

LUTHERAN COUNCIL OF GREAT BRITAIN

(the Council of Lutheran Churches)

ANNUAL REPORT AND ACCOUNTS



YEAR ENDED
31 DECEMBER 2020

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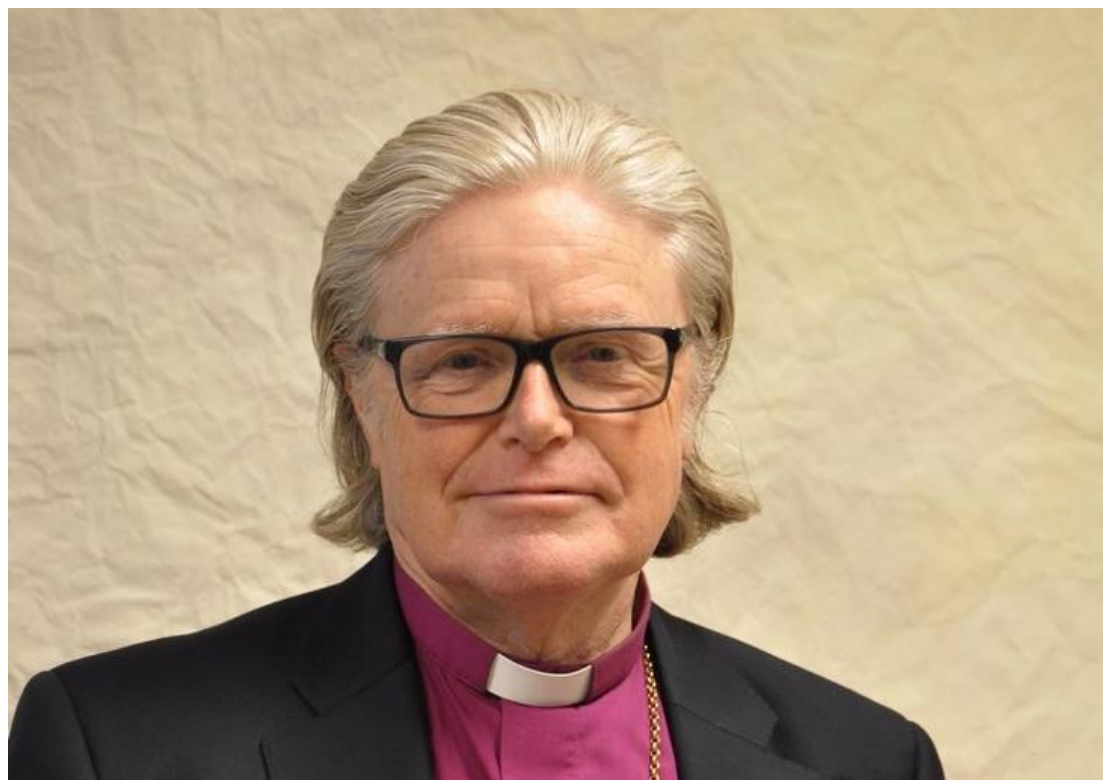
Registered Address:

4 Sandwich Street London WC1H 9PL

The Lutheran Council of Great Britain has adopted the working name 'The Council of Lutheran Churches' (CLC).

This report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small entities.

LETTER FROM THE CHAIR



Chair's Overview

2020 will be remembered as the year of the pandemic. It hit a whole world and changed our social way of living. Travelling has been limited. When I was elected as acting chair of the CLC in February last year, I did not imagine that our AGM would be postponed until September and arranged by Zoom, with me chairing it from Norway! I actually left the UK on March the 8th and have not been able to return so far.

2020 has, however, been a busy year for the Council. After the sale of the lease for the International Lutheran Student Centre (ILSC) was completed, the General Secretary, Malcolm Bruce decided to leave the Council at the end of July and we are grateful for all his work in taking us through this transition. An intense period of searching for a new General Secretary started in May. We were very pleased with the number of qualified applicants, among whom we selected Dr Anna Krauss, a German Lutheran theologian, working at the University of Oxford. She started working for the Council in December 2020.

For the running of the daily work of the Council, Judith Edward accepted the responsibility as Interim General Secretary. On behalf of both the board and myself I want to express our gratitude to her and to our administrator, Emily Weller, who joined the staff in March 2020, for their excellent service to the Council under difficult circumstances this whole year. It may be of a certain interest for the historic record to mention that I as the Chair, have so far not directly met the administrator nor the new General Secretary.

At the AGM in September new Articles of Association, were approved. The number of Trustees was limited to between seven to nine, and a three year's rotation system introduced. I was

then elected Chair for the coming three years.

The resources from the sale of the Student Centre have been invested responsibly and with an attention to spreading the risks, and I am very happy that they in this year of the pandemic have grown significantly. However, we may have difficult years ahead of us. Due to our changed financial situation, we have been able to substantially increase our support to student chaplaincy as well as our support to member churches. We have also been able to extend a grant to a refugee student at Mansfield College for three years.

Under the leadership of the General Secretary the Council is now in an interesting process of finalising the strategy for the work of the Council after the sale of the ILSC and after the experiences we have faced during the period of the pandemic. We have been focusing on the following three areas: 1: Student Chaplaincy, 2: CLC-run outreach projects, 3: Grants and support for churches. Related to item 3, the CLC has been involved in a short-term “Mapping Project” for the Lutheran Church in Great Britain (LCiGB), with the intention of establishing a more transparent and coherent long-term grant agreement between the Council and the Church.

Unfortunately, the Lutheran World Federation (LWF), had to change the European Church Leadership Consultation planned for Mansfield College in Oxford in September, to a Zoom conference. The Council was supporting this consultation, and we looked upon it as an opportunity to promote the “Lutheran cause” in the UK. Hopefully, there will be new opportunities like this, when we get back to more normal times.

The pandemic has been with us longer than most of us expected a year ago. During this difficult year I am thankful for all the good work going on in our member churches and for the developing process taking place in the core of the CLC’s own work. Looking back, two interrelated words come to my mind: Gratitude and Grace. They are also two good words for the future, expressing the “living hope” which the Church is universally living by.

+Tor B Jørgensen
Chair of Trustees

TRUSTEES' REPORT

The Trustees have pleasure in presenting their report and the audited financial statements of the Lutheran Council of Great Britain, which trades as the Council of Lutheran Churches or 'the Council', for the year ending 31 December 2020.

Who we are:

The Council is a body of churches that have come together to express their shared Lutheran heritage and identity through common work in Britain, enriched by their cultural and linguistic diversity. Each church has its own administrative structure, which may be closely linked to the church in its country of origin, or to one of its synods or dioceses. They all offer particular ministries and programmes in Britain for the language groups they serve. The Council was established in 1948 to represent and co-ordinate the common work of Lutheran churches and parishes which have congregations or chaplaincies in Great Britain from a wide range of national and linguistic backgrounds.

• Members

The ordinary members of the Council are nominated by the member churches or parishes and approved by the Directors. The following churches nominated members to the Council in 2020:

Danish

Estonian

Finnish

Synod of German-Speaking Lutheran, Reformed and United Congregations in Great Britain

Icelandic

Latvian

Lutheran Church in Great Britain (including Chinese, English, Polish, Swahili speaking congregations)

Norwegian

Swedish

• Trustees and Directors

- Chair: Right Revd. Tor Berger Jørgensen (Acting Chair from Feb. 2020, Chair from Sep. 2020)
- Chair: Revd. Torbjørn Holt (resigned Jan. 2020)
- Deputy Chair: Mr. Jan-Eric Österlund
- Very Revd. Thomas Bruch (resigned Sep. 2020)
- Very Revd Katarina Bäckelin
- Revd. Marjaana Härkönen (resigned Sep. 2020)
- Revd. Dag Magnus Havgar (appointed Feb. 2020 and elected Sep. 2020)
- Revd. Lagle Heinla
- Ms Salla Korteniemi (elected Sep. 2020)
- Revd. Flemming Kloster Poulsen (resigned Sep. 2020)
- Revd. Bernd Rapp (elected Sep. 2020)
- Mr. Paul Renken
- The Ven. Mark Steadman
- Revd. Eliza Zikmane (resigned Sep. 2020)

- **Administrative and professional staff during 2020**

General Secretary: Mr Malcolm Bruce (to July 2020)

General Secretary: Dr Anna Krauss (from December 2020)

Chaplain: Revd. Sarah Farrow

Administration Manager: Emily Weller

Finance Manager: Judith Edward (who was also acting General Secretary from July to December 2020)

For the ILSC to January 2020:

Accommodation Manager: Miriam Campbell

Finance Officer: Pui Fan Chan

Maintenance Manager: Mauricio Garcia

Housekeeping/Catering Manager: Adela Krupova

Asst. Accommodation Manager: Karen Nystrøm Simonsen

- **Committees**

The Council had the following committees in 2020:

The Finance Committee: Responsible for monitoring the Council's financial position, compliance with regulatory and financial requirements and risk management on behalf of the Trustees. This is achieved by considering regular management accounts in relation to budgets, reports on financial controls and reviewing the risk register.

Members in 2020:

Mr Michael Rickard (Chair of the committee from April 2020)

Mr Jan-Eric Österlund (Chair of the committee to March 2020)

The Investment Committee: Responsible for monitoring the Council's investment performance on behalf of the Trustees, by receiving investment reports and with meetings with investment managers. The Investment Committee was set up in 2020 and had its first meeting 2 March 2020. Before that the Finance Committee had responsibility for Investments.

Members in 2020:

Mr Jan-Eric Österlund (Chair of the committee)

Mrs Eva Sheppard

Mr Paul Renken

The Nominations Committee: Responsible for recommendations for Trustee appointments, by identifying current or future gaps in trustee skills and seeking suitable applicants.

Members in 2020

Revd. Marjaana Härkönen (Chair of the committee)

Paul Renken

Right Rev. Tor Berger Jørgensen

The Grants Committee: Responsible for proposing grant policies and strategic direction of grant awards, to oversee the grant process and to review all grants applications. The Grants Committee was set up towards the end of 2020 and had its first meeting in March 2021.

Members in 2020

Revd Dag Magnus Havgar (Chair of the committee)

Mr Jan-Eric Österlund
Mrs Anne Trinklein

Relationships with other bodies and external networks

The Council is a 'recognised council' of the Lutheran World Federation (LWF), a global communion of Lutheran churches, and is entitled to attend but not vote at assemblies of the LWF. Founded in 1947 in Lund, Sweden, the LWF represents about 95% of all Lutherans and acts in ecumenical and inter-faith relations, theology, humanitarian assistance, human rights, communication and mission and development work. There are 148 member churches spanning 99 countries in Africa, Asia, the Pacific, Europe, Latin America and North America.

The Council has been actively involved in Churches Together in Britain and Ireland (CTBI), Churches Together in England (CTE), the national ecumenical bodies, as well as Faith in Europe, the Anglican Lutheran Society and Christian Aid. These organisations convene meetings covering a broad range of topics related to the unity of the Church, which are attended by various Council Members and trustees.

Objectives

The Council's main charitable object is stated in its Articles of Association: *'The advancement of the Christian religion by bearing united witness before the World to the Gospel of Jesus Christ as the power of God for salvation.'*

In meeting this objective, the Council supports chaplaincy to young people and empowers its member churches through grant giving, material support in providing office space, administration assistance, expertise over policy development and regulatory compliance. The Council ran the International Lutheran Student Centre (ILSC) as a Christian community dedicated to the provision of accommodation and fellowship to postgraduate students in London but ended its involvement early in 2020. Going forward, the Council will develop its outreach activities with both our member churches and ecumenical partners to create a shared sense of Lutheran identity in our churches and to raise awareness about Lutherans in the UK.

ACHIEVEMENTS AND PERFORMANCE

Background and History

During many years, CLC's investments have been concentrated into the ILSC, plus an investment portfolio that at the end of 2019 was £3.8 million. There is also a residential property at Sandwich Street. The property at Sandwich Street gave a very small return but increased in value in line with other properties in central London. Our investment portfolio was managed by Cazenove Capital and gave a good return in line with or ahead of its peers.

The main investment, the ILSC, was sold in the beginning of 2020 for £17.1 million, meaning that it represented 75 - 80% of our total assets. The main purpose of the ILSC was to provide accommodation for around 80 postgraduate students from different international backgrounds that were supported by low priced accommodation (relative to its location) in central London. We also had a student chaplain, who gave pastoral support to the students at the centre.

During the last five years before the sale of the ILSC (which was agreed in 2019), we made an average profit of around £87,000 per year, but had investment less depreciation exceeding that, so we actually had a negative cash-flow from this activity. That meant that the main resources supporting all other charitable activities that the Council wanted to pursue were the investments of around £3.8 million.

Some of the smaller churches among our members were in need of continuous grants for their existence and we were struggling to make ends meet. We also wanted to reach out and support our member churches with other activities like safeguarding, other student chaplaincy activities and special Services (such as our 500 year jubilee of the reformation), but we did not have any resources for that.

From an investment perspective it was also very worrying that so much of our assets were concentrated in one specific property and activity, which also was illiquid. We could see a need for major renovations that would be difficult to finance and any high concentration into a specific asset or asset class automatically increases the risks that a charity takes.

Based on those considerations, the Council decided after considerable deliberations, to sell the ILSC.

Transition

The sale of the ILSC was agreed in December 2019 and completed in January 2020. It was sold to a commercial operator of student accommodation. We received a gross contribution from the sale of £17.1 million and we also transferred some of the property to St Mary's with St George's German Lutheran Church (hereinafter called St Mary's) for a separate consideration.

The freehold of the ILSC was owned by St. Mary's, but the CLC had the long-term leasehold, which was transferred. In accordance with the agreement with St. Mary's, it received 11% of the consideration from the sale. After the payment to St Mary's, the CLC received £15.5 million.

Little did we know that less than a month after the completion of this transaction, the world would be suffering from a pandemic that would cause severe health, social and financial problems for the whole world. Schools and universities had to close their operations. Property in London took a substantial hit and UK equities dropped by around 25% in a month and a half. Our investments of around £3.8 million fell towards the end of March to £3.3 million, a reduction of 13%, but have since recovered.

Our congregations and churches all suffered as a consequence of this, and the need to extend further support to them grew accordingly.

Investments and Investment Income

Starting in late March 2020, we decided to cautiously enter the investment market step by step with the money received from the sale of the ILSC. Until end of March all the proceeds from the sale of the ILSC were invested in safe short-term positions in several different banks and accounts to safeguard our assets. At the end of 2020, we had invested most but not all of our proceeds from the sale of the ILSC and had followed a cautious investment strategy. Our investments (excluding Sandwich Street property) generated an income of just under £175,000 and our investments grew in value with £1.0 million, that is a total return of our investments of nearly £1.2 million or 7.6%. A loss of £0.5 million at end of March had been turned into a good profit at the end of the year, but a year with much suffering for all of us.

We have of course been lucky by having most of our assets as cash during the crisis in the first quarter of 2020 and being able to invest successively thereafter without taking any excessive risks. But it has been a very deliberate strategy of the Council to diversify its portfolio and the divestment of the ILSC took place just before a crisis hit student accommodation. It is worth pointing out here that without that sale, we would have been forced to liquidate a large part of our investments to keep the ILSC going, and we could not have continued our support for our vulnerable churches.

Organisational Changes

In line with the modified direction of the CLC we embarked on some organisational changes. Our previous General Secretary left us, and we are very happy to have recruited a new General Secretary in Anna Krauss, who formally commenced her full-time work in December 2020. Anna is a theologian in line with the importance the Council places on the relationship with our member churches and our ecumenical relationship with other churches and the increased support of student chaplaincy.

We also recruited a new Financial Manager, Judith Edward, on a part time basis. Judith has worked with us as a consultant during 2020 and it will be beneficial to have a professional finance manager to manage this important part of our activities.

In the beginning of 2020, we also recruited an Administration Manager and Company Secretary, Emily Weller. Emily is also part time and shares her time between CLC and our important member church in the UK, the Lutheran Church in Great Britain.

Sarah Farrow remains as Student Chaplain and will now have a wider scope supporting and coordinating student chaplaincy activities among our member churches and initiate new chaplaincy programs.

Our total costs for the new organisation are less than in previous years, but we have incurred some transitional costs in 2020.

Committees

Two new committees set up

We decided in 2020 to split the former Finance Committee into an Investment Committee and a Finance Committee. Managing our investments is now more important as our resources have grown, and we wanted a dedicated Investment Committee to oversee that work.

The Investment Committee consists of two trustees. Jan-Eric Österlund (chair) and Paul Renken are both trustees, and they are joined by Eva Sheppard. Eva is a professional investment manager and is active in the Swedish Church including the Swedish Benevolent Fund.

We have also a Finance Committee consisting of Michael Rickard (chair) and Jan-Eric Österlund (trustee). The Finance Committee reviews the accounts and budget and provides its recommendations to the board. The committee also has oversight of the auditing process and because of that we felt it was suitable to have someone that wasn't a trustee to chair that committee. Michael is a qualified Chartered Management Accountant with accounting experience from his career with Shell, BT and Royal Mail. He is also a member of the Methodist Audit and Risk Assurance Committee.

Finally, the board has also decided to form a Grants Committee to evaluate and approve or recommend (depending on size of the grants) different grants. The Grants Committee is led by Dag Magnus Hopstock Havgar as chair (also trustee). The members are Anne Trinklein from LCiGB and Jan-Eric Österlund. The committee had its first meeting in March 2021. Anne has a background as a lawyer with extensive experience from chairing and participating in several grant giving charities.

In all these committees the General Secretary and the Finance Manager are also participating and the Chair can attend every committee.

Governance Review

New Articles of Association approved

The board has reviewed the governance of CLC in light of its new situation and strategy. The review took place during 2020 together with our lawyers, and new Articles of Association were developed and proposed to the AGM in September 2020 and approved by the AGM. The number of trustees has been limited to between seven and nine trustees, and a number of other changes were introduced as well.

Student Chaplaincy and Chaplaincy Grants

Support increased in 2020 by over 50%

Up to 2019 our student chaplaincy activities have mainly been concentrated on the students resident at the ILSC, but when our new student chaplain (Sarah Farrow) commenced her work in late 2017, we engaged in wider activities and contacts with other student chaplains both within our member churches and in the wider student chaplaincy world. Sarah has conducted regular worship and led community events throughout the academic year. Since spring of 2020, events have been held online, including weekly student drop-ins and special events around the holidays. Work also continued as the Lutheran Chaplain at King's College, London. This has included working closely with the Jewish and Muslim chaplains in creating new multi-faith events and activities as well as leading and preaching at occasional services. We intend to continue that work.

We made the decision in 2020, to start supporting student chaplaincy in Leeds and Nottingham via LCiGB and we have together with St Mary's German Church started a collaboration using St Mary's Church as a meeting space both for past students of ILSC and welcoming new students in the London area. Unfortunately, the pandemic has dampened our possibilities to develop this further, but we hope that in autumn 2021 to be able to extend these activities.

We are very happy for our increased abilities to support Student Chaplaincy, and in 2020 the total expenses including the support (grants) for Leeds and Nottingham was just over £74,000 (2019: £48,000).

Support to Churches and External Grants

Tripled support in 2020

We have also increased our support in form of grants and other direct help to our member churches. We have been able to increase our support to LCiGB and reinstate a program of support for the Latvian Church. Due to the pandemic, we have set up a Covid Emergency Budget of £100,000, which could be utilised in 2020 or 2021. In 2020 we approved applications for just over £14,000 but may receive applications for the remaining amount during 2021.

Furthermore, we also took the decision in cooperation with Mansfield College, Oxford to provide a refugee scholarship for a student at the college seeking sanctuary in the UK. This is a 3-year program, but as we are committed to the support, it is accounted as an expense in 2020. We recognise our own history of receiving help as refugees settling in a new country. and have a long history of working together with Mansfield College. This is an opportunity to build upon that relationship, as well as a possibility to help a refugee coming to Great Britain to study.

In total our grant and support program, excluding the chaplaincy grants, has increased from £46,000 in 2019 to £132,000 in 2020.

FUTURE PLANS AND STRATEGY

Investment Strategy

The Council has just under £20 million in investment assets. We have planned to set aside between three to five million for a new Lutheran Hub, where our offices would be situated and a place that could offer meeting facilities and maybe a small chapel for our member churches and for our outreach activities and student chaplaincy.

We have decided to split this asset between two different investment managers. In 2020 we had an evaluation of different investment managers and have made the decision to appoint Rothschild & Co and keep Cazenove as the other. With Cazenove we are investing our money into their Responsible Multi Asset Fund (RMAF), and with Rothschilds we have invested in a dedicated portfolio but mainly mirroring their Balanced Portfolio. Additionally, Cazenove hold a separate cash portfolio for our planned property purchase.

Rothschild & Co and Cazenove (via RMAF) invest mainly in different funds but also to some extent directly in bonds and equity. We have a long-term perspective for our investments (more than 5 years).

We have a number of ethical restrictions in place for both managers, and they are also actively pursuing an ESG (Environmental, Social and Governance) strategy including actively selecting stock and bonds in companies that can have the most positive and/or least negative effects on the environment and society as a whole. They are also actively influencing the boards in different companies by voting with the shareholdings they have.

Simplified, we expect over a long term that our investments will generate a return of 3.5% after inflation, so if there is a 1.5% inflation the gross return would be 5%. Part of that is coming as income (interest on bonds or dividend on shares) and part of it will appear as capital appreciation. We must as an average increase our investments to cover the inflation, so that our capital remains intact. That means that a maximum of 3.5% would be available for the activities of the Council.

It is important to emphasise that this is a long-term goal. Individual years the return can be much more or less. We will accept a loss, when we have faced a bad year (investment wise) and a profit in a good year but have the goal of achieving an average return of 3.5%. With £16 million invested long term and a return averaging 3.5% that would give the Council a return (including capital appreciation) of around £550,000.

Operations Strategy

The Council is now in an excellent position to support its member churches and expand its chaplaincy and outreach work in furtherance of our mission as a charity.

Operationally one of the immediate priorities is to find a new property, which is envisaged to become a Lutheran hub, where facilities are provided to members and the wider Lutheran community.

We plan to expand our chaplaincy work to provide greater coverage for students and young people than has been possible in the past. This will involve:

- Building upon the newly formed London Student Centre together with St Mary with St George German Lutheran Church.
- Supporting student chaplains regionally at different places, where we have started in Leeds and Nottingham.

- Coordinating and inspiring student chaplaincy activities between our member churches and also between them and other student chaplains around Britain independent of the denomination of their churches.

The Council has established a Grants Committee and plans to make grant giving more systematic. We will also work on a strategy of capacity building amongst our member churches that require a larger level of support than has been possible to provide in the past. This means not only financial support for immediate needs but also advice on implementing the policies, procedures and safeguards needed in modern charities working with children and vulnerable people.

We will develop our outreach activities, which will include seminars, publications and podcasts. Through Bishop Tor's position as Chair of the Council and Bishop at LCiGB, the Council aims to expand its involvement in ecumenical initiatives throughout the country and undertake other initiatives to support the Lutheran community.

Summary

We believe that the new strategy we are embarking on will provide a significantly better spread of our income-generating assets and therefore much less risk. We have been able to increase the student chaplaincy program, trebled the grant and church support program and are with the new General Secretary ready to pursue an active outreach program to our member churches and our ecumenical friends.

We have during a period of pandemic, with substantial health, social and financial problems for society, been able to secure the long-term situation for the Council and generate substantial income and value increase. We have also restructured the organisation with a new professional and dedicated management and new governance with operating committees overseeing the work of the Council and supporting the board.

Going Concern

The Council is confident that it will continue to be a going concern. The Council has a very strong balance sheet and resources to see it through the pandemic.

FINANCIAL REVIEW

Review of financial position

Incoming and outgoing resources for the year are detailed in the Statement of Financial Activities (SoFA), together with the net gains and losses on investments and fixed assets. These are shown separately for the Council's unrestricted funds, which may be used at discretion of the Board of Trustees and the Council's restricted funds which must be spent in accordance with the donors' wishes.

Overview of 2020

The overall financial position was dominated by the sale of the International Lutheran Student Centre (ILSC) which completed on 31st January 2020 and a strong investment return as the ILSC sale proceeds were invested on a rising market following an earlier downturn due to the Covid-19 uncertainty.

Net income for the year amounted to £14.0 million (2019: net expenditure £0.2 million). The net expenditure for continuing operations, which excludes the ILSC operations and sale, was £0.3 million (see note 21).

Total funds carried forward at 31 December amounted to £20.8 million (2019: £5.8 million).

Income

Total income was £15.0 million (2019: £1.0 million), the increased income was due to the ILSC sale.

- The net gain on the disposal of the ILSC was £14.7 million and comprised:
 - Sale proceeds £15.5 million
 - Less disposal of fixed asset £(0.8) million
- Student Centre fees reduced by 92% to £71,000 (2019: £840,000) as the ILSC was sold in January.
- Investment income increased by 103% to £187,000 (2019: £92,000), which was attributable to the increased investment portfolio, but was negatively affected by the pandemic.

Expenditure

Total resources expended was £1.0 million in the year compared to £1.1 million in 2019.

- The Costs of Generating Funds increased to £73,000 (2019: £24,000). There were higher investment management fees because of the larger investment portfolio.
- Overall Charitable Expenditure decreased by £0.2 million to £0.9 million (2019: £1.1 million). Expenditure on the running costs of the ILSC reduced to £0.2 million (2019: £0.7 million) as there were only costs for 1 month, but we incurred additional costs of £0.3 million (2019: £0.1million) that directly related to the sale. We increased our support to our member churches to £148,000 (2019: £53,000) with a combination of grants and direct support and we funded a new three-year refugee scholarship at Mansfield College Oxford for £45,000.

Investment Gains

There was a net gain on investments of £1.0 million (2019: £0.4 million). The ILSC sale proceeds were invested between March 2020 and January 2021 and benefited from the rise in investment values due to optimism around vaccine approvals and end of lockdowns.

The Balance Sheet

Tangible Fixed Assets

The Council holds various tangible fixed assets to support its activities. This includes 4 Sandwich Street.

In 2020 the ILSC fixed asset was disposed of. It comprised the leasehold property plus and fixtures and fittings which had a combined net book value of £850,000.

Investment policy

The performance of our financial investments is measured on a total return basis (combining income and capital growth). We benefited from a rising market as we phased the proceeds from the ILSC sale into the market between March 2020 and January 2021. This resulted in investment gains of £1.0 million (2019: £0.4 million). At 31 December 2020, our total investments were £19.6 million (2019: £3.8 million).

Investments are made according to ethical principles; investments are only made in companies that have sustainable business practices and manage their environmental, social and governance responsibilities well. Both fund managers have mechanisms in place to ensure our investments meet these criteria.

Reserves Policy

In 2020 a new reserves policy was approved as the Council. The policy states the minimum level of working capital that is to be held in the General Fund to ensure the Council can meet its operational and grant giving activities and maintain sufficient capital to be sustainable over the medium to longer term, the level is subject to annual review. The Board of Trustees has determined that the minimum level of the General Fund should be £13.5 million and a target level of £15.0 million. At the end of 2020 the General Fund was £19.7 million. There is a significant excess over target as the Council consider purchasing a new property in 2021.

Designated Funds

The Council has one designated fund, the Fixed Asset fund which represents the funds tied up in functional fixed assets used for charitable purpose. The Property Maintenance Fund and the Capital Fund were undesignated in 2020, the sale of the ILSC removed the need for the Property Maintenance Fund and purpose of the Capital Fund was incorporated into the new Reserves Policy. Further details are given in note 17 to the financial statements.

Restricted Funds

The Council maintains a Student Hardship Fund as a restricted fund. This represents the unspent balance of donations specifically for the support of students suffering hardship and cannot be used for the Council's general purposes.

Risk Management

The Trustees have reviewed the major risks, financial and non-financial, to which the Council is exposed in the course of its current activities. The Finance Committee reviews risks at its meetings, ensures that the risk register is current and reports regularly to the Trustees in order to ensure that risk management is kept up to date. Trustees have assessed these risks and have ensured that appropriate systems and controls exist to minimise internal risks and that effective response mechanisms exist to respond to and minimise the impact of external risks. The Council's principal risks and mitigation strategies included risks to safeguarding in its member churches, reputation, health and safety, governance and finance.

After mitigation and considering the impact and likelihood, the Council's top risks and the Council's strategy for mitigating them at year end were as follows:

Risk	Mitigation
<ul style="list-style-type: none">Poor investment performance, impacting ability to give grants and deliver outreach programme.	<ul style="list-style-type: none">Investment committee with investment expertise to guide decision making; funds invested with 2 investment managers; regular reports from managers to monitor performance.
<ul style="list-style-type: none">Insufficient cash flow over the next one to three years due to poor investment returns.	<ul style="list-style-type: none">Quarterly cash flow reports and the 3-year financial plan provides options if investment returns are reduced.
<ul style="list-style-type: none">Reputational risk arising from a safeguarding incident	<ul style="list-style-type: none">Provide safeguarding training and support to member churches

PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 and have taken due regard of the Charity Commission's guidance on public benefit and are satisfied that the various activities of the Council provide a public benefit. All Trustees give their time voluntarily and receive no private benefit from the Council.

The Council has not performed any direct fundraising activities during the current or prior year, apart from small collections within the ILSC. In 2020 it received £12 in donations (2019: £162). No complaints have been referred to the Fundraising Regulator during this period.

PRINCIPAL ADVISERS

Auditors

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Solicitors

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Kent, ME19 4JQ

HSBC Bank PLC,
1 Woburn Place,
Russell Square,
London WC1H 0LQ

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year. 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 charity and of its income and expenditure, of the charity for the year.

In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Looking forward, the Trustees are confident that the Council will be able to continue for the foreseeable future, providing support to churches and other charitable activities according to its objects and strategy. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

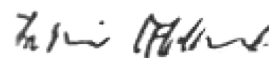
The Council's auditors, Mazars LLP, a limited liability partnership, were re-appointed at the September 2020 AGM. The Trustees (as directors for company purposes) who held office at the date of approval of the Annual Report and Accounts confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. The Trustees confirm that they have complied with the duty in section. 4 of the Charities Act 2006 and have taken due regard of the Charity Commission's guidance on public benefit and are satisfied that the various activities of the Council provide a public benefit. All Trustees give their time voluntarily and receive no private benefit from the Council.

SIGNED ON BEHALF OF THE BOARD



Tor B Jørgensen
Chair

Tor B Jørgensen
Chair



Jan-Eric Österlund
Deputy Chair

Date: 6th May 2021

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of The Lutheran Council of Great Britain (the 'charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, 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.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and the Charities Statement of Recommended Practice.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management

bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.



Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 19 May 2021

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income & Expenditure Account)
for the year ended 31 December 2020


	Notes	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
Income							
Donations and legacies							
Grants, donations and contributions	3	2,262	-	2,262	3,620	42	3,662
Income from charitable activities							
Student Centre fees		71,272	-	71,272	839,840	-	839,840
Rental income from 4 Sandwich Street let to clergy		15,394	-	15,394	37,003	-	37,003
Other trading activities							
Augustana Centre income		-	-	-	94	-	94
Income from investments	4	186,572	-	186,572	91,879	-	91,879
Other income							
Gain on disposal of fixed assets	5	14,688,351	-	14,688,351	-	-	-
Total income		14,963,851	-	14,963,851	972,436	42	972,478
Expenditure							
Expenditure on raising funds	6	72,626	-	72,626	23,503	-	23,503
Expenditure on charitable activities							
Ecumenical relations and activities		24,478	-	24,478	11,795	-	11,795
External Grants	7	50,373	-	50,373	120	-	120
International Lutheran Student Centre		178,192	-	178,192	733,657	-	733,657
Accommodation at 4 Sandwich St		59,411	-	59,411	42,616	-	42,616
Student chaplaincy		51,779	-	51,779	48,325	-	48,325
Communications		22,539	-	22,539	18,849	-	18,849
ILSC Sale		250,010	-	250,010	141,806	-	141,806
Other support for churches	8	148,034	-	148,034	53,443	-	53,443
Governance costs		109,761	-	109,761	48,593	-	48,593
Total charitable activities	9	894,577	-	894,577	1,099,204	-	1,099,204
Total expenditure		967,203	-	967,203	1,122,707	-	1,122,707
Net income/(expenditure)		13,996,648	-	13,996,648	(150,271)	42	(150,229)
Net gains on investments	13	1,018,266	-	1,018,266	379,076	-	379,076
(Losses) on revaluation of assets		-	-	-	(414,804)	-	(414,804)
Net movement in funds		15,014,914	-	15,014,914	(185,999)	42	(185,957)
Funds at 1 January		5,750,444	7,627	5,758,071	5,936,443	7,585	5,944,028
Funds at 31 December	16 / 17	20,765,358	7,627	20,772,985	5,750,444	7,627	5,758,071


The above results are derived from both continuing and discontinued operations (see note 21)

BALANCE SHEET
at 31 December 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	12	1,080,970	1,951,418
LCGB Trading Ltd (dormant subsidiary)	13	100	100
Investment property	13	-	-
Investments	13	19,580,738	3,800,463
		20,661,808	5,751,981
CURRENT ASSETS			
Debtors	14	15,422	17,271
Cash at bank and in hand		183,076	157,443
		198,498	174,714
CREDITORS			
Amounts falling due within one year	15	(82,572)	(162,930)
NET CURRENT ASSETS		115,926	11,784
LONG TERM CREDITORS			
Pension liability	15	(4,749)	(5,694)
NET ASSETS		20,772,985	5,758,071
FUNDS			
Restricted funds	16	7,627	7,627
Unrestricted funds	17		
Designated funds		1,080,970	5,595,448
General funds		19,684,388	154,996
TOTAL FUNDS	18	20,772,985	5,758,071

The financial statements have been prepared in accordance with the small companies provision of the Companies Act 2006, and were approved and authorised for issue by the Council on 6th May 2021 and were signed on its behalf by


Tor B Jørgensen
Chair


Jan-Eric Österlund
Deputy Chair

Statement of Cash Flows
for the year ended 31 December 2020

	2020	2019
	£	£
Cash flows from operating activities		
Net income/(expenditure)	15,014,914	(185,957)
Depreciation charges	20,196	149,506
(Gains)/Losses on investment assets	(1,018,266)	(379,076)
Investment income	(186,572)	(91,879)
Gain on disposal of fixed assets	(14,688,351)	-
Trade and other receivables: decrease/ (increase) in debtors	1,849	8,138
Trade and other payables: increase/(decrease) in creditors	(80,358)	(23,427)
(Decrease) in pension liability provision	(945)	(1,762)
Revaluation loss/(gain) on investment property	-	414,804
Net cash (used in) operating activities	<u>(937,533)</u>	<u>(109,653)</u>
Cash flows from investing activities		
Purchase of investments	(13,826,566)	(771,158)
Proceeds on disposal of fixed assets	15,538,603	-
Proceeds on disposal of investments	2,576,927	761,725
Net cash movement in investments	(3,512,370)	(62,799)
Investment income	186,572	91,879
Net cash generated from investing activities	<u>963,166</u>	<u>19,647</u>
Increase/(Decrease) in cash in the period	<u>25,633</u>	<u>(90,006)</u>
Cash and cash equivalents at 1 January	<u>157,443</u>	<u>247,449</u>
Cash and cash equivalents at 31 December	<u>183,076</u>	<u>157,443</u>

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Companies Act 2006.

The Lutheran Council of Great Britain meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are:

(a) Fixed assets

Properties in the ownership of the Council are stated at the cost of additions and improvements less grants received. Office equipment, fixtures and fittings are stated at cost.

(b) Depreciation

Assets costing over £1,000 are capitalised. Depreciation is provided on a straight line basis by reference to the expected useful lives of the assets. Their useful lives are estimated as follows:

freehold land	not depreciated
freehold and leasehold properties	50 years
showers and	10 years
furniture and	5 years
plant and	4 years
computers and office equipment	3 years

(c) Income

Income includes all amounts earned or receivable up to the accounting date.

(d) Fund accounting

Restricted funds are the unexpended balances of donations and grants held on trust to be applied for specific purposes.

Designated funds are unrestricted funds that have been set aside at the discretion of the trustees for specific purposes. The purpose and use of designated funds are described in the notes to the financial statements.

General funds are the accumulated surplus of income over expenditure. They are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

(e) Grants payable

Grants payable include all grants commitments that have been approved during the year and recipients have been notified.

(f) Investments

Fixed asset investments are stated at market value in accordance with SORP 2019. The Statement of Financial Activities includes gains and losses arising from the revaluation of investments.

(g) Pension cost

The Council contributes to a group staff pension scheme and to the personal pension plans of certain employees. All pension schemes are defined contributions schemes. The pension cost represents contributions payable by the charity during the year.

(h) Expenditure

Costs of charitable activities comprise expenditure directly attributable to the Council's charitable objectives plus support costs.

Support costs comprise the costs of central management and administration insofar as these are not directly attributable to other activities. They are allocated to the costs of generating funds, charitable activities and governance according to staff time spent on each activity.

(i) Irrecoverable VAT

Irrecoverable VAT for continuing activities has been categorised as a support cost and has been allocated to activities on the same basis as described in (h). Irrecoverable VAT from direct costs of the discontinued operations of the ILSC and the ILSC sale has been charged to those activities.

(j) LCGB TRADING LIMITED

On 21 October 2008 the Lutheran Council of Great Britain acquired the entire share capital of 100 ordinary shares of £1 in a newly established company, LCGB Trading Limited, incorporated in England under the Companies Act 2006 (CA2006) as a private limited company. LCGB Trading Ltd was dormant during this year, with no income, no expenses, and so £NIL surplus in 2020 (2019: £NIL) and the accounts were not consolidated with the Lutheran Council of Great Britain.

[k] Going concern

The trustees have reviewed detailed cash flow projections to June 2022 and have agreed detailed budgets for the year ended December 2021. Both sources of income and types of expenditure have been reviewed. Whilst one of the main charitable purposes of the Fund is to provide grants to support the Member Churches, the level of expenditure is at the discretion of the trustees and can be adjusted during the year. The trustees have also considered the Council's working capital and capital expenditure requirements. As a result of the foregoing the trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

3 DONATIONS AND GRANTS	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
Subscriptions from Members	2,250	-	2,250	3,500	-	3,500
Private donations	12	-	12	120	42	162
	<u>2,262</u>	<u>-</u>	<u>2,262</u>	<u>3,620</u>	<u>42</u>	<u>3,662</u>

4 INVESTMENT INCOME	2020 £	2019 £
Income from rental of 4 Sandwich Street let on a commercial basis	12,000	2,314
Interest receivable	18,366	2,019
Dividends	156,206	87,546
	<u>186,572</u>	<u>91,879</u>

Between February and September 2020, Flat 1 was rented on a commercial basis, however from that date all of the flats were for the use of clergy and in meeting the Council's charitable objectives; this rental income is reported under 'Income from charitable activities'.

5 OTHER INCOME	2020 £	2019 £
Gain on disposal of fixed asset:		
ILSC Sale proceeds	15,538,603	-
Less disposal of fixed asset	(850,252)	-
	<u>14,688,351</u>	<u>-</u>

On 31st January 2020 the International Lutheran Student Centre, including the lease for the property at 30, Thanet Street, London was sold as a going concern. At the same time part of basement was transferred to St Mary's with St George's German Lutheran Church.

6 FUNDRAISING COSTS	2020 £	2019 £
Expenses relating to:		
Augustana Centre	-	181
Management costs of 4 Sandwich Street let on a commercial basis	4,450	2,350
Investment managers' fees	44,049	17,130
Support costs for managing Sandwich Street and Investments	24,127	3,842
	<u>72,626</u>	<u>23,503</u>

7 EXTERNAL GRANTS PAYABLE	Other support for third parties includes the following grants during the year.					
	Unrestricted Funds 2020	Restricted Funds 2020	Total 2020 £	Unrestricted Funds 2019	Restricted Funds 2019	Total 2019 £
Mansfield College Refugee Grant	45,000	-	45,000	-	-	-
Christian Aid	12	-	12	-	-	-
Toilet Twinning	-	-	-	120	-	120
	<u>45,012</u>	<u>-</u>	<u>45,012</u>	<u>120</u>	<u>-</u>	<u>120</u>
Support costs	5,361	-	5,361	-	-	-
External grants payable	<u>50,373</u>	<u>-</u>	<u>50,373</u>	<u>120</u>	<u>-</u>	<u>120</u>

8 OTHER SUPPORT FOR CHURCHES	Other support for Members includes the following grants during the year.					
	Unrestricted Funds 2020	Restricted Funds 2020	Total 2020 £	Unrestricted Funds 2019	Restricted Funds 2019	Total 2019 £
Lutheran Church in Great Britain						
- support for pastors	16,622	-	16,622	26,932	-	26,932
- capacity building / administration support	21,352	-	21,352	11,000	-	11,000
- covid support	1,650	-	1,650	-	-	-
- Bishop's visit	10,190	-	10,190	-	-	-
	<u>49,814</u>	<u>-</u>	<u>49,814</u>	<u>37,932</u>	<u>-</u>	<u>37,932</u>
Latvian Evangelical Lutheran Church in GB						
- pastor salary support	18,500	-	18,500	-	-	-
- travel and premises for services	3,700	-	3,700	1,112	-	1,112
	<u>22,200</u>	<u>-</u>	<u>22,200</u>	<u>1,112</u>	<u>-</u>	<u>1,112</u>
Icelandic Church - support for churches outside London	2,653	-	2,653	2,358	-	2,358
Danish Church - Covid support	12,500	-	12,500	-	-	-
Norwegian Church in London - support for churches outside London	-	-	-	4,691	-	4,691
Chaplaincy grants for Leeds and Nottingham via LCiGB	22,496	-	22,496	-	-	-
Grants Disbursed to Members	<u>109,663</u>	<u>-</u>	<u>109,663</u>	<u>46,093</u>	<u>-</u>	<u>46,093</u>
Safeguarding training organised by the Council for Members	841	-	841	-	-	-
Seminars organised by the Council for Members	-	-	-	1,588	-	1,588
Support costs	37,530	-	37,530	5,762	-	5,762
Total Costs for Other support for churches	<u>148,034</u>	<u>-</u>	<u>148,034</u>	<u>53,443</u>	<u>-</u>	<u>53,443</u>

Two of the four flats at 4 Sandwich Street were let to clergy at discounted rents, representing grants to their churches of £200 (2019: £8,000) to United London Latvian Lutheran Church and £9,380 (2019: £7,100) to St Katharine's Danish Church.

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

9 TOTAL EXPENDITURE - UNRESTRICTED FUNDS

	Support costs	Other Staff costs	Establishment and office costs	Other costs and grants	Total 2020	Total 2019
	£	£	£	£	£	£
Costs of generating funds	24,127	-	4,450	44,049	72,626	23,503
Ecumenical relations and activities	13,404	-	-	11,074	24,478	11,795
External grants	5,361	-	-	45,012	50,373	120
International Lutheran Student Centre	26,807	116,402	33,341	1,642	178,192	733,657
Accommodation at 4 Sandwich St	24,127	947	34,337	-	59,411	42,616
Student chaplaincy	24,127	26,890	762	-	51,779	48,325
Communications	18,765	-	3,774	-	22,539	18,849
ILSC Sale	26,807	-	-	223,203	250,010	141,806
Other support for churches	37,530	16,529	-	93,975	148,034	53,443
Governance costs	67,018	-	-	42,743	109,761	48,593
Total charitable activities	243,946	160,768	72,214	417,649	894,577	1,099,204
	268,073	160,768	76,664	461,698	967,203	1,122,707

Costs are apportioned between activities according to time spent by staff on each activity.

Included in total charitable expenditure under "Other costs and grants" are fees of £9,512 (2019: £8,446) payable to the auditors for audit fees. Depreciation costs included were £20,196 (2019: £149,506) for the year (see note 12).

There was no restricted expenditure in 2020 (2019: nil). There is one restricted fund, the Student Hardship Fund (see note 16).

10 RELATED PARTY TRANSACTIONS

The Council is one of two corporate members of Bethphage Great Britain, a registered charity with international Lutheran links, providing high quality residential care and assisted living support to about 60 people in the Midlands of England.

The Trustees received no remuneration in connection with their duties as trustees. In 2020 four Trustees received reimbursement of their travel expenses to meetings held during the year. These expenses, together with liaison/entertainment expenses and costs of meetings (such as catering), were £4,524 (2019: £13,642). No other payments were made directly to, or for benefit of, Trustees.

As part of its work to support Lutheran churches, the Trustees made special grants during the year to two member churches (LCiGB and Latvian Evangelical Lutheran) who had serving Trustees of the Council amongst its leaders, and grants to some member churches which are detailed below to cover costs of travel or rental of church premises. The relevant Trustees take no part in the decisions regarding these grants.

One of the flats at 4 Sandwich Street were leased to a member church with a CLC Trustee for part of January 2020. The occupant of Flat 4 (Revd Eliza Zikmane of the United London Latvian Lutheran Church and also of the Lutheran Church in Great Britain) was a Trustee and the flat was rented to the United London Latvian Lutheran Church for £1,350 per month or a total of £394 for 2020. This represents a discount on estimated market rent of approximately 34%, equivalent to a grant value of £200 (2019: £8,000).

Grants to member churches including a trustee amongst their pastors were:	2020 £	2019 £
Latvian Evangelical Lutheran Church in Great Britain	22,200	1,112
Lutheran Church in Great Britain	37,932	37,932
Norwegian Church	-	4,691
	60,132	43,735

11 STAFF COSTS

	Support costs	Other Staff costs	TOTAL 2020	Support costs	Other Staff costs	TOTAL 2019
	£	£	£	£	£	£
Staff costs comprised:						
Wages and salaries	100,715	111,365	212,080	93,358	305,687	399,045
Social security costs	8,491	12,403	20,894	11,088	18,793	29,881
Other pension costs	10,626	5,102	15,728	9,842	20,608	30,450
Other staff costs	19,020	2,167	21,187	2,754	8,180	10,934
	138,852	131,037	269,889	117,042	353,268	470,310

One employee had a salary higher than £60,000 during the year: with the addition of employer's pension contributions, the General Secretary earned £85,393 in total (2019: £97,350). (This comprised salary plus employer pension contributions plus pay in lieu of notice, before tax.) The key management personnel is considered to be the General Secretary.

The ratio of the highest salary to our median full-time salary (£27,927) was 3.2:1.

Other staff costs includes £11,250 termination costs (2019: nil) that was paid in 2020, which arose from a change in requirements after the ILSC sale. The employment of all staff who worked at the ILSC were transferred to the new owners under TUPE.

The average number of persons employed during the year, most of whom were part-time employees, was:

	FTE 2020	Headcount 2020	FTE 2019	Headcount 2019
Central and Chaplaincy	2.0	3.8	1.7	2
International Lutheran Student Centre	0.8	1.5	10.2	19
	2.8	5.3	11.9	21

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

12 TANGIBLE FIXED ASSETS

	Freehold property	Leasehold property	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 2020	1,328,966	578,522	1,015,352	2,922,840
(Disposals)	-	(578,522)	(979,431)	(1,557,953)
At 31 December 2020	1,328,966	-	35,921	1,364,887
Depreciation				
At 1 January 2020	228,518	247,915	494,989	971,422
Charge for the year	19,478	-	718	20,196
(Disposals)	-	(247,915)	(459,786)	(707,701)
At 31 December 2020	247,996	-	35,921	283,917
Net book value				
At 31 December 2019	1,100,448	330,607	520,363	1,951,418
At 31 December 2020	1,080,970	-	-	1,080,970

Capital commitments at 31 December 2020 were NIL (2019: NIL)

The freehold property of four flats at 4 Sandwich Street is classed as a functional fixed asset as the flats were for the use of clergy and staff to fulfil the Council's charitable purpose.

The ILSC was sold on the 31st January 2020, at 31st December 2019 it had a cost value of £1,557,953 and net book value of £850,252. The proceeds have been added to our investment portfolio and a new property will be purchased.

13 INVESTMENTS

	2020 £	2019 £
Investment in LCGB Trading Ltd (dormant)	100	100
Portfolio of Invested Funds		
Market value at 1 January	3,800,463	3,349,155
Additions	13,826,566	771,158
Less: disposals	(2,576,927)	(761,725)
Net movement on cash accounts	3,512,370	62,799
Net gains on valuation	1,018,266	379,076
Market value at 31 December	19,580,738	3,800,463
Listed investments	14,055,452	3,646,573
Cash on call	5,525,286	153,890
Market value at 31 December	19,580,738	3,800,463
Total value at 31 December	19,580,838	3,800,563
Details of investments:		
<i>UK Equities</i>	1,367,443	1,128,118
<i>Global Equities</i>	4,213,340	1,165,750
<i>Bonds</i>	1,393,612	471,577
<i>Properties</i>	336,748	349,327
<i>Multi Asset Funds</i>	6,037,575	-
<i>Other Assets</i>	706,734	531,801
<i>Cash</i>	5,525,286	153,890
Market value at 31 December	19,580,738	3,800,463
Historical cost	18,191,143	3,205,114
Unrealised gain	1,389,595	595,349
Holdings greater than 5%		
	£	%
SUTL Cazenove Charity Responsible Multi Asset	5,938,625	30.3%
Blackrock ICS Institutional	1,274,395	6.5%
JP Morgan GDP Liquidity	1,274,395	6.5%

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

14 DEBTORS	2020	2019
Due within one year:	£	£
Trade debtors	1,654	613
Other debtors	651	-
Prepayments and accrued income	13,117	16,658
	15,422	17,271
15 CREDITORS	2020	2019
Due within one year:	£	£
Taxation and social security	6,502	2,058
Trade creditors	8,044	514
Accruals and deferred income	65,685	82,047
Deposits received	2,341	78,311
Other creditors	-	-
	82,572	162,930
Due after one year:		
Pension accrual	4,749	5,694
16 RESTRICTED FUNDS	Total 2020	Total 2019
	£	£
Balance 1 January	7,627	7,585
Income	-	42
Expenditure	-	-
Balance at 31 December	7,627	7,627

The student hardship fund comprises the unspent balance of donations for the support of students suffering hardship.

17 UNRESTRICTED FUNDS	Balance 1 January 2020	Income & investment gains	Expenditure	Transfers	Balance 31 December 2020
	£	£	£	£	£
Designated funds					
Capital fund	2,994,030	-	-	(2,994,030)	-
Fixed assets fund	1,951,418	-	(20,196)	(850,252)	1,080,970
Property maintenance fund	650,000	-	-	(650,000)	-
	5,595,448	-	(20,196)	(4,494,282)	1,080,970
General funds	154,996	15,982,117	(947,007)	4,494,282	19,684,388
	5,750,444	15,982,117	(967,203)	-	20,765,358

The Capital Fund and the Property Maintenance Fund have both been closed and their funds have been transferred to General Funds. Both funds existed to support the ILSC and following its sale neither fund is required.

Fixed assets fund: this fund represents the net amount tied up in tangible fixed assets and so not available to spend.

Property maintenance fund: this was to fund essential maintenance work to the Council's properties in accordance with a long-term maintenance plan so as to maintain them in a safe and presentable condition and to improve them in accordance with the Council's longer-term objectives.

Capital fund: this was to maintain a fund to generate sufficient income to allow the Council's work to continue. It has become redundant as the Reserves policy has been reframed and identifies the minimum level of General Reserves required to generate the income required.

General fund: this fund represents the net amount held for general expenditure. A new reserves policy was approved by the Trustees in 2020. The policy is to have a minimum fund of £13.5m million in General Funds as this will provide the investment returns to finance the organisations operations. At December 2020 the General Fund was £19.7 million.

THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552
NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

The net assets are held for the various funds as follows:

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	1,080,970	-	1,080,970	1,951,418	-	1,951,418
Investments	19,580,838	-	19,580,838	3,800,563	-	3,800,563
Net current (liabilities) / assets	108,299	7,627	115,926	4,157	7,627	11,784
Long term (liabilities)	(4,749)	-	(4,749)	(5,694)	-	(5,694)
	20,765,358	7,627	20,772,985	5,750,444	7,627	5,758,071

19 PENSION COSTS

The assets of the pension schemes, all of which are defined contribution schemes, are held separately from those of the Council in independently administered funds. Contributions made by the Council to the schemes during the year are shown in note 11. Contributions of £358 were due to the schemes at the year end (2019: £NIL).

20 PENSION SCHEME OBLIGATIONS

Four members of staff of the Council participate in TPT Retirement Solutions' Growth Plan series 4, which is a defined contribution scheme open to all staff and in which the higher earners are automatically enrolled, in accordance with legislation. Two former employees are members of a multi-employer scheme (now closed) which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out in September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2019 to 31 January 2025: £11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31 December 2020 £	31 December 2019 £
Present value of provision	4,749	5,694

Reconciliation of opening and closing provisions

	Period ending 31 December 2020 £	Period ending 31 December 2019 £
Provision at start of period	5,694	6,560
Deficit contribution paid	(1,084)	(1,058)
Unwinding of the discount factor (interest expense)	57	105
Remeasurements - impact of any change in assumptions	82	87
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	4,749	5,694

Assumptions

	2020	2019
Rate of Discount (per cent per annum)	0.27%	1.13%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

20 PENSION SCHEME OBLIGATIONS (continued)

The Council has been notified by the Pensions Trust of the estimated Employer Debt on Withdrawal from the Plan based on the financial position of the Plan as at 30 September 2016. They estimated that, after taking into account the debt due from other employers, the Council's Employer Debt on Withdrawal is estimated as £13,295 plus costs and fees of apportioning the debt among other employers. There is no current intention to leave the Plan and trigger this contingent liability.

21 STATEMENT OF FINANCIAL ACTIVITIES FOR CONTINUING AND DISCONTINUED OPERATIONS

On 31st January 2020 the Council discontinued its activity at the International Lutheran Student Centre. The International Lutheran Student Centre, including the lease for the property at 30, Thanet Street, London was sold as a going concern. At the same time part of basement was transferred to St Mary's with St George's German Lutheran Church.

	Continuing Operations Unrestricted funds 2020 £	Discontinued Operations Unrestricted funds 2020	Restricted funds 2020 £	Total 2020 £
Income				
Donations and legacies				
Grants, donations and contributions	2,262	-	-	2,262
Income from charitable activities				
Student Centre fees	-	71,272	-	71,272
Rental income from 4 Sandwich Street let to clergy	15,394	-	-	15,394
Income from investments	186,572	-	-	186,572
Other income				
Gain on disposal of fixed assets	-	14,688,351	-	14,688,351
Total income	204,228	14,759,623	-	14,963,851
Expenditure				
Expenditure on raising funds	72,626	-	-	72,626
Expenditure on charitable activities				
Ecumenical relations and activities	24,478	-	-	24,478
Donations to partners	50,373	-	-	50,373
International Lutheran Student Centre	-	178,192	-	178,192
Accommodation at 4 Sandwich St	59,411	-	-	59,411
Student chaplaincy	51,779	-	-	51,779
Communications	22,539	-	-	22,539
ILSC Sale	-	250,010	-	250,010
Other support for churches	148,034	-	-	148,034
Governance costs	109,761	-	-	109,761
Total charitable activities	466,375	428,202	-	894,577
Total expenditure	539,001	428,202	-	967,203
Net (expenditure)/income	(334,773)	14,331,421	-	13,996,648
Net gains on investments	1,018,266	-	-	1,018,266
Net movement in funds	683,493	14,331,421	-	15,014,914