cathedral. Shared expenditure has been recharged at cost.

	2017 Recharges (excl. VAT)	2017 Grants made to related parties	2016 Recharges (excl. VAT)	2016 Grants made to related parties
	£	£	£	£
Blackburn Diocesan Board of Education	20,670	422,962	19,043	376,648
Cidari Education Ltd	-	-	13,280	-
Blackburn Cathedral	-	7,500	7,139	10,000

At the year end the balances due from related parties were as follows:

	Outstanding Trade Balances at 31/12/2017	Outstanding Loan Balances at 31/12/2017	Outstanding Trade Balances at 31/12/2016	Outstanding Loan Balances at 31/12/2016
	£	£	£	£
Cidari Education Ltd	28,054	-	34,201	-
Blackburn Cathedral	-	425,340	3,286	425,340

At 31 December 2017 there was a balance due to the Blackburn Diocesan Board of Education of £56,009 (2016: £56,496).

During the year donations received from trustees amounted to £2,640 (2016: £1,980). Donations received from key management personnel were £7,200 (2016: £6,900).

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

29. Financial instruments

	2017 £000	2016 £000
Financial assets measured at fair value	19,332	17,105
Financial assets measured at amortised cost	6,824	6,923
Financial liabilities measured at amortised cost	4,733	5,229
Financial liabilities measured at fair value	202	202

Financial assets measured at fair value comprise investments.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and receivables and parish loans.

Financial liabilities measured at amortised cost comprise accruals, other creditors, the Clergy Pension Scheme liability and amounts held for other bodies.

Financial liabilities measured at fair value comprise value linked loans.

30. Funds held as custodian trustee

The BDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. PCC trust investment assets held by the BDBF have been summarised below at market value:

	2017 £000	2016 £000
CBF Church of England Deposit fund	3,941	4,162
CBF Church of England Investment fund	8,589	7,736
CBF Church of England Fixed Interest fund	424	711
CBF Church of England Property fund	64	62
Other	44	44
Cash at bank	5	4
Total assets held as custodian trustee	13,067	12,719

The BDBF also acts as custodian trustee in relation to Parochial Church Council (PCC) property. These assets are held separately to those of the BDBF.

The Blackburn Diocesan Board of Finance Limited

Annual Report and Financial Statements
For the year ended 31 December 2017

31. Prior year comparative Statement of Financial Activities

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			2016
	£000	£000	£000	£000	£000
Income and endowments from:					
Donations and legacies					
Parish contributions	7,415	-	-	-	7,415
Archbishops' Council	-	-	918	98	1,016
Other	30	140	441	16	627
Charitable activities: statutory fees, chaplaincy and other income	164	24	812	-	1,000
Other trading activities	252	-	119	210	581
Investments	175	24	475	28	702
Other	273	1	418	321	1,013
Total	8,309	189	3,183	673	12,354
Expenditure on:					
Raising funds	350	-	25	-	375
Charitable activities	3,059	180	6,461	1,303	11,003
Total	3,409	180	6,486	1,303	11,378
Net income/(expenditure) before investments	4,900	9	(3,303)	(630)	976
Net gains on investments	245	115	(12)	676	1,024
Net income/(expenditure) before transfers	5,145	124	(3,315)	46	2,000
Transfers between funds	(4,554)	12	3,304	1,238	-
Net income/(expenditure) before other recognised gains and losses	591	136	(11)	1,284	2,000
Other recognised gains/(losses)					
Gains on revaluation of fixed assets	-	-	-	74	74
Gains/(losses) on defined benefit pension schemes	734	-	-	-	734
Net movement in funds	1,325	136	(11)	1,358	2,808
Reconciliation of funds					
Total funds at 1 January 2016	1,831	2,887	7,472	42,875	55,065
Total funds at 31 December 2016	3,156	3,023	7,461	44,233	57,873