



**The Blackburn Diocesan Board of Finance
Limited (by guarantee)**

Trustees' annual report and financial statements

Registered company number 225457

Registered charity number 247647

Date: 31 December 2015

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Trustees' Annual Report

REFERENCE AND ADMINISTRATIVE DETAILS OF THE BLACKBURN DIOCESAN BOARD OF FINANCE LIMITED

Charity Registration	247647
Company Registration	225457
Company Secretary	Canon G D Pollard

Trustees/Directors

Ex-Officio	Canon J J Dell	
	Mr P Jelley	
	Rt Revd J T Henderson	
	Rt Revd P J North	
	Rt Revd G S Pearson	
	Very Revd C J Armstrong	
	Ven J A Hawley	(resigned 31 July 2015)
	Ven M J Everitt	
	Revd Canon A G Sage	
	Revd Canon J M Hall	(resigned 31 December 2015)
	Mr J Warburton	(resigned 31 December 2015)
	Revd Canon Dr S J Cox	
	Mr R J Collins	
Co-opted	Mr N P Aves	
	Mr D J Wilkinson	
Elected Clergy	Revd P A Bicknell	
	Revd Canon A Holliday	
	Revd R A H Marshall	
	Revd C W Newlands	(resigned 31 December 2015)
Elected Lay Persons	Mrs P A Chadwick	(resigned 31 December 2015)
	Mr T D Cox	
	Mrs T M Jones	(resigned 31 December 2015)
	Mrs J P Rothwell	(deceased 30 September 2015)
	Mr E J Sarti	(resigned 31 December 2015)
	Mr C Scott	
	Ms J M Stamper	
Appointed after year end but prior to signing of accounts	Mrs A Wynne	(resigned 31 December 2015)
	Revd N E Goodrich	(appointed 1 January 2016)
	Canon M L Chew	(appointed 1 January 2016)
	Revd P A Lillicrap	(appointed 1 January 2016)
	Mr G D Burrows	(appointed 1 January 2016)
	Ven M C Ireland	(appointed 14 February 2016)

The Directors delegate day to day management of the charity to the Diocesan Secretary, Canon Graeme Pollard, and to the Department Leaders, Revd Canon David Banbury and Revd Canon Dr Susan Penfold.

For details of Trustee attendance at meetings, please refer to the schedule on page 21.

Trustees' Annual Report *(continued)*

Registered Address	Church House, Cathedral Close, Blackburn, BB1 5AA (to 1 December 2015) Diocesan Offices, Clayton House, Walker Officer Park, Blackburn BB1 2QE (from 2 December 2015)
Solicitors	Napthens LLP, Greenbank Court, Challenge Way, Greenbank Business Park, Blackburn BB1 5QB
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	KPMG LLP, Edward VII Quay, Navigation Way, Ashton-on-Ribble, Preston, PR2 2YF
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
Archaeologist	Mr N R J Neil, Neil Archaeological Services, 5 Hillside, Lancaster LA1 1YH

The trustees, who are also directors for the purposes of company law, present their combined trustees' report and directors' report, together with the audited financial statements, for the year ended 31 December 2015.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS 102)) and the Financial Reporting Standard 102 applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) issued on 16 July 2014 rather than the preceding Charities SORP (SORP 2005) which was effective from 1 April 2005 and has since been withdrawn.

This report constitutes the Strategic Report and the Directors' Report required under the Companies Act 2006.

This report refers to the Blackburn Diocesan Board of Finance Limited (BDBF) except for Section 1 and is set out as follows:

1. Structure, governance and management
2. Objectives and Activities
3. Strategic Report which includes:
 - 3.1 Plans and achievements in 2015
 - 3.2 Financial review
 - 3.3 Principal risks and uncertainties
 - 3.4 Funds held as custodian trustee for others
4. Plans for future periods
5. Attendance of directors at meetings in 2015
6. Appointment of auditor
7. Disclosure of information to auditor

Trustees' Annual Report *(continued)*

1. STRUCTURE, GOVERNANCE AND MANAGEMENT

1.1 SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England has two provinces each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses, of which there are a total of 41 (42 including the Diocese in Europe).

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

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of Cathedrals on the advice of the Prime Minister. It is episcopally led with over 100 bishops including Diocesan Bishops, Suffragan and Assistant Bishops. The two archbishops and 26 senior bishops sit in the House of Lords

The Church of England is governed nationally by General Synod as its legislative and deliberative body. There are three houses of members: the House of Bishops, House of Clergy and House of Laity. General Synod meets in London or York at least twice annually to consider legislation for the broader good of the Church. General Synod makes decisions on matters of doctrine, church services and relations with other churches. It approves measures which, if accepted by Parliament, have the effect of Acts of Parliament. Blackburn Diocese currently has 5 elected clergy members and 6 elected lay members of General Synod.

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

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

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

The Church Commissioners were formed in 1948 by joining together two bodies, Queen Anne's Bounty and the Ecclesiastical Commissioners. The Commissioners' role is to manage the Church's historic assets, invested in stock market shares and property and to provide money to support the Church's ministry. They are accountable to the General Synod and Parliament.

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

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

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.

Trustees' Annual Report *(continued)*

Diocesan Structure

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

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 has two archdeaconries, each the responsibility of an archdeacon. The Lancaster Archdeaconry covers the area north of the River Ribble and the Blackburn Archdeaconry covers the area south of the Ribble. Each archdeaconry has seven deaneries which comprise a number of benefices/parishes grouped geographically with an area dean having oversight.

Each Deanery in the Diocese has its own Synod, comprising a house of clergy and a house of laity and its role is to:

- respond to requests from General Synod
- give effect to the decisions made by the Diocesan Synod
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of Diocesan Synod and General Synod

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

The Parochial Church Council (PCC) is the elected governing body of a parish which, broadly, is the smallest pastoral area in the Church of England. Typically each parish has one parish church. The PCC is made up of the incumbent as chair, the churchwardens and a number of elected members. The PCC is also able to co-opt a specified number of members. Each PCC is a charity; those with a gross income over £100,000 are required to register with the Charity Commission whilst those with an income below £100,000 are currently exempted from such registration. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer and do not form part of these financial statements.

Diocesan Governance

The statutory governing body of the diocese is the Diocesan Synod, which is an elected body with representation from all parts of the diocese with responsibility for setting the vision and strategy of the diocese, guided by the Bishop's Leadership Team. Membership consists of ex-officio members, including the Bishops, Archdeacons and General Synod representatives, clergy and lay members elected by their respective Houses in Deanery Synods, up to five persons each co-opted by the House of Clergy and Laity and a maximum of ten members nominated by the Diocesan Bishop. The Diocesan Synod normally meets three times a year and members are elected every 3 years, the last elections having taken place in 2015.

The role of Diocesan Synod is to:

- consider matters affecting the Church of England in the diocese
- act as a forum for debate of Christian opinion on matters of religious or public interest
- advise the bishop where requested
- deal with matters referred by General Synod
- agree the Parish Share Budget for the diocese; and
- elect eligible persons to the Boards and Committees of the diocese

Trustees' Annual Report *(continued)* **Bishop's Council and Standing Committee**

Under the Standing Orders of the Diocesan Synod, Bishop's Council and Standing Committee has the following functions:

- to plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- to initiate proposals for action by the synod and to advise it on matters of policy
- to advise the Diocesan Bishop on any matters which he may refer to it
- subject to the directions of the synod, to transact the business of the synod when it is not in session
- to appoint members of committees or nominate individuals for election to committees, subject to the directions of synod
- to carry out such other functions as the synod may delegate to it
- to undertake the duties of the Directors of the Blackburn Diocesan Board of Finance Limited in accordance with the objects of the company as expressed in the Memorandum and Articles of Association

1.2 ORGANISATIONAL STRUCTURE

The company, Blackburn Diocesan Board of Finance Limited (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. 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. They have a personal liability limited to £1 under their guarantee as company members in the event of it being wound up. Many of Diocesan Synod's responsibilities have been delegated to the directors of the Diocesan Board of Finance and to Bishop's Council.

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

The Directors comprise 13 ex-officio members; the Diocesan Bishop, the Suffragan Bishops, the two Archdeacons, the Dean of Blackburn Cathedral, the Chair and Vice Chair of the Board of Finance, the Chair of the Property Committee and the Chairs and Vice Chairs of the Houses of Clergy and Laity of Diocesan Synod. 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. Elected and co-opted members serve a term of three years, with the last elections taking place in 2015 and directors taking up post on 1 January 2016.

Governance and policy of the Diocesan Board of Finance is the responsibility of the directors and many of Diocesan Synod's responsibilities have been delegated to the directors.

Corporate priorities and the overall financial strategy for 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 is 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 annual 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.

Trustees' Annual Report *(continued)*

Diocesan Synod has delegated the following functions to the Directors of 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
- 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.

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 directors' files updated accordingly.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the net incoming or outgoing resources of the company for that year.

The salary scale of the Diocesan Secretary is determined by the Chair of 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.

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: 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 BDBF.

The Property Committee is responsible for determining policy and making major decisions concerning the management of parsonage and other houses owned by 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

Trustees' Annual Report *(continued)*

policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese.

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 Grant and Loan Funds and the Diocesan Growth Fund. 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.

1.3 RELATED PARTIES

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

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 stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners

BDBF pays retirement contributions on behalf of itself and Blackburn Diocesan Board of Education for stipendiary clergy and some employees to the Pensions Board.

Parochial Church Councils (PCCs)

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 BDBF and at Diocesan Synod level through representations to those bodies and through the input of Deanery Synods.

Blackburn Cathedral who lease Church House to 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.

Trustees' Annual Report *(continued)*

Lancashire and Cumbrian Theological Training Partnership (LCTP) is run jointly by the Diocese of Blackburn, the Diocese of Carlisle and the University of Cumbria. LCTP provides training courses to prepare men and women for all categories of Ordained and accredited Lay Ministry.

Together Lancashire is an ecumenical partnership of Anglicans, Methodists and other Christians, its purpose being to support church leaders, congregations and community activists to tackle the effects of poverty.

2. OBJECTIVES AND ACTIVITIES

2.1 OBJECTIVES

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.

BDBF has the following statutory functions:

- 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.
- BDBF is custodian trustee in relation to PCC property.

The main role of 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.

The Diocesan Synod in March 2015 agreed the following vision statement and strategic priorities for the next ten years:

Diocesan Vision 2026 Statement: *Healthy Churches Transforming Communities*

Vision 2026 Initiatives (Strategic priorities):

- 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
 - Sowing 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

Trustees' Annual Report *(continued)*

All departments are to have regard for these themes when planning and carrying out their work.

2.2 ACTIVITIES

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)

2.3 GRANT-MAKING (BENEFICIARY SELECTION) POLICY

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 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 BDBF's objects (see note 22 to the financial statements).

2.4 PUBLIC BENEFIT

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 BDBF.

The Directors believe that, by promoting the work of the Church of England in the Diocese of Blackburn, 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:

- 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.

3. STRATEGIC REPORT

3.1 ACHIEVEMENTS AND PERFORMANCE

3.1.1 Plans and achievements in 2015

During 2015 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
- finish the consultation on Vision 2026 and receive approval from Diocesan Synod
- develop the concepts of the 13 strategic priorities of Vision 2026
- give a call to prayer to the Diocese for Vision 2026

Trustees' Annual Report *(continued)*

During the year BDBF has:

- paid clergy stipends and provided for the housing requirements of the clergy
- continued to task the Archdeacons and Diocesan Secretary 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. The suffragan bishops have also been involved in this process
- 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. The Grant and Loan Fund, which comprises the Opportunity Fund and the Capital Development Loan Fund, are available to support appropriate mission-based projects
- a number of applications to the Growth Fund were received and a variety of projects supported
- obtained approval from Diocesan Synod in March 2015 for Vision 2026
- appointed Vision 2026 Initiative Sponsors to take responsibility for their project and, supported by staff, to work with volunteers to deliver it
- undertook six Call to Prayer events across the diocese which were attended by almost 900 people in order to engage directly with Vision 2026
- vision 2026 co-ordinator appointed to start in January 2016, part funded by Church Commissioners
- updated grant funding paperwork to meet the criteria of Vision 2026

3.1.2 Departmental Reports

Central Services Department including Whalley Abbey

This department's aim is to provide support and a high standard of service to the Bishops and Archdeacons, parishes, clergy and people, in their mission and ministry and its work seeks to support the themes of Vision 2026.

The department provides the main administrative function for the charitable company, BDBF, and associated bodies.

The staff and work of the department also supports a variety of legal aspects in relation to charity, company and ecclesiastical law and works closely with the Diocesan Registrar.

Treasurer training and support for treasurers has been provided in collaboration with the Parish Mission Support Department.

The HR department provides a full range of Human Resource advice. The duties include the issue of statements of particulars to clergy, advising the Bishop and other senior clergy on employment law and practice as it relates to licensed clergy and to provide support in relation to clergy wellbeing and welfare. Support for clergy is exercised through ensuring their smooth transition into new posts and administration of stipend payments. During 2015 a total of 40 clergy moved post or retired.

For BDBF, the main area of responsibility is to give advice and support on all aspects of recruitment and employment of staff.

Support and advice is given to parishes on all employment matters including recruitment, contracts, employee relations, sickness, equal opportunities and working arrangements.

The Safeguarding department provides a range safeguarding services for the Bishop of Blackburn and the senior clergy, Diocesan and parish staff and volunteers. The duties include offering advice and support on all safeguarding matters including but not exclusively the implementation of a safeguarding policy, the prevention of abuse, promoting good practices, duty of care to the vulnerable, record keeping, responding to disclosure of abuse (including a listening service) and ministering to known offenders. The service also offers regular and up to date safeguarding training for all those in parishes involved in working with the vulnerable; and in

Trustees' Annual Report *(continued)*

conjunction with Churches Child Protection Advisory Service the provision of a DBS service for the safe recruitment of staff and volunteers.

Our Diocesan Communications Manager Ronnie Semley is a member of the Bishop's Leadership Team and provides a strategic communications service to the Diocese, including proactive and reactive media management; communications support for large-scale events and internal communications work, including editing the Diocesan magazine *The See*. He also provides pastoral support in the form of crisis communications advice and assistance to the Bishops and Archdeacons; as well as clergy in parishes as and when required.

BDBF Directors, normally through the office of Diocesan Secretary, exercise custodian trustee responsibilities for parishes owning or leasing property and land.

Diocesan Advisory Committee

The principal function of the Committee is to advise the Chancellor and the Archdeacons in the Exercise of the Faculty Jurisdiction Measure, the costs of which are met through the Parish Share. The chair of the committee is Mr John Tillotson.

In 2015 the Committee gave advice in 115 cases and visited 72 parishes. In total 80 faculties were issued.

Although this is a Committee of the Diocese, the majority of its members and advisors are lay people who take time out from their own professional work to serve on the Committee and carry out many visits to the parishes to assess proposals. Between them they provide the Diocese with a considerable body of both knowledge and experience of which we may be justly proud, and for which we are truly grateful.

Diocesan Mission and Pastoral Committee

During the year the Committee considered a variety of pastoral issues. A number of Pastoral Schemes and Orders came into effect in order to facilitate ministry in the Diocese.

Two new Bishop's Mission Orders came into effect, one in Leyland and the other in Clitheroe.

With regard to churches which are closed for worship, Preston St Oswald with St Jude is being leased by the Romanian Orthodox Church. During the year the tower of the former church of Blackburn St Philip was sold. The churches of Mereside St Wilfrid and Church Kirk St James closed for worship and alternative use for these sites is being explored.

Property Committee

The Property Committee exercises delegated responsibility (from the DBF which is also the Parsonage Board) for all Clergy dwellings, other housing and property, and Glebe.

The team is responsible for the repair and maintenance of all clergy housing in addition to the management of Glebe. There are around 200 parsonages and approximately 50 other properties which include housing for curates, sector ministers, separated clergy spouses and Suffragan Bishops. Residential properties range from terraced houses to substantial detached dwellings. In addition there are approximately 80 separate glebe parcels of land which are let to third parties.

The housing stock is surveyed every five years. From the reports produced, the necessary repairs and improvements are implemented. The work which is needed can vary, from minor schemes to substantial renovation work. The end of 2015 report shows that all property has been surveyed on time and to programme, and that the annual gas safety checks (including smoke detectors and RCD's) are fully up to date.

Trustees' Annual Report *(continued)*

In 2015 work carried out, including fees and insurance, amounted to £995,471 with an additional sum of £151,873 being spent on curates' houses and other property. Eight properties, at a value of £1,252,920 were sold and six were purchased, at a value of £1,436,234. In addition 2 plots of Glebe land were sold with permission for housing development.

Empty properties may be let when vacant in an effort to provide security and in order to protect the fabric of the building.

An out-of-office-hours service is available to all who occupy property under the care of the Property Committee.

Whalley Abbey

Revd Canon John Hall has carried out a review of Whalley Abbey during the year with meetings with various different bodies to try and look at the way forward for Whalley Abbey to grow spiritually. He has formed a group, consisting of 12 members of clergy who are compiling and supporting a spirituality programme for 2016 which has increased the number and type of events taking place. Friday Eucharist has seen new faces leading worship and this has been welcomed by the growing congregation.

Once again we offered free use of the Chapel for a quiet day once yearly for all parishes in the diocese and are planning to do the same for the foreseeable future, although uptake is still very low.

The Abbey remains as the venue for the Ordination retreat, but will lose some diocesan meetings as a result of the move to new Diocesan offices with meeting spaces. However, various Christian and Church groups from other dioceses use the Abbey. Whilst this was mainly repeat business, we were pleased to welcome several new groups who have already secured future bookings.

The Abbey is grateful to a number of volunteers including members of Whalley in Bloom, those who staff the grounds ticket office, produce publicity and information, provide tours of the grounds and those who enable the Friday Communion service to take place.

Discipleship and Ministry Department

The aims of the department are:

1. to encourage and facilitate opportunities for lifelong Christian learning for adults, both parish-based and at diocesan level
2. to support parishes in developing patterns of Shared Ministry
3. to help individuals to discern and follow God's call, including support for individuals in whom the church discerns a possible vocation to accredited lay or ordained ministry
4. to support and enable formation for particular forms of licensed or authorized ministry and continuing ministerial development for those ministries
5. to use the expertise of department members and their knowledge of the diocese and wider issues to contribute to the formulation of diocesan policy and strategy

In 2015 a number of significant changes were made to the work of the Department to fulfil these aims, in addition to our ongoing work. These included:

- moving our non-residential training for Ordinands and Readers from the Lancashire and Cumbria Theological Partnership (LCTP) to All Saints Centre for Ministry and Mission for new starters in 2015, while previous students have continued with LCTP. (St Mellitus NW continues to be a significant provider of full-time ordination training in the region.)

Trustees' Annual Report *(continued)*

- IME (2), the training for curates in the first years after ordination, continues to be run in conjunction with the Diocese of Carlisle.
- concluding our involvement in research on Funerals for the Church of England nationally, and a training day on the parallel research, 'Baptism Matters'.
- a major review of the discernment process for ordained and licensed ministry, including restructuring the Vocations Team with the Revd Cath Braithwaite as Team Leader.
- launching the 'Occasional Preachers' course, and needing to run it again quickly because of demand
- participating in consultations on the national Reform and Renewal agenda, especially around Resourcing Ministerial Education
- CMD for clergy, including the Reading Week, a study day relating to Vision 2026, provision for first incumbents
- moving offices, improving our working with colleagues in other departments
- continuing to make provision for people to become Pastoral Assistants as a special route through the 'Called to Serve' course
- involvement in the launch of Vision 2026, including planning for more capacity to develop discipleship to fulfil the aims of the vision, as well as ongoing work on lay ministry and missional leadership

Parish Mission Support Department

Through 2015 the Parish Mission Support Department has endeavoured to continue to resource local churches in a wide variety of mission activities. In addition to seeking to deliver the five marks of Mission (Tell, Teach, Tend, Treasure and Transform) we have enthusiastically embraced the new Diocesan Vision and have sought to resource the diocese to enable Healthy Churches to transform their communities.

Healthy Churches – Being Witnesses – Social Justice

The work is at the heart of the mission of the Church; unless we put our Faith into Action we are not active disciples of Christ. Reaching out to the marginalised, the destitute, those who are usually ignored by society in general is central to our mission, acting as advocates for them and speaking prophetically about the injustices in society.

Highlighting a few areas of work is always difficult, and we can underestimate the impact of an action on the lives of the people with whom we work; however there are a number of areas where impact has been remarkable.

Safe

After a number of successful years working for Probation, the privatisation of probation – to Sodexo – meant that the work ceased. However in that time the number of people on probation whose lives were changed for the better was remarkable – to the extent that the Police are now funding a similar piece of work with those who have been arrested to see if we can put their lives into a better place.

Moving lives into better places is what this is all about, and continues with the work of ...

Child Contact Services.

Unfortunately there are many occasions when family life is not secure. Our contact services (Information Programmes, supported contact and supervised contact) help the children and both parents to allow the contact in the best interests of the children involved. The Supported Contact takes place at Mill Hill in Blackburn and the majority of the Supervised Contact at ...

Grassroots Family Centre at St Philips

This was established as a parish project and came into the department some years ago. It provides a range of services under its manager to enable people in a very deprived area of the town. It houses many courses and support networks, as well as a foodbank which is linked to the work of Together Lancashire – the joint venture with the Church Urban Fund and the Methodist Church.

Trustees' Annual Report *(continued)*

In addition to all of this we have networked with various groups and individuals around issues which they see as relevant to their ministry; *Environment and Ecology; Urban Priority Areas; Rural areas; Interfaith and Cohesion work; Emergency planning; World Development; ...* the list continues and would not be possible without the assistance of the many volunteers who help.

We have also developed an Access audit for churches to use so that they are better able to respond to the needs of their communities – meeting the needs of those who are differently abled. Included in this work was a pioneering set of courses on Dementia Friendly Churches – and more are planned for the future.

We can't stop here. We are charged to live the life of Christ in the world for the Kingdom is already near and we should be proud to proclaim it by our actions.

Healthy Churches – Being Witnesses – Outreach

Stewardship

The Parish Development Resources Officer has continued to work in partnership with a range of local churches encouraging Christian Stewardship. The 'Giving in Grace' website continues to be a very valuable resource in supporting Stewardship. This area of work has sought to deliver the diocesan Vision objective of 'Giving generously of our time, talents and money to the cause of Christ.' Looking forward this work will continue to serve local churches to release the resources necessary to deliver Vision 2026.

Parish Development

A range of Parish Development work was undertaken by the department with parish consultations, Church vision days, Mission Action Planning, 'Leading your Church into Growth', community engagement and outreach events making up a large part of the work. The network of 'Mission Companions' has been revamped and this continues to be a valuable resource for the churches of the diocese.

The department has run a range of training and resourcing events in particular promoting the use of enquirers' course and building confidence in faith sharing. The World War One outreach presentation 'Brothers in Arms' has been staged in over twenty churches and has proved to be a very useful tool to commemorate the First World War and also proclaim the Christian faith. The Parish Mission Support Department was actively involved in preparations for the Northern Bishops' Mission in Sheffield Diocese (Sept 2015) and through 2016 the department will carry the main responsibility for planning and preparations for the Crossroads mission when the Northern Bishops will visit Blackburn Diocese in September 2016.

All the parish development undertaken by the department has sought to enable local churches to work towards fulfilling the vision commitment of 'being witnesses to Jesus' particularly focusing on the priorities of 'proclaiming the gospel of Jesus Christ with confidence' and 'holding regular enquirers' courses in as many churches as possible'.

Church Planting and Fresh Expressions

In fulfilment of the Diocesan priority of 'planting or renewing 50 strategic congregations' the department has resourced church planting and Fresh Expressions in a number of ways. We have worked in partnership with a number of churches who are considering church planting or starting a Fresh Expression of Church and we have also resourced the running of the Mission Shaped Ministry course that equips people in the creation of new churches and congregations.

Inter-faith work, Ecumenism, Diocesan Links and World Mission

In furthering the Vision 2026 priority of 'Being Witnesses to Jesus Christ' the department also helped to support and promote work with other faith communities, links with other churches and denominations, our link dioceses and also involvement in world mission.

The Parish Mission Support Department will continue to seek opportunities to further Vision 2026 in the life of Local churches and will actively work in partnership with others to see Healthy Churches Transforming Communities in the Diocese.

Trustees' Annual Report *(continued)*

3.2 FINANCIAL REVIEW

3.2.1 Financial Performance

Parish Share is the money given by Parishes to the Diocese to fund its mission and ministry. The total amount of Parish Share received in 2015, which includes some payments for previous years, equates to 90.0% (2014: 89.2%) of the Parish Share requested for 2015. Outstanding share at the year end, after support adjustments to parishes have been made, has increased to £5.78m (2014: £5.55 m). At the year-end £112,000 of outstanding share is not provided for by the Share Support Provision (2014: £145,000). BDBF has met all of its financial obligations to continue resourcing diocesan needs as these arise. This includes the support of ministry, provision of well-maintained houses for the clergy, national church responsibilities and enriching and facilitating other aspects of church life throughout Blackburn Diocese.

BDBF has increased the Parish Share Budget for 2016 by 2.61% (2015: 1.5%)

Income before revaluation adjustments totalled £12.20m (2014: £13.74m). Included in these figures are gains on disposal of fixed assets of £1.1m (2014: £0.26m).

The principal sources of funding for the BDBF in 2015 were 59% Parish Share, 9% from National Church Allocations and 9% from gains on asset sales.

Income decreased by £1,537,000.

The parish contributions increased by £76,000, including the increase of the Share Support Fund provision of £42,000.

A diocesan increase in parish share requirement of 1.5% for 2015 was reduced by specific decreases for some parishes following pastoral reorganisation.

Grants received from Archbishops' Council were £25,000 lower than 2014.

Other voluntary income decreased by £2,384,000. In 2014, the transfer of the four benefices formerly in the Bradford Diocese provided donations of assets amounting to £2,162,000 and social responsibility projects received a one-off grant of £108,000. Redundant churches transferred into BDBF during the year amounted to £14,000 (2014: £186,000). Unrestricted legacies of £100,000 (2014: £50,000) were received for which the Directors were very grateful. This money has been designated toward the costs of implementing the Diocesan Vision.

Income from charitable activities has reduced by £36,000. A reduction in social responsibility expenditure and an increase in statutory fees and chaplaincy income are the main movements in this area.

Income from other activities has decreased by £7,000. The income derived from vacant functional houses rental has increased by £32,000 and for Whalley Abbey has reduced by £40,000.

Investment income reduced by £11,000 mainly due to a decrease in interest receivable.

A large gain on the disposal of fixed assets has increased the income from other incoming resources by £850,000. This gain is within the restricted and endowment funds.

Expenditure amounted to £10.78m (2014: £10.84m). Included in these figures are losses on disposal of fixed assets of £0.04m (2014: £0.15m).

Expenditure decreased by £57,000.

Trustees' Annual Report *(continued)*

The cost of raising funds has reduced from 2014 by £65,000, the majority of which is from lower costs at Whalley Abbey of £51,000.

The amount spent on charitable activities is £10.51m.

The main expenditure within charitable activities is on parish ministry, stipends, national insurance, pension contributions and housing maintenance which are the main purposes of the charity. There was an increase in stipends and pension costs of £141,000. Average stipendiary clergy numbers increased by two in 2015. In April, an inflationary increase of 2% was made to stipends and the National Minimum Stipend on which pensions are based. Housing repairs with fees reduced by £250,000.

There is an increase in support for ministry of £154,000. The main increase in expenditure is a debt provision made for a loan relating to the building of a worship centre. Diocesan department expenditure increased in total by £64,000. Expenditure from designated funds for the office move and Vision 2026 work accounted for around £50,000 of this increase. Other areas were in staffing with a 2% increase in staff salaries from April 2015 and the final pay increases for job evaluation. Offsetting this are a reduction for retirement cover in the accounts for 2014, an additional management catch up charge to Social Responsibility projects and lower legal costs.

Grants paid to the Blackburn Diocesan Board of Education increased by £75,000.

Grant expenditure, mainly to parishes, reduced by £138,000. This figure is determined by the number of applications and awards for financial assistance with parish mission projects.

The market value of investments increased by £334,000 over the year. This adds to the value increase of £765,000 in 2014. Any gain or loss in value is unrealised and will remain so for the foreseeable future, given that there is no requirement to sell investments to generate cash.

The Statement of Financial Activities (SOFA) for the year shows net incoming resources of £1.42m (2014: £2.9m) before net gains and losses on the revaluation of investments. This is a reduction of £1.48m.

After revaluation adjustments, the net movement in funds amounted to a £1.77m increase (2014: £3.37m).

During the year, total fund balances increased from £53.30m to £55.07m.

The cash position including short term deposits reduced by £484,000, the principal reasons being the movement of cash to CCLA's CBF Property Fund of £251,000 and CBF Investment Fund of £450,000. Legacies received during the year increased the cash position by £100,000.

3.2.2 Investment Performance

The charity does not receive its donations evenly through the year. Some donations or funding grants received are held for a period prior to their 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 2015 was £19.13m (2014: £18.72m) and the return on investment was 3% (2014: 3.3%). (Income divided by average capital value). Investment income received was £2,000 higher than budgeted.

Trustees' Annual Report *(continued)*

The total value of investment property at 31 December 2015 was £1.89m (2014: £1.86m) and the return on investment was 1.5% (Net rental income divided by average capital value).

3.2.3 External Factors affecting Performance

Every effort is being made by the Diocese to restrict increases in Parish Share, which is the PCC's contribution to the ministry and other costs of the Diocese. PCCs and the Diocese are being affected by low interest rates and the economic climate affecting the donations being received.

3.2.4 Transitional Adjustments relating to SORP(FRS102)

During the year ended 31 December 2015, as noted within the accounting policies on page 30, the BDBF has adopted for the first time (as required) the Statement of Recommended Practice for Charities (SORP 2015) which takes into account a number of changes contained within Financial Reporting Statement (FRS) 102. This has resulted in changes to the accounting policies in the following area:

- Accounting for pension scheme deficits on multi-employer defined benefit pension scheme and Parsonage Board Retirement Benefit scheme

Although not a multi-employer scheme the Parsonage Board Retirement Benefit scheme is treated in a similar manner and included in the changes below.

The net impact of these changes is disclosed within note 33 to the financial statements. The changes in accounting policy are of significant impact and necessitate adjustment and restatement of the year-ended 31 December 2014 financial statements. The restatement represents a decrease in the net assets of £5.701m as at 1 January 2014 (the opening reserves). The effect on the net income for 2014 as compared with the accounts as previously stated was a decrease in the surplus of £31,000 with the cumulative effect on the reserves as at 31 December 2014 being a reduction by £5.732m.

In addition to the required transitional adjustment, the presentation of all amounts have been aligned to that required under FRS102 and SORP 2015.

Although this is a significant reduction to the reported unrestricted reserves of the company; the deficits for these schemes have been in existence for a number of years but were not disclosed under FRS17; the previous accounting standard. The payment towards the deficit formed part of the expenditure of the BDBF under FRS17. The deficits will be recovered over a period of approximately 10 years. The parish share budgets, including 2016, include the amount required for the deficit recovery.

3.2.5 Changes in Accounting Policy

Diocesan glebe property is vested in the DBF under the Endowments and Glebe Measure 1976. The BDBF has a duty to hold and manage glebe properties for the benefit of the Diocesan Stipends Fund and to generate income towards the payment of clergy stipends. Such properties can be held either as functional fixed assets for housing clergy/licensed lay workers or for the purposes of producing income for clergy stipends, in which case they should be classified as investment properties. Previously, all glebe property was held as functional assets, but on review it was decided that agricultural glebe land held for revenue-earning purposes should be reclassified as an investment asset. This represents a change in Accounting Policy that must be applied retrospectively in the financial statements. Retrospective application means that the change is implemented as though it had always been applied. Consequently, all comparative amounts presented in the financial statements affected by the change in accounting policy have been restated for the prior period presented.

The rental income is following the above policy so that only the rents receivable from glebe investment assets is recognised as investment income.

Trustees' Annual Report *(continued)*

3.2.6 Financial Sustainability

The majority of income for BDBF comes from Parish Share. In order to support the parishes and safeguard future expenditure the Parish Share Budget is reviewed carefully to minimise increases. Parishes are also being supported to increase their income from parishioners' donations by providing an officer skilled in stewardship and promoting mission in churches.

Consideration is always given to the sustainability of Stipendiary Ministerial positions. Parish ministerial re-organisations are ongoing.

When Diocesan posts become vacant, prior to being filled, they are reviewed to ascertain whether the work can be carried out in a different way.

3.2.7 Going Concern

The Directors are satisfied that BDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

3.2.8 Investment Policies

BDBF's investment policies are based on two key policies

Ethical investment – BDBF seeks to pursue an investment policy consistent with the values of the Christian faith. This is achieved by following the EIAG guidelines and policies of the National Investing Bodies of the Church of England.

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.

3.2.9 Reserves Policy

The Directors have reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commission. BDBF has considerable responsibilities, including the remuneration and housing of on average 165 parochial stipendiary clergy. BDBF aims to maintain the equivalent of at least three months' budgeted expenditure (Parish Share budget) up to a maximum of six months' 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 £5,643,000 and represents 6.68 months of expenditure which exceeds the current policy by £576,000. The Directors have agreed to set a non-balancing budget for the years 2016 and will review the position for the 2017 budget.

There are a number of designated funds totalling £2,887,000, the material ones are as follows. Those designated to provide income to specific purposes in the parish share budget £898,000 are included in the free reserves figure. The sinking fund was set up after the Church House renovation in 1994 to ensure there were funds available to update the current premises or provide new premises. In 2015 the current Diocesan Office Building was purchased jointly with the Blackburn Diocesan Board of Education out of this fund.

Trustees' Annual Report *(continued)*

The remaining balance of the sinking fund of £282,000 will be retained under designated funds for office requirements and reviewed in 2016. The extra mission and ministry grant is used to support the parish share budget £160,000. The loan and growth funds are used to provide some of the loans and grants to parishes to continue their mission projects £384,000.

BDBF also administers a number of restricted and endowment funds that are held on specific trusts under charity law and are not available for general purposes. As at 31 December 2015 restricted funds totalled £7,472,000 and endowment funds totalled £42,875,000. A description of each reserve together with the intended use of the fund is set out in notes 31 and 32.

3.3. 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 financial risks, which may impact on the charitable company, include:

- non-payment of Parish Share
- the future funding of the clergy pension scheme
- legal costs, fines and compensation claims
- unforeseen property management and maintenance costs
- misappropriation of BDBF assets

All of these would lead to erosion of reserves if not correctly monitored and budgeted.

The potential impact of these risks is mitigated by the policy of maintaining sufficient reserves to cover short term shortfalls in income or short term increases in expenditure.

3.4. FUNDS HELD AS CUSTODIAN TRUSTEE FOR OTHERS

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.

Trustees' Annual Report *(continued)*

PCC trust investment assets held by BDBF had a market value of £11.6m at 31 December 2015 (2014 £11.6m). 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.

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

4. PLANS FOR FUTURE PERIODS

For 2016 the Directors have set the annual management (parish share) budget in deficit by £340,000. This is to reduce the free reserves towards the approved level. The ongoing objective is to resource diocesan needs, as determined by Synod and informed by local and national Church institutions, from Parish Share budget and other restricted funds.

The strategic aims detailed from page 8 will continue to direct the activities of BDBF in the future.

The major budget element continues to be directed towards the maintenance of a priestly presence across the Diocese and the training and development of lay members of the church to support the work of the clergy will be a priority

The aims of Vision 2026 will underpin BDBF's work: Making Disciples of Jesus Christ; Being Witnesses to Jesus Christ and Growing Leaders for Jesus Christ.

A vision coordinator will be appointed in January 2016. The role has four key components:

- to work with the Vision Champions who are nominated by parishes/benefices, and whose prime function is to keep all aspects of the Vision on the PCC's agenda over the next few years. Vision Champions were collectively commissioned in their role, alongside the admission of Churchwardens, during the Vision 2026 @ The Guild Hall event on 10th May 2016.
- the Vision will also be shared with organisations closely associated with the diocese, such as the Mothers' Union, Cursillo, uniformed organisations and chaplaincies; providing an opportunity for further focused collaboration.
- the coordinator will be working with the Bishop and his key team (BLT) and the Directors, to ensure that progress is made in developing the thirteen Vision initiatives under the three Vision themes of, "Making disciples of Jesus Christ", "being witness to Jesus Christ", and, "growing leaders for Jesus Christ". Members of the BLT are sponsoring and/or leading working groups that will take some or all of their agenda from the parish initial responses to the Vision that will be requested in the 2016 Archdeacons' Articles of Enquiry.
- the coordinator will also lead on the development and submission of a business case to the Church Commissioners' Strategic Development Fund by the end of October 2016. The business case will articulate how funding will support either, a limited number of strategic themes and/or a specific geographic area; and will need to be clear about how the activities will be resourced.

We continue to review the departmental structures which are designed to support the vision and priorities of the Diocese.

Trustees' Annual Report *(continued)*

5. ATTENDANCE OF DIRECTORS AT MEETINGS IN 2015

	Total	
Ex officio		
Very Revd C J Armstrong	3/5	
Mr R J Collins	5/5	
Revd Canon Dr S J Cox	5/5	
Canon J J Dell	5/5	
Michael Everitt	3/5	
Revd Canon J M Hall	4/5	
Ven J A Hawley	2/3	(resigned 31 July 2015)
Rt Revd J T Henderson	5/5	
Mr P Jelley	4/5	
Rt Revd P J North	4/5	
Rt Revd G S Pearson	5/5	
Revd Canon A G Sage	4/5	
Mr J Warburton	4/5	(resigned 31 December 2015)
Co-opted		
Mr N P Aves	5/5	
Mr D J Wilkinson	5/5	
Elected Clergy		
Revd P A Bicknell	3/4	
Revd Canon A Holliday	5/5	
Revd R A H Marshall	5/5	
Revd C W Newlands	4/5	(resigned 31 December 2015)
Elected Lay Persons		
Mrs P A Chadwick	3/5	(resigned 31 December 2015)
Mr T D Cox	5/5	
Mrs T M Jones	3/5	(resigned 31 December 2015)
Mrs J P Rothwell	0/4	(deceased 30 September 2015)
Mr E J Sarti	2/5	(resigned 31 December 2015)
Mr C Scott	5/5	
Ms J M Stamper	5/5	
Mrs A Wynne	5/5	(resigned 31 December 2015)

6. APPOINTMENT OF AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

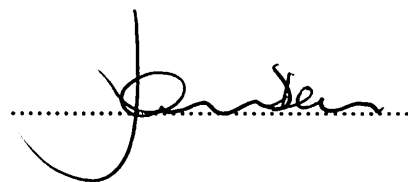
Trustees' Annual Report *(continued)*

7. DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Directors appreciate the voluntary contribution made by the clergy and laity who sit on various Committees of BDBF.

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



Chair of the Board of Finance
Canon John Dell



Director of the Board of Finance

Diocesan Offices
Clayton House
Walker Office Park
Blackburn
BB1 2QE

18 June 2016

Statement of Directors' responsibilities in respect of the Trustees' annual report and the financial statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees (as Directors) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of The Blackburn Diocesan Board of Finance Limited (by guarantee)

We have audited the financial statements of The Blackburn Diocesan Board of Finance Limited (by guarantee) for the year ended 31 December 2015 set out on pages 26 to 58. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 23, 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.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

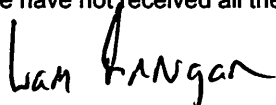
In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of The Blackburn Diocesan Board of Finance Limited (by guarantee) *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Edward VII Quay, Ashton on Ribble
Preston
PR2 2YF
United Kingdom

24th June 2016

Statement of Financial Activities

for the year ended 31 December 2015

		Unrestricted funds		Restricted	Endowment	Total	Restated
		General	Designated	funds	funds	funds	Total
	Note	£000	£000	£000	£000	2015 £000	2014 £000
Income and endowments from:							
Donations and legacies							
Parish contributions	2	7,185	-	-	-	7,185	7,109
Archbishops' Council	3	123	-	837	101	1,061	1,086
Other	4	125	128	314	17	584	2,968
Charitable activities: statutory fees, chaplaincy and other income	5	208	25	826	-	1,059	1,095
Other trading activities	6	248	-	125	204	577	584
Investments	7	144	32	391	30	597	608
Other	8	6	2	769	362	1,139	289
Total		8,039	187	3,262	714	12,202	13,739
Expenditure on:							
Raising funds	9	253	-	16	-	269	334
Charitable activities	10	2,747	120	6,477	1,165	10,509	10,501
Total	11	3,000	120	6,493	1,165	10,778	10,835
Net income/(expenditure) before investments		5,039	67	(3,231)	(451)	1,424	2,904
Net gains on investments		104	45	22	163	334	765
Net income/(expenditure) before transfers		5,143	112	(3,209)	(288)	1,758	3,669
Transfers between funds	12	(3,703)	(409)	3,575	537	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		1,440	(297)	366	249	1,758	3,669
Other recognised gains/(losses)							
Gains on revaluation of fixed assets		-	-	-	31	31	30
Losses on defined benefit pension schemes		(21)	-	-	-	(21)	(328)
Net movement in funds		1,419	(297)	366	280	1,768	3,371
Reconciliation of funds							
Total funds at 1 January 2015		412	3,184	7,106	42,595	53,297	49,926
Total funds at 31 December 2015	14	1,831	2,887	7,472	42,875	55,065	53,297

All activities derive from continuing activities. The notes on pages 30 to 58 form part of the financial statements.

Income and Expenditure Account

for the year ended 31 December 2015

	2015 £000	2014 £000
Total incoming resources	11,488	10,801
Total resources expended	(9,613)	(9,373)
	<hr/>	<hr/>
Operating surplus/(deficit) for the year	1,875	1,428
Net gains on investments	171	336
	<hr/>	<hr/>
Net income for the year	2,046	1,764
Other comprehensive income:		
Revaluation of fixed assets	-	-
Net assets transferred from endowments	(537)	(1,408)
Actuarial (losses) on defined benefit pension schemes	(21)	(328)
	<hr/>	<hr/>
Total comprehensive income	1,488	28
	<hr/>	<hr/>

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.

Balance Sheet

at 31 December 2015

	Note	2015 £000	2015 £000	Restated 2014 £000	Restated 2014 £000
Fixed Assets					
Tangible Assets	19	38,493		37,836	
Investments	20	13,861		12,775	
Investment Property	20	1,886		1,855	
			54,240		52,466
Current assets					
Stocks	21	6		5	
Debtors (amounts receivable after more than one year: £512,000 (2014: £726,000))	22	1,079		1,128	
Deposits and Cash at bank and in hand	23	6,043		6,527	
		7,128		7,660	
Creditors: amounts falling due within one year	24	(358)		(452)	
Net current assets			6,770		7,208
Creditors: amounts falling due after more than one year	24	(645)		(645)	
Provisions for liabilities: Pensions and similar obligations	24	(5,300)		(5,732)	
			(5,945)		(6,377)
Net Assets	26		55,065		53,297
Capital and Reserves					
Endowment funds	28		42,875		42,595
(Including investment revaluation reserve of £3,219,000 (2014: £2,867,000))					
Restricted funds	28		7,472		7,106
(Including investment revaluation reserve of 24,000 (2014: £3,000))					
Unrestricted funds	28		1,831		412
(Including investment revaluation reserve of £793,000 (2014: £674,000))					
Designated funds	28		2,887		3,184
(Including investment revaluation reserve of £964,000 (2014: £1,122,000))					
			55,065		53,297

The notes on pages 30 to 58 form part of the financial statements.

These financial statements were approved by the Directors and were signed on their behalf on

18 June 2016 by:



Canon John Dell
Chair of the Board of Finance

N/A.

Director Board of Finance

Registered charity number 247647
Registered company number 225457

Cash flow statement

for the year ended 31 December 2015

	Notes	2015 £000	2015 £000	Restated 2014 £000	Restated 2014 £000
Net incoming resources before other recognised gains and losses		1,424		2,904	
(Gains)/Losses on disposal of fixed assets		(1,086)		(114)	
(Gains)/Losses on disposal of investments		(5)		-	
Depreciation		88		83	
Impairment of fixed assets		41		55	
Increase in stock		(1)		-	
Decrease/(increase) in debtors		206		(394)	
Increase in creditors current liabilities		(94)		(17)	
Movement in pension commitment		(453)		(297)	
Cash inflow from operating activities			120		2,220
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(2,039)		(3,184)	
Proceeds of sale of fixed assets		2,339		829	
Purchase of investments		(776)		(731)	
Proceeds from sale of investments		29		-	
Net cash outflow from capital expenditure and financial investment			(447)		(3,086)
Inflow from management of liquid resources					
Cash transferred from short term deposits			673		234
Inflow/(outflow) Financing					
Cash inflows from new borrowing		-		645	
Loan repayments received		24		27	
New loans made to parishes		(181)		(50)	
Net cash (used in)/provided by financing			(157)		622
Increase/(decrease) in cash in the year	29		189		(10)

The notes on pages 30 to 58 form part of the financial statements.

Notes

(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 Trustee's annual report and financial statements.

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

Following the transition to FRS102 for the first time in 2015 all of the accounting policies have been aligned with the new accounting standard and where these have resulted in a material change to the amounts, classification or presentation within the financial statements as at the date of transition then a transitional adjustment has been made (see note 33). The principal accounting policies and estimation techniques are detailed below.

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 19) 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.

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.

Notes (continued)

1 Accounting policies (*continued*)

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. The change in recognition and measurement of the asset represents a change in Accounting Policy and follows the requirements of FRS102 and the legal obligation for the accounts to give a true and fair view of the charitable company's financial position. Details of the impact of the change in accounting policy on financial statements are given in note 33.

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.

Voluntary Income from Archbishops' Council

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

Other Donations, Grants, Legacies and similar Incoming resources

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.

Activities for generating funds and incoming resources

Activities for generating funds in the unrestricted fund mainly relates to the operations of Whalley Abbey, the Diocesan conference and retreat house, and in the designated fund is 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.

Notes (continued)

1 Accounting policies (continued)

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 resources expended represent the BDBF's contributions paid in respect of the accounting period, in accordance with FRS102. Deficit funding for the pension schemes to which 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.

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.

Notes (continued)

2 Parish contributions

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	funds	Funds	2015	2014
	£000	£000	£000	£000	£000	£000
Parish share						
Current year's allocation	8,124	-	-	-	8,124	8,006
Provision for Share Support Fund	(939)	-	-	-	(939)	(897)
	<u>7,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,185</u>	<u>7,109</u>

3 Archbishops' Council

	Unrestricted Funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£000	£000	£000	£000	£000	£000
Selective Allocation	-	-	741	101	842	869
Parish Mission Fund	100	-	68	-	168	166
Pooling of ordinands costs	23	-	-	-	23	30
Mixed-mode ordinands grant	-	-	28	-	28	21
	<u>123</u>	<u>-</u>	<u>837</u>	<u>101</u>	<u>1,061</u>	<u>1,086</u>

4 Other donations

	Unrestricted Funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£000	£000	£000	£000	£000	£000
Social Responsibility Projects	-	-	27	-	27	148
Ecclesiastical Insurance Group	-	127	-	-	127	124
Donations	25	1	280	-	306	2,627
Legacies	100	-	-	-	100	50
Other Grants	-	-	7	17	24	19
	<u>125</u>	<u>128</u>	<u>314</u>	<u>17</u>	<u>584</u>	<u>2,968</u>

5 Charitable activities

	Unrestricted Funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£000	£000	£000	£000	£000	£000
Statutory fees; chaplaincy income	-	-	668	-	668	644
Church Commissioners -						
Guaranteed annuities	-	-	3	-	3	4
Suffragan Bishops' secretarial	27	-	-	-	27	30
Parish curate	-	-	34	-	34	33
Whalley Abbey Conference House	105	-	-	-	105	113
Social Responsibility projects fees	-	-	121	-	121	173
Sale of publications	-	25	-	-	25	31
Income for training courses	13	-	-	-	13	13
Other fees/sales	63	-	-	-	63	54
	<u>208</u>	<u>25</u>	<u>826</u>	<u>-</u>	<u>1,059</u>	<u>1,095</u>

Notes (continued)

6 Other trading activities

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£000	£000	£000	£000	£000	£000
Rental Income	54	-	125	204	383	351
Whalley Abbey Conference House	177	-	-	-	177	217
Accounting service	17	-	-	-	17	16
	<u>248</u>	<u>-</u>	<u>125</u>	<u>204</u>	<u>577</u>	<u>584</u>

7 Investment Income

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£000	£000	£000	£000	£000	£000
Dividends receivable	137	30	348	29	544	537
Interest receivable	7	2	14	1	24	41
Rents receivable	-	-	29	-	29	30
	<u>144</u>	<u>32</u>	<u>391</u>	<u>30</u>	<u>597</u>	<u>608</u>

8 Other income

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£000	£000	£000	£000	£000	£000
Gains on disposal of fixed assets	-	-	764	357	1,121	265
Realised Gain on Investments	-	-	-	3	3	19
Loan interest	6	2	5	-	13	2
New Funds	-	-	-	2	2	3
	<u>6</u>	<u>2</u>	<u>769</u>	<u>362</u>	<u>1,139</u>	<u>289</u>

9 Cost of raising funds

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£000	£000	£000	£000	£000	£000
Social Responsibility Team	-	-	10	-	10	16
Parish share						
Secretariat	6	-	-	-	6	7
Archdeacons	-	-	5	-	5	6
Bishop's Harvest Appeal	-	-	-	-	-	1
Investment Management Costs	9	-	1	-	10	15
Fundraising Trading Whalley Abbey	238	-	-	-	238	289
	<u>253</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>269</u>	<u>334</u>

Notes (continued)

10 Charitable Activities

	Unrestricted funds		Restricted	Endowment	Total funds	Restated
	General	Designated	Funds	Funds	2015	Total funds
	£000	£000	£000	£000	£000	2014
						£000
Contributions to Archbishops' Council						
Training for ministry	276	-	-	-	276	275
National Church responsibilities	208	-	-	-	208	210
Grants and provisions	27	-	-	-	27	26
Mission Agency pension contributions	16	-	-	-	16	16
Retired clergy housing costs (CHARM)	88	-	-	-	88	84
General Synod expenses	15	-	-	-	15	13
	<u>630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>630</u>	<u>624</u>
Parish ministry						
Stipends & National Insurance	-	-	4,307	-	4,307	4,145
Pension contributions	123	-	953	-	1,076	1,096
Housing costs	-	-	305	1,165	1,470	1,720
Removal, resettlement and other grants	-	-	178	-	178	154
Other expenses	-	7	15	-	22	27
	<u>123</u>	<u>7</u>	<u>5,758</u>	<u>1,165</u>	<u>7,053</u>	<u>7,142</u>
Support for ministry						
Departments	1,425	80	49	-	1,554	1,490
DBF Housing	24	-	-	-	24	62
Whalley Abbey Conference House	196	-	-	-	196	177
Whalley Abbey House Renovation	-	-	61	-	61	65
Redundant churches	-	-	25	-	25	17
Debt Provision	-	-	131	-	131	-
Social Responsibility Projects	-	-	275	-	275	291
Sale of Publications	-	27	-	-	27	27
Miscellaneous Expenses	-	-	23	-	23	33
	<u>1,645</u>	<u>107</u>	<u>564</u>	<u>-</u>	<u>2,316</u>	<u>2,162</u>
Expenditure on education						
Grants for the work of the Board	321	-	8	-	329	254
	<u>321</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>329</u>	<u>254</u>
Expenditure on Diocesan projects						
Grants to Clergy	-	-	5	-	5	4
Grants to Parishes	13	6	86	-	105	260
Grants to Retired Clergy and Widows	-	-	31	-	31	32
Grant to Christian Aid and Mothers Union	-	-	23	-	23	3
Grants to Churches Together in Lancashire	11	-	-	-	11	12
Other Grants	4	-	2	-	6	8
	<u>28</u>	<u>6</u>	<u>147</u>	<u>-</u>	<u>181</u>	<u>319</u>
Charitable activities	<u>2,747</u>	<u>120</u>	<u>6,477</u>	<u>1,165</u>	<u>10,509</u>	<u>10,501</u>

Notes (continued)

11 Analysis of resources expended including allocation of support costs

	Activities undertaken directly £000	Grant funding of Activities £000	Manage- ment Admin Support £000	Total 2015 £000	Restated Total 2014 £000
Fundraising Trading Whalley Abbey	238	-	-	238	289
Cost of generating voluntary income	20	-	11	31	45
Contributions to Archbishops' Council	-	630	-	630	624
Resourcing ministry and mission	8,674	-	695	9,369	9,304
Education	-	329	-	329	254
Diocesan projects	-	181	-	181	319
	<u>8,932</u>	<u>1,140</u>	<u>706</u>	<u>10,778</u>	<u>10,835</u>

Analysis of support costs

	Unrestricted funds		Restricted	Endowment	Total funds 2015 £000	Total funds 2014 £000
	General £000	Designated £000	Funds £000	Funds £000		
Raising Funds	6	-	5	-	11	13
Central Administration	589	-	-	-	589	564
Governance costs						
Secretariat	43	-	-	-	43	44
Accounting and Finance Office	31	-	-	-	31	34
Audit fees	16	-	-	-	16	16
Diocesan Synod expenses	13	-	-	-	13	13
DBF Executive and Bishop's Council Meetings	3	-	-	-	3	3
	<u>701</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>706</u>	<u>687</u>

Notes (continued)

12 Analysis of transfers between funds

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2015	2014
	£000	£000	£000	£000	£000	£000
Parish share	(4,312)	-	3,390	922	-	-
Grant from Bishop's Fund for Ordinands	23	-	(23)	-	-	-
HR Support Cost transfer to Stipends Fund	49	-	(49)	-	-	-
Rural Affairs Officer funded by Ecclesiastical Insurance Grant	21	(21)	-	-	-	-
Designated for Church Workers Pension Deficit	(20)	20	-	-	-	-
Designation of Legacy	(100)	100	-	-	-	-
From Sinking Fund for purchase of office building	593	(593)	-	-	-	-
From Extra Mission & Ministry fund to support parish share	32	(32)	-	-	-	-
From Grant fund to Healthy Churches	9	-	(9)	-	-	-
Parsonage Repair Fund	-	119	-	(119)	-	-
Parsonages sold – transfer book value from Parsonages Fund to Pastoral Fund	-	-	641	(641)	-	-
Parsonages additions – transfer asset value from Pastoral Fund to Parsonages Fund	-	-	(453)	453	-	-
Pastoral scheme to transfer redundant parsonage	-	-	78	(78)	-	-
Other	2	(2)	-	-	-	-
	<u>(3,703)</u>	<u>(409)</u>	<u>3,575</u>	<u>537</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. The fund transfers are:

Parish Share

Total share is received into general funds and an allocation made to stipends fund (restricted) and parsonages fund (expendable endowment), according to net expenditure of those funds.

Parsonage Stock Transfer

Since 2001, parsonages for sale have been transferred from Parsonages Houses Fund to the Pastoral Fund at no charge and sales proceeds deposited in the Pastoral Fund. Replacement parsonage purchases have been paid for out of the Pastoral Fund.

Other Transfers

The recharge of part of the cost of HR resources (£48,869) to Stipends Income Account.

Notes (continued)

13 Net incoming resources for the year

	2015 £000	2014 £000
<i>These are stated after charging:</i>		
Auditor's Remuneration – audit of these financial statements	16	13
Amounts written off tangible fixed assets – owned	88	83
Whalley Abbey Conference House Trading Deficit	89	105
	<u> </u>	<u> </u>

14 Summary of fund movements

	Balances at 1 January 2015 (restated) £000	Incoming resources £000	Outgoing resources £000	Transfers £000	Gains and (losses) £000	Balances at 31 December 2015 £000
Unrestricted funds						
General	412	8,039	(3,000)	(3,703)	83	1,831
Designated	3,184	187	(120)	(409)	45	2,887
	<u>3,596</u>	<u>8,226</u>	<u>(3,120)</u>	<u>(4,112)</u>	<u>128</u>	<u>4,718</u>
Restricted funds						
Pastoral Account	4,480	1,020	(361)	275	-	5,414
Parish Pastoral Fund	595	2	-	(9)	-	588
Social Responsibility Projects	433	155	(287)	-	-	301
Stipends Income Account	474	1,862	(5,677)	3,341	-	-
Opportunity Fund	446	74	(91)	(9)	-	420
Ordinands Fund	101	47	(4)	(23)	-	121
Bishop's Harvest Appeal	22	28	(23)	-	-	27
Bishop's Clergy Widows and Retired Clergy Fund	478	70	(47)	-	22	523
Bishop's Clergy Fund	37	-	-	-	-	37
Other Funds	40	4	(3)	-	-	41
	<u>7,106</u>	<u>3,262</u>	<u>(6,493)</u>	<u>3,575</u>	<u>22</u>	<u>7,472</u>
Endowment funds						
Stipends Fund capital	9,594	357	-	-	155	10,106
Parsonage houses	30,010	352	(1,165)	537	8	29,742
Endowment Investments	2,991	5	-	-	31	3,027
	<u>42,595</u>	<u>714</u>	<u>(1,165)</u>	<u>537</u>	<u>194</u>	<u>42,875</u>
Total funds	<u>53,297</u>	<u>12,202</u>	<u>(10,778)</u>	<u>-</u>	<u>344</u>	<u>55,065</u>

Notes (continued)

15 Staff numbers and costs

The average number of persons employed during the year, including sessional workers, has been analysed by department.

	2015	2014
Central Services Department - General	18.0	17.8
Central Services Department - Whalley Abbey	10.7	11.6
Clergy related costs (Suffragan Bishops' Secretaries, Archdeacons' Secretaries and others)	2.3	2.2
Discipleship and Ministry Department	5.3	5.5
Parish Mission Support Department - General	5.4	5.4
Parish Mission Support Department - Social Responsibility Projects	5.5	6.2
	<hr/>	<hr/>
	47.2	48.7
	<hr/>	<hr/>

Certain of the costs with reference to the staff numbers analysis by department above, are recovered from Social Responsibility project funding (5.5), the Ecclesiastical grant fund (0.6), the Church Commissioners (1), 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 lead officer and the finance provision (1.1).

The aggregate payroll costs of all employees were as follows:

	2015 £000	2014 £000
Wages and salaries	1,296	1,258
Social security costs	110	102
Other pension costs	193	180
	<hr/>	<hr/>
	1,599	1,540
	<hr/>	<hr/>

There was one employee whose salary was in excess of £60,000 (2014: one employee), in the band £60,000 to £70,000. Pension contributions in respect of this employee were £22,033 (2014: £19,703).

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 2015 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

Remuneration, pensions and expenses for these 3 employees amounted to £229,800 (2014: £168,500)

Notes (continued)

15 Staff numbers and costs (continued)

In addition to the foregoing numbers of persons employed by the charitable company there were, on average during 2015 165.5 (2014: 163.7) stipendiary clergy in post in the Diocese. These may be analysed as follows:

	Average Number of persons (FTE)	
	2015	2014
Archdeacons	1.6	2.0
Incumbents	138.2	137.9
Sector Ministers and Advisors	0.2	0.2
Assistant Curates	24.5	22.6
Lay Workers	1.0	1.0
	<hr/>	<hr/>
	165.5	163.7
	<hr/>	<hr/>

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:

	2015 £000	2014 £000
Stipend	4,020	3,882
Social security costs	311	293
Pension costs - current year	952	909
- interest costs	123	188
	<hr/>	<hr/>
	5,406	5,272
	<hr/>	<hr/>

Trustees' emoluments

	Average number of directors	
	2015	2014
Directors	26.3	26.5
	<hr/>	<hr/>

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £19,193 (2014 - £16,721) 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

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.

Notes (continued)

16 Pension schemes (continued)

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).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males.

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2025
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit repair contributions	12.4%	14.1%
Total contribution rate	38.2%	39.9%

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. The opening balance sheet liability at 1 January 2014 has been brought into the accounts as a prior year restatement under FRS 102 (see note 33)

	2015 £	2014 £
Balance sheet liability at 1 January	5,649,000	5,607,000
Deficit contribution paid	(565,000)	(474,000)
Interest cost (recognised in SoFA)	123,000	188,000
Remaining change to the balance sheet liability* (recognised in SoFA)	21,000	328,000
Balance sheet liability at 31 December	5,228,000	5,649,000

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

Notes (continued)

16 Pension schemes

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 2015	December 2014	December 2013
Discount rate	2.5% pa	2.3% pa	3.5% pa
Price inflation	2.4% pa	2.7% pa	3.2% pa
Increase to total pensionable payroll	0.9% pa	1.2% pa	1.7% pa

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, 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.

Notes (continued)

16 Pension schemes

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	2015 £	2014 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	(47,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability*(recognised in SoFA)	-	47,000
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:

	December 2013	December 2014	December 2015
Discount rate	0.00%	0.00%	0.00%

The movement of £47,000 relates solely to the BDBE and as such has been recognised as a prior period restatement in the accounts of BDBE. This is shown for reference in the BDBF accounts as the BDBF and the BDBE are jointly in the scheme.

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 schemes 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 has been recognised at 1 January 2014 based on the last available 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. The balance sheet deficit will be adjusted on receipt of the next triannual valuation report. The deficit recognised at 31 December 2015 is £72,000.

17 Grants paid

	2015 £000
Unrestricted Fund	
National Church Responsibilities	339
National Church – Training	276
General Synod Expenses	15
Blackburn Diocesan Board of Education	321
Churches together in Lancashire	
CTL Ecumenical Officer	11
Other Organisations	
Blackburn Cathedral	13
Christian Solidarity and Barnabas Fund (Archdeacons' Visitations)	4
Total Unrestricted Fund	979

Notes (continued)

17 Grants paid (continued)

	2015 £000
Designated Fund	
Growth Fund	
Shevington St Annes PCC	3
3 grants of £1,000 and less	1
Ecclesiastical Fund	
Computer Grants (Parishes) 2 Grants	1
Blackburn St Luke and St Philip	1
Total Designated Fund	<u>6</u>
Restricted Funds	
Grant Fund (Restricted)	
Clitheroe St James	5
Shevington St Annes	6
Layton St Mark	5
Leyland St John	3
Blackpool Christ Church	18
Preston All Saints	8
Blackburn St Barnabas	6
Fleetwood St David	2
Chatburn Christ Church	15
Preston Risen Lord	15
Blackburn Diocesan Board of Education	8
Pastoral Fund (Restricted)	
Blackburn St Stephens PCC	3
Clergy Widows and Retired Clergy (Restricted)	
Grants to individuals	
188 grant of £150 or less	28
1 grant of £2,500	3
Bishop's Harvest Appeal (Restricted)	
Christian Aid and Mothers Union	23
Other Restricted Funds	
Grants to Individuals	
28 grants to clergy at £250 or less (Clergy Stipends fund)	5
5 grants to ordinands at £350 or less	1
10 grants to individuals at £100 or less (Acts 435)	1
Total Restricted Funds	<u>155</u>
TOTAL GRANTS PAID	<u><u>1,140</u></u>

Notes (continued)

18 Realised gains on disposal of houses and glebe

Total sales proceeds were £2,338,699. These were allocated to the Pastoral Fund (£1,840,706) and the Stipends Capital Fund (£497,993), from the sale of the following property:

	2015 £000
Sales	
4 Parsonages	1,289
1 Parsonages land (part disposal)	129
4 Non Parsonage Houses	921
	<hr/> 2,339 <hr/>

19 Tangible fixed assets

	Parsonages £000	Non Parsonages/ Land £000	Total Freehold land and buildings £000	Long leasehold buildings £000	Fixtures, fittings and office equipment £000	Total £000
Cost or valuation						
At beginning of year	29,321	8,933	38,254	316	263	38,833
Additions	454	1,533	1,987	-	52	2,039
Disposals	(641)	(612)	(1,253)	-	-	(1,253)
Impairments	-	(41)	(41)	-	-	(41)
Transfers	(78)	78	-	-	-	-
	<hr/> 29,056	<hr/> 9,891	<hr/> 38,947	<hr/> 316	<hr/> 315	<hr/> 39,578 <hr/>
Depreciation						
At beginning of year	-	565	565	215	217	997
Charge for year	-	63	63	10	15	88
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	<hr/> 29,056	<hr/> 628	<hr/> 628	<hr/> 225	<hr/> 232	<hr/> 1,085 <hr/>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	<hr/> 29,056	<hr/> 9,263	<hr/> 38,319	<hr/> 91	<hr/> 83	<hr/> 38,493 <hr/>
At 31 December 2015	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	<hr/> 29,321	<hr/> 8,368	<hr/> 37,689	<hr/> 101	<hr/> 46	<hr/> 37,836 <hr/>

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 £22,632,000 (2014: £23,247,000).

Notes (continued)

19 Tangible fixed assets (continued)

Heritage Asset

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

Notes (continued)

20 Investments and investment property

	Investment Property	Unlisted CBF Investments £000	Others investments £000	Total investments £000
<i>At valuation</i>				
At beginning of year (restated)	1,855	12,741	34	14,630
Additions	-	771	5	776
Disposals (Gilts redeemed)	-	-	(24)	(24)
Increase in market value	31	334	-	365
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,886	13,846	15	15,747
	<hr/>	<hr/>	<hr/>	<hr/>
<i>At historic cost</i>	660	8,846	15	9,521

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.

21 Stocks

	2015 £000	2014 £000
Goods for resale	6	5
	<hr/>	<hr/>

22 Debtors

	2015 £000	2014 £000
<i>Amounts receivable within one year</i>		
Prepayments and accrued income	68	111
Other debtors	126	257
Amount owed by related parties (Cidari Education)	5	13
Amount owed by related parties (BDBE)	76	-
Loans to parishes	288	18
Loans to individuals	4	3
	<hr/>	<hr/>
	567	402
	<hr/>	<hr/>
	£000	£000
<i>Amounts receivable after more than one year</i>		
Loans to parishes	479	726
Loans to individuals	2	-
Amount owed by related parties (Cidari Education)	31	-
	<hr/>	<hr/>
	512	726
	<hr/>	<hr/>

Notes (continued)

23 Deposits and cash at bank and in hand

	2015	2014
	£000	£000
Deposits with Central Board of Finance	2,894	3,370
Cash at Bank and in hand	771	582
Direct Reserve Account Nat West	933	1,037
Special Interest Account Nat West	1,445	1,538
	<hr/>	<hr/>
	6,043	6,527
	<hr/>	<hr/>

24 Creditors

	2015	2014
	£000	£000
<i>Amounts falling due within one year</i>		
Other loans	6	6
Trade creditors	160	125
Other creditors (taxation and social security)	48	50
Other creditors	60	89
Accruals	84	123
Amounts owed to related parties (BDBE)	-	59
	<hr/>	<hr/>
	358	452
	<hr/>	<hr/>
	2015	2014
	£000	£000
<i>Amounts falling due after more than one year</i>		
CCLA loans	550	550
Due to Churches Conservation Trust	95	95
Provisions for liabilities: Pension deficit	5,300	5,732
	<hr/>	<hr/>
	5,945	6,377
	<hr/>	<hr/>

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 two redundant church buildings.

25 Commitments

Commitments at 31 December 2015, for which no provision has been made in these accounts, were as follows:

	2015	2014
	£000	£000
Authorised, but not contracted:		
Grant Fund	234	222
Ecclesiastical Insurance Group Grant Fund	13	46
Pastoral and Stipends Capital Fund	626	1,223
Clergy Housing Fund	188	215
	<hr/>	<hr/>
	1,061	1,706
	<hr/>	<hr/>

Notes (continued)

26 Net assets analysed by fund

	General Fund £000	Designated Fund £000	Total Unrestricted Funds £000	Pastoral Account £000	Other Restricted Funds £000	Total Restricted Funds £000	Parsonage Houses Fund £000	Stipends Capital / Housing Fund £000	Other Endowment Funds £000	Total Endowment Funds £000	Total Net Assets £000
Tangible Fixed Assets	2,387	-	2,387	4,972	-	4,972	29,056	2,078	-	31,134	38,493
Fixed Asset Investment	3,653	1,390	5,043	-	274	274	686	6,721	3,023	10,430	15,747
Net Current Assets	1,509	1,497	3,006	668	1,785	2,453	-	1,307	4	1,311	6,770
Long term Creditor	(5,718)	-	(5,718)	(227)	-	(227)	-	-	-	-	(5,945)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets as at 31 December 2015	1,831	2,887	4,718	5,413	2,059	7,472	29,742	10,106	3,027	42,875	55,065
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

27 Called up share capital

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

28 Reserves

	General Fund £000	Designated Fund £000	Total Unrestricted Funds £000	Stipends Income Fund £000	Pastoral Account £000	Restricted Funds £000	Total Restricted Funds £000	Parsonage Houses Fund £000	Stipends Capital/ Housing Fund £000	Other £000	Total Endowment Funds £000	Total Net Funds £000
Charitable Company												
At beginning of year	412	3,184	3,596	474	4,480	2,152	7,106	30,010	9,594	2,991	42,595	53,297
Surplus/(deficit) of income over expenditure in the year	5,039	67	5,106	(3,815)	658	(74)	(3,231)	(813)	357	5	(451)	1,424
Capital Gains in the year	83	45	128	-	-	22	22	8	155	31	194	344
Transfers between funds	(3,703)	(409)	(4,112)	3,341	275	(41)	3,575	537	-	-	537	-
As at 31 December 2015	1,831	2,887	4,718	-	5,413	2,059	7,472	29,742	10,106	3,027	42,875	55,065

Notes (continued)

29 Analysis of the balances as shown in the balance sheet

	At 1 January 2015 £000	Cash Flow 2015 £000	At 31 December 2015 £000
Cash in hand and at bank	582	189	771
	<hr/> 582	<hr/> 189	<hr/> 771
Short term deposits	5,945	(673)	5,272
	<hr/> 6,527	<hr/> (484)	<hr/> 6,043
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

30 Unrestricted funds/designated

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 2015 (restated) £000	Incoming resources £000	Expenditure, gains, losses and transfers £000	At 31 December 2015 £000
Board of Finance General and Designated Reserves	3,596	8,226	(7,104)	4,718
	<hr/> 3,596	<hr/> 8,226	<hr/> (7,104)	<hr/> 4,718

General reserve

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.

31 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 2015 (restated) £000	Incoming resources £000	Expenditure, gains, losses and transfers £000	At 31 December 2015 £000
Social Responsibility Projects	433	155	(287)	301
Diocesan Pastoral Account	4,480	1,019	(86)	5,413
Diocesan Stipends Fund Income Account	474	1,862	(2,336)	-
Opportunity Fund	446	74	(100)	420
Bishops Clergy Widows Fund	478	71	(25)	524
Ordination Fund	101	47	(27)	121
Bishop's Harvest Appeal	22	28	(23)	27
Bishop's Clergy in Need Fund	37	-	-	37
Other Restricted Funds	40	4	(3)	41
Parish Pastoral Fund	595	2	(9)	588
	<hr/> 7,106	<hr/> 3,262	<hr/> (2,896)	<hr/> 7,472
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

31 Restricted funds (continued)

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: <ul style="list-style-type: none"> • 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
Diocesan Stipends Fund Income Account	Subject to any charges imposed by the scheme or order the fund shall be applied to: <ul style="list-style-type: none"> • 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
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.

Notes (continued)

32 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 2015 £000	Incoming resources £000	Expenditure, gains, losses and transfers £000	At 31 December 2015 £000
<i>Expendable endowment</i>				
Diocesan Stipends Fund Capital Account	9,594	357	155	10,106
Parsonage Houses Fund	30,010	352	(620)	29,742
	<hr/>	<hr/>	<hr/>	<hr/>
	39,604	709	(465)	39,848
<i>Permanent endowment</i>				
Bishops Clergy Widows Fund	1,464	2	20	1,486
Maintenance of the Ministry	203	-	3	206
General purposes	253	-	3	256
Whalley Abbey	111	-	1	112
Other endowments	52	-	1	53
Stipends	908	3	3	914
	<hr/>	<hr/>	<hr/>	<hr/>
	2,991	5	31	3,027
	<hr/>	<hr/>	<hr/>	<hr/>
	42,595	714	(434)	42,875
	<hr/>	<hr/>	<hr/>	<hr/>

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.

Notes (continued)

33 Transition to FRS102 and accounting policy change

This is the first year BDBF has presented its results under FRS 102 and SORP2015. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are a reconciliation of the surplus for the year and the reserves from the amounts previously stated in the 2014 financial statements following the change in accounting policies.

Reconciliation of the net income for the financial year as previously stated to that restated.	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total Funds 2014
		General £000	Designated £000	£000	£000	£000
Net income/(expenditure) before investment gains and losses and transfers as previously reported		5,106	68	(4,032)	1,465	2,607
Defined benefit pension scheme						
- Clergy	a	(188)	-	474	-	286
- Parsonages Scheme	a	-	-	-	11	11
Total adjustment to net income		(188)	-	474	11	297
Net income/(expenditure) before investment gains and losses for the year under FRS102		4,918	68	(3,558)	1,476	2,904
Net gains on investments		162	95	79	429	765
Net income/(expenditure)		5,080	163	(3,479)	1,905	3,669
Gross transfers between funds		(2,509)	380	721	1,408	-
Net (outgoing)/incoming resources before other recognised gains and losses		2,571	543	(2,758)	3,313	3,669
Other recognised gains/(losses)						
Gains/(losses) on revaluation of fixed assets	b	-	-	-	30	30
Gain/(loss) on defined benefit pension schemes	a	(328)	-	-	-	(328)
Net movement in funds for the year under FRS102		2,243	543	(2,758)	3,343	3,371
Reserves reconciliation - 1 January 2014						
	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total Funds 2014
		General £'000	Designated £'000	£'000	£'000	£'000
As at 1 January 2014 – as previously reported		3,870	2,641	9,864	38,087	54,462
Gains on revaluation of fixed assets/investment property	b	-	-	-	1,165	1,165
Defined benefit pension scheme						
- Clergy	a	(5,607)	-	-	-	(5,607)
- Parsonages Scheme	a	(94)	-	-	-	(94)
As at 1 January 2014 – Restated		(1,831)	2,641	9,864	39,252	49,926
Reserves reconciliation - 31 December 2014						
	Note	£'000	£'000	£'000	£'000	£'000
As at 31 December 2014 – as previously reported		6,629	3,184	6,632	41,389	57,834
Gains on revaluation of fixed assets/investment property	b	-	-	-	1,195	1,195
Defined benefit pension scheme						
- Clergy	a	(6,123)	-	474	-	(5,649)
- Parsonages Scheme	a	(94)	-	-	11	(83)
As at 31 December 2014 – Restated		412	3,184	7,106	42,595	53,297

Notes (continued)

33 Transition to FRS102 and accounting policy change (continued)

Reconciliation of income for the year ended 31 December 2014

	Note	Previously adopted UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 Total £000
Income and endowments from:				
Donations and legacies				
Parish contributions		7,109	-	7,109
Archbishops' Council		1,086	-	1,086
Other		2,968	-	2,968
Charitable activities: statutory fees, chaplaincy and other income				
		1,095	-	1,095
Other trading activities	<i>b</i>	452	132	584
Investments	<i>b</i>	740	(132)	608
Other		289	-	289
Total		<u>13,739</u>	<u>-</u>	<u>13,739</u>
Expenditure on:				
Raising funds		(334)	-	(334)
Charitable activities	<i>b</i>	(10,798)	297	(10,501)
Total		<u>(11,132)</u>	<u>297</u>	<u>(10,835)</u>
Net income/(expenditure) before investment gains and losses				
		2,607	297	2,904
Net gains on investments		765	-	765
Net income/(expenditure)		<u>3,372</u>	<u>297</u>	<u>3,669</u>
Transfers between funds				
		-	-	-
Net (outgoing)/incoming resources before other recognised gains and losses				
		3,372	297	3,669
Other recognised gains/(losses)				
Gains/(losses) on revaluation of fixed assets	<i>b</i>	-	30	30
Gain/(loss) on defined benefit pension schemes	<i>a</i>	-	(328)	(328)
Net movement in funds		<u>3,372</u>	<u>(1)</u>	<u>3,371</u>
Reconciliation of funds				
Total funds at 1 January 2014		54,462	(4,536)	49,926
Total funds at 31 December 2014		<u>57,834</u>	<u>(4,537)</u>	<u>53,297</u>

Notes (continued)

33 Transition to FRS102 and accounting policy change (continued)

Reconciliation of the Balance Sheet for 31 December 2014

	Note	Previously adopted UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 Total £000
Fixed Assets				
Tangible Assets	b	38,496	(660)	37,836
Investments	b	12,775	1,855	14,630
		<u>51,271</u>	<u>1,195</u>	<u>52,466</u>
Current assets				
Stocks		5	-	5
Debtors (amounts receivable after more than one year: £726,000))		1,128	-	1,128
Deposits and Cash at bank and in hand		6,527	-	6,527
		<u>7,660</u>	<u>-</u>	<u>7,660</u>
Creditors: amounts falling due within one year		<u>(452)</u>	<u>-</u>	<u>(452)</u>
Net current assets		<u>7,208</u>	<u>-</u>	<u>7,208</u>
Creditors: amounts falling due after more than one year		<u>(645)</u>	<u>-</u>	<u>(645)</u>
Provisions for liabilities: Pensions and similar obligations	a	-	(5,732)	(5,732)
		<u>(645)</u>	<u>(5,732)</u>	<u>(6,377)</u>
Net Assets		<u>57,834</u>	<u>(4,537)</u>	<u>53,297</u>
Capital and Reserves				
Endowment funds		41,389	1,206	42,595
Restricted funds		6,632	474	7,106
Unrestricted funds		6,629	(6,217)	412
Designated funds		3,184	-	3,184
		<u>57,834</u>	<u>(4,537)</u>	<u>53,297</u>

a. Recognition of the liability to meet pension fund deficits on defined benefit pension schemes

FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 section 28.13 and 28.13A. BDBF has a payment plan with the Church of England Pension's Board to pay the Clergy Pension Scheme deficit over a ten year period (until 2025). Upon transition, BDBF has recognised the present value of deficit funding contributions. As at 31 December 2015, this amounted to £5,228k for the Clergy Pension Scheme (2014: £5,649k).

The Blackburn Diocesan Board Parsonage Retirement Scheme is a defined benefit scheme with the Ecclesiastical Insurance Group. Although, the BDBF have not complied in full with the requirements of FRS102 due to the cost to the charity to obtain full compliance information, the deficit on the scheme has been recognised based on the last available triannual valuation (2013). As at 31 December 2015 the BDBF has recognised the present value of deficit funding contributions estimated at £72k (2014:£83k).

Notes (continued)

33 Transition to FRS102 and accounting policy change (continued)

b. Gains on revaluation of investment properties

There has been a fixed assets review that concluded agricultural glebe land held for revenue-earning purposes should be reclassified as an investment asset. Under FRS102 investment properties must be measured at fair value. This change in accounting policy has been applied retrospectively and prior year figures has been restated. As at 31 December 2015 the value of the investment properties in the accounts was £1,886k (2014: £1,855k). Under the previous accounting policy, the same investment properties were held as functional fixed assets at historical cost of £660k.

Following the change in accounting policy, only the rental income receivable from investment properties has been recognised as investment income in the current year £29k (2014: £30k) Previously recognised rental income from functional assets of £132k in 2014 has been restated as income from other trading activities.

34 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.

	2015 Recharges (excl. VAT)	2015 Grants made to related parties	2014 Recharges (excl. VAT)	2014 Grants made to related parties
	£	£	£	£
Blackburn Diocesan Board of Education	35,197	329,517	38,893	254,160
Cidari Education Ltd	25,443	-	11,334	-
Blackburn Cathedral	8,390	13,000	4,413	13,000

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

	Outstanding Trade Balances at 31/12/2015	Outstanding Loan Balances at 31/12/2015	Outstanding Trade Balances at 31/12/2014	Outstanding Loan Balances at 31/12/2014
	£	£	£	£
Blackburn Diocesan Board of Education	75,632	-	-	-
Cidari Education Ltd	36,479	-	13,440	-
Blackburn Cathedral	4,415	510,340	1,262	425,340

At 31 December 2014 there was a balance due to the Blackburn Diocesan Board of Education of £58,999.

Notes (continued)

35 Prior year comparative Statement of Financial Activities restated

	Unrestricted funds		Restricted	Endowment	Total
	General	Designated	Funds	Funds	Funds
	£000	£000	£000	£000	2014 £000
Income and endowments from:					
Donations and legacies					
Parish contributions	7,109	-	-	-	7,109
Archbishops' Council	130	-	852	104	1,086
Other	62	125	407	2,374	2,968
Charitable activities: statutory fees, chaplaincy and other income	212	28	855	-	1,095
Other trading activities	285	-	80	219	584
Investments	150	41	388	29	608
Other	21	1	55	212	289
Total	7,969	195	2,637	2,938	13,739
Expenditure on:					
Raising funds	315	-	19	-	334
Charitable activities	2,736	127	6,176	1,462	10,501
Total	3,051	127	6,195	1,462	10,835
Net income/(expenditure) before investment gains and losses	4,918	68	(3,558)	1,476	2,904
Net gains on investments	162	95	79	429	765
Net income/(expenditure)	5,080	163	(3,479)	1,905	3,669
Transfers between funds	(2,509)	380	721	1,408	-
Net (outgoing)/incoming resources before other recognised gains and losses	2,571	543	(2,758)	3,313	3,669
Other recognised gains/(losses)					
Gains/(losses) on revaluation of fixed assets	-	-	-	30	30
Gain/(loss) on defined benefit pension schemes	(328)	-	-	-	(328)
Net movement in funds	2,243	543	(2,758)	3,343	3,371
Reconciliation of funds					
Total funds at 1 January 2014	(1,831)	2,641	9,864	39,252	49,926
Total funds at 31 December 2014	412	3,184	7,106	42,595	53,297