

# **THE LUTHERAN COUNCIL OF GREAT BRITAIN**

*(Council of Lutheran Churches)*

## **ANNUAL REPORT AND ACCOUNTS**



YEAR ENDED  
31 DECEMBER 2021

Registered Company Number: 557552  
Registered Charity Number: 232042

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Company registration number 557552  
Charity registration number 232042

Registered Address:  
4 Sandwich Street London WC1H 9PL

The Lutheran Council of Great Britain has adopted the working name '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



### A new era for CLC

2021 has been the first full year as general secretary for Anna Krauß, starting to work by mid-December 2020. In spite of certain limitations in the whole fabric of communal life due to the persistent covid pandemic, 2021 has been an active and renewing year for the Council. Zoom meetings and working from home offices have made it possible to keep up the work even with certain limitations. I want to express my gratitude to the general secretary and the whole staff for the flexibility, commitment, and perseverance.

I want to emphasise the broader theological and ecumenical side of the profile and work of the Council that the new general secretary has initiated. That is in full accordance with the historical roots of the Council soon reaching 75 years.

A new programme for outreach is also initiated with the Estonian theologian and broadcasting professional, Meelis Süld, as its part-time leader. The student work has also continued under new and changed circumstances. I will use this opportunity to thank the Revd. Sarah Farrow for her inspiring, long-time work and commitment to the Council and also welcome Rebecca Daniel as the new student chaplain.

The search for a new office and “Lutheran Hub” has been a time consuming process, which we now seem to be able to finalise in Webber Street in the Waterloo area, not far from Southwark Cathedral. Being able to have our own “house”, will be of great importance for the expanding ambitions of the Council’s work.

During 2021 it seemed like the Covid pandemic would loosen its grip. The activities resumed somehow. In September Meelis Süld was ordained as a priest both for his services to CLC and the Lutheran Church in Great Britain (LCiGB). Thanks to the support of the CLC he had been able to start the year doing a “mapping project” for LCIGB and the work in its congregations, helping the church to work on its future strategy. This in turn will provide the basis for a more long-term agreement between the CLC and the LCIGB.

Let it also be mentioned that the ease on restrictions in the autumn made it possible to celebrate the 60<sup>th</sup> anniversary of the LCIGB in Corby, the city where four English speaking congregations developing from refugees, mainly Eastern European Lutheran congregations in the UK, who came together and established the United Lutheran Synod in Great Britain in 1961. With so many new members both in the LCIGB and in the CLC, it was nice to be reminded of our common “roots” while we still are looking for new “fruits”, alluding to the theme of the anniversary.

Then came the Omicron variant set back to the pandemic in December.

Writing this in the closing days of February 2022, we now know that it seems like it is more or less controlled and that we are returning to a more normal social life.

But at the point of writing this, a new and human created crisis seems to make our future uncertain. The shocking Russian assault on Ukraine seems to have potentially huge humanitarian, political and financial consequences. In light of this extraordinary experience and also reflecting the fact that we are soon entering the Lent season, the old cry: “Kyrie Eleison” comes to my mind.

In that cry there is both longing and hope. It is a cry for a new era of peace, justice and humility. CLC is committed to be a sign of these values in our common faith in Jesus Christ.

*+Tor B Jørgensen*

## 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 2021.

### 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 2021:

Danish  
Estonian  
Finnish  
German  
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
- Deputy Chair: Mr. Jan-Eric Österlund
- Very Revd. Katarina Bäckelin (resigned Oct. 2021)
- Mrs Therese Bazard (elected June 2021)
- Revd. Dag Magnus Havgar
- Revd. Lagle Heinla (resigned June 2021)
- Ms Salla Korteniemi
- Mrs Madelaine Mason (appointed Dec. 2021)
- Revd. Bernd Rapp
- Mr. Paul Renken
- The Ven. Mark Steadman

- **Administrative and professional staff during 2021**

General Secretary: Dr Anna Krauß

Chaplain: Revd. Sarah Farrow (to September 2021)

Chaplain: Rebecca Daniel (from December 2021)

Outreach Coordinator: Revd. Meelis Süld (from April 2021)

Administration Manager: Emily Weller

Finance Manager: Judith Edward

- **Committees**

The Council had the following committees in 2021:

*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 2021:

Mr Michael Rickard (Chair of the committee)

Mr Jan-Eric Österlund

Dr Anna Krauß

Miss Judith Edward

*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.

Members in 2021:

Mr Jan-Eric Österlund (Chair of the committee)

Mrs Eva Sheppard

Mr Paul Renken

Dr Anna Krauß

Miss Judith Edward

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

Members in 2021

Mr Paul Renken (Chair of the committee)

Revd. Katarina Bäckelin (to October 2021)

Revd. Lagle Heinla (from December 2021)

Right Revd. 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 2021

Revd. Dag Magnus Havgar (Chair of the committee)

Mr Jan-Eric Österlund

Mrs Anne Trinklein

Dr Anna Krauß

Miss Judith Edward

## **Legal structure, governance and management**

The organisation is a company limited by guarantee and registered as a charity in England and Wales. The Council's governing document is the Articles of Association. The Board of Trustees comprises the directors of the company.

Trustees are elected for an initial three year period and are eligible for a further two terms of three years. The Board of Trustees can appoint a trustee to fill a casual vacancy until the next General Meeting. The Nominations Committee supports the process by seeking suitable applicants and providing recommendations. Newly elected trustees are given induction training on their duties and responsibilities as members of the Board of Trustees. Training needs are reviewed regularly and specific training is given to trustees as required.

The Board of Trustees approves the remuneration of the General Secretary and the annual pay award given to all staff. Salaries are benchmarked against comparable roles in the charity and faith sectors.

## **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, and the Anglican Lutheran Society. 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

After the sale of the International Lutheran Student Centre (ILSC) in early 2020, the Council invested the proceeds in a series of planned staggered investments during 2020 and the last step was taken in January 2021. The sale meant a fundamental change to the Council's set up, both financially and in terms of focus. While much of 2020 was taken up with the initial shock of coping with the Covid pandemic and the search for a new General Secretary, 2021 saw the formulation of a new strategy and, as life in the UK began to open up again, initial steps to implement this new strategy.

The Council focuses on three main areas of work: student chaplaincy, grant giving and outreach. While these areas have been a part of the Council's set up for many years, they now all receive equal attention and spending in all of these areas has seen a substantial increase due to the additional resources available to the Council and in accordance with our new strategic plan.

### Investment and Investment Income

At the beginning of year 2020 we had around £3.8 million in investments and received net a further £15.5 million from the sale of the ILSC. This has been invested in a series of staggered investments during 2020 and the beginning of 2021. Our returns on these investments were £1.2 million or 7.6% during 2020 and in 2021 it was a further £2.3 million or 14.1%.

The Council aims to have a long-term return of 3.5% above inflation. We have far exceeded this during 2020 and 2021, but we are now approaching a more difficult period with increasing inflation, with dramatic geopolitical events and with asset values reaching a level where the risk of negative events is substantial. The first quarter of 2022 caused a loss of £0.5 million and is due to the ongoing war in Ukraine making it very difficult to forecast the remainder of 2022.

Our expenditure in 2021 was around £0.6 million meaning that our investment income far exceeded costs and we could add £1.8 million to our reserves. For 2021 the goal of inflation plus 3.5% meant a target of 8.9% compared to the actual performance of 14.1%.

The long-term return (both income and capital) of our investments should cover our expenditure, but in individual years the Council may have a profit far exceeding expenditure (like in 2020 and 2021) and other years it may be that we do not succeed in reaching a return that covers the yearly expenses or the Council may make a loss.



At the end of 2021 we had Fixed Assets of £22.4 million (2020: £20.7 million) of which £1.1 million (2020: £1.1 million) was in our property at Sandwich Street and £21.4 million (2020: £19.6 million) in investments. These investments were managed by two different Investment Managers and spread over a substantial number of different investment funds and individual shares and bonds diversified over different industries and countries with the majority denominated in Sterling. £2.7 million of our investments are set aside for the acquisition and outfitting of new headquarters for the Council.

### **Organisational Changes**

Our previous Student Chaplain, Revd. Sarah Farrow, resigned and left the Council in September 2021. We were able to recruit a new part-time student chaplain, Rebecca Daniel, who took up the post in December 2021. Rebecca is a lay theologian and has ample experience in leading youth groups and worship. She has important connections to the Lutheran World Federation for which she continues to work part-time.

In addition, we established the part-time post (0.4 FTE) of Outreach Coordinator. This was in line with the new strategic plan to manage an increase in our outreach activities. We recruited Revd. Meelis Süld, who has a background in journalism and broadcasting. He is also a member of the ministerium of the Lutheran Church in Great Britain and thus strengthens the bond between us and our member churches.

### **Committees**

The Council has four Committees, the Finance Committee, the Investment Committee, the Nominations Committee and the Grants Committee, which had its inaugural meeting in March 2021. All committees are meeting regularly and report back to the board.

### **New Property Search**

In line with the Council's strategic goals, we started to look for a new office/headquarters in London, for which £4.0 million of our invested money had been set aside. We engaged the services of a property agent to help with this search as they have experience and knowledge of the property market. After a number of viewings over the summer of 2021, we found a suitable property in Southwark. The purchase was completed in May 2022 and the expected cost, including outfitting is £2.7 million. As the purchase was completed in 2022 this was a post balance sheet event and is not included in the 2021 results (see note 24).

### **Grant Giving and Donations**

In 2021 we awarded £181,000 (2020: £155,000) in grants and donations (see note 7 and 8). Of which nearly £100,000 (2020: £141,000) was in standard grants and a further £71,000 (2020: £14,000) in Covid budget support for our member churches which had been adversely impacted by the Covid pandemic. The majority of the standard grants support the operations of our member churches, but we also awarded a £5,000 grant for a Racial Justice project to help raise awareness of and to overcome racism. The Grants Committee was set up in late 2020 and it began with a review of the grant giving process and has created a new and simplified grants application form. It also updated our application instructions. It is now working on agreements for our two churches who are most in need of our financial support. These agreements are meant to stabilise the respective churches to allow them some time to work on a sustainable long-term strategy.

The Sanctuary Scholarship which we set up for Mansfield College, Oxford, has now found a suitable scholar, who has started her master's course in Michaelmas Term 2021. The scholarship will fund her three-year program.

As an expression of gratitude for the funds which the Council received in its early years and for the establishment of the ILSC, the board decided to set aside £100,000 and donate this money over a 10 year period towards charitable purposes at the discretion of the trustees.

This means a donation of £10,000 in total will be made each year. The first of these donations was made in support of two student charities – Student Minds and the CTBI Student Hardship Fund. Both of these charities work towards goals that the trustees thought reflected the spirit of the ILSC.

### **Student Chaplaincy**

Our student chaplain Revd. Sarah Farrow worked on a new strategy for the chaplaincy which aimed to strengthen the network of Lutheran chaplains across the country. She took on a new role outside our organisation in September 2021 but her assistant Tyler Inberg and our intern Anna Viikari, who arrived in September 2021, carried out a mapping project of the different Lutheran student chaplaincies and the work of Lutheran chaplains in England. Their groundwork is a good starting point for our new chaplain, Rebecca Daniel, who started in December 2021.

The chaplaincy has particularly suffered under the covid restrictions as meetings with students were virtually impossible. As things open up again, the chaplaincy runs more activities for students again, such as ice skating and Christmas market crawls. Going forward, the reopening of St Mary's German church, with whom we have an agreement of collaboration, will help to re-establish a space for students to meet and study.

### **Outreach**

In April 2021, we hired Meelis Sild as an outreach coordinator. He has since established a stable digital outreach, including our electronic newsletter, a new podcast called 'Lutherans in the UK', weekly reflections and seasonal specials. Our Facebook page has grown considerably, and these activities help to involve our member churches and reach out to both ordained and lay people.

The podcast in particular is a project that has been developed since December 2020 and we are proud to be able to have launched the first two episodes in October and December 2021.

We have developed a strategy for lectures and workshops following a yearly theme and will tailor this to our new property.

Our ecumenical activities have picked up as the General Secretary and Chair are more and more involved in ecumenical networks on a national level. In November, the Council hosted the meeting of the National Ecumenical Officers of Churches Together England, which was a very good occasion to put the Lutherans back on the ecumenical map in the UK. We remain heavily involved in the Anglican Lutheran Society and look forward to its annual conference in Norway in 2022.

## **FUTURE PLANS AND STRATEGY**

Building on the approved new strategy and the purchase of the new property, our (strategic) focus will lie on these points:

### **a) Settling into the new property**

We are hoping that the fit out of the new property will be finalised at the beginning of summer so that we can begin to utilise our headquarters by July 2022. The move and related logistics will take up a considerable amount of time. We are anticipating a period of settling in during which we will get a clearer picture of actual running costs associated with the property and how we will handle the post-covid pattern of hybrid work and meetings.

We are also planning to share this space with our member churches, some of whom do not have their own office space, and to offer the property as an ecumenical meeting space.

### **b) Putting the new strategy into practice**

In conjunction with settling into the property, we will continue to put our new strategy into practice. This pertains first and foremost to the chaplaincy and outreach work as we will provide a space for pastoral care and establish a recording studio.

We will continue to work on the stabilisation of our member churches, including financial aid and training on matters such as safeguarding and cyber security.

### **c) Developing a strategy for our residential property**

The management of our residential property 4 Sandwich Street is currently unsatisfactory as none of the flats are rented out at the local level of rent and we are incurring losses. However, members of staff do not have the necessary time to manage the property as it should be, and we are planning to involve an external location manager to handle the running and renting out of the flats.

### **d) Discussing the long-term strategy of the charity in view of changing migration patterns**

We are aware of the developments of changing migration patterns in the UK, as many of our beneficiaries are migrants from EU countries. While the stream of newcomers from the EU is currently decreasing, other EU migrants living in the UK are returning back to their home countries in larger numbers than before Brexit. This has an influence on our member churches and the Lutheran presence in the UK in general. However, migration from other places with a Lutheran presence, such as Hong Kong, may pick up. We will build on our history of providing aid for refugees and migrants who want to find a home in the UK.

## **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. Specifically in our Reserves Policy we define a target level for the General Fund that will sustain the organisation over the longer term and meet planned charitable expenditure. The target was £18 million and the General fund exceeds that target by £0.7 million.

## FINANCIAL REVIEW

### Review of financial position

Income and expenditure 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 2021

We are in a good financial position. For the second successive year our investments performed well, with a total return (combining income and capital growth) of 14.1% and ahead of our target of 8.9%; this is in line with our financial strategy which is to maintain the level of investments in real terms and provide the income to finance our operations. Our total expenditure was £0.6 million (2020: £1.0 million), this was slightly less than planned, but the ongoing Covid restrictions meant that most of our activity moved on-line and it was significantly less than the prior year as we no longer owned the ILSC.

Net expenditure for the year amounted to £0.2 million (2020: net income £14.0 million).

Total funds carried forward at 31 December 2021 amounted to £22.5 million (2020 £20.8 million).

### Income

Total income was £0.4 million (2020: £15.0 million), the reduction due to the ILSC being sold in 2020. The majority of income is from investments.

- Investment income increased by 110% to £391,000 (2020: £187,000), which was attributable to the increased investment portfolio.

### Expenditure

Total resources expended was £0.6 million in the year compared to £1.0 million in 2020.

- The Costs of Generating Funds increased to £92,000 (2020: £73,000). There were higher investment management fees as our funds were fully invested for the whole year, whereas in 2020 the proceeds from the ILSC sale were gradually phased into the markets.
- Overall Charitable Expenditure was £0.5 million (2020: £0.9 million). This was a reduction of £0.4 million. The costs were less because the ILSC operations discontinued 2020. Expenditure on Outreach increased, as we undertook more social media activities, podcasts and training events for members. Expenditure on Chaplaincy was similar to the previous year, as most activities had to remain on-line. We increased our support to our member churches to £186,000 (2020: £148,000) with a combination of grants and direct support; this included £71,000 for covid support grants. Our expenditure on external grants and donations was £15,000 (2020: £50,000), less than the previous year, when the three-year grant for the Sanctuary Scholarship at Mansfield College, Oxford was awarded and paid.

### Investment Gains

There was a net gain on investments of £2.0 million (2020: £1.0 million). The rise in investment values was due to the optimism around the roll out of vaccines and anticipated upturn in economic activity from the end of lockdowns.

At 31 December 2021, our total investments were £21.4 million (2020: £19.6 million).

## **The Balance Sheet**

### **Tangible Fixed Assets**

The Council holds various tangible fixed assets to support its activities. This includes 4 Sandwich Street, that comprises four self-contained flats which can be rented out on a commercial or charitable basis. Two flats have been used for operational purposes. One for use by the Chair, who is resident in Norway and another for storage until we have found a new office.

### **Investment policy**

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**

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 £16.2 million and a target level of £18.0 million. With an investment return of 3.5% the target level of investments will generate a sufficient return to cover 12 months operating expenditure and maintain the capital value. At the end of 2021 the General Fund was £18.7 million, which is slightly over the target level.

### **Designated Funds**

The Council has four designated funds.

- Fixed Asset fund (2021: £1.1 million), which represents the funds tied up in Sandwich Street.
- Property Purchase fund (2021: £2.7 million) is for the purchase of a new Lutheran Centre that will be the focus of our operations.
- Donation fund (2021: £90,000), in recognition that the ILSC was funded by donations. When the ILSC was sold it was agreed to set up this fund to make an annual donation to charities or causes that aligned with the Council's mission.
- Student Fund. (2021: £2,341). This fund is to provide support to students It was funded from the remaining unclaimed room deposits from the ILSC.

Further details are given in note 18 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 who are Lutherans suffering hardship and cannot be used for the Council's general purposes. The Student Chaplain has publicised this grant fund through the member churches.

## 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"><li>Poor investment performance, impacting ability to give grants and deliver outreach programme.</li></ul>	<ul style="list-style-type: none"><li>Investment committee with investment expertise to guide decision making; funds invested with two investment managers; regular reports from managers to monitor performance.</li></ul>
<ul style="list-style-type: none"><li>Reputational risk arising from a safeguarding incident</li></ul>	<ul style="list-style-type: none"><li>Provide safeguarding training and support to member churches</li></ul>
<ul style="list-style-type: none"><li>Loss of IT systems or breach of security due to malware or virus attack</li></ul>	<ul style="list-style-type: none"><li>IT security including virus software and passwords; backups stored off-site; cyber crime awareness training for staff.</li></ul>

## PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 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 private donations. For this reason we have not used any third party professional fundraisers. In 2021 the Council received donations of £675 (2020: £12). No complaints have been referred to the Fundraising Regulator or the Charity Commission during this period, nor in the prior year.

## **PRINCIPAL ADVISERS**

### **Auditors**

Price Bailey,  
3<sup>rd</sup> Floor, 24 Old Bond Street,  
Mayfair  
London W1S 4AP

### **Solicitors**

BDB Pitmans LLP,  
50 Broadway,  
London SW1H 0BL

### **Bank**

CAF Bank Ltd,  
25 Kings Hill Avenue, Kings Hill,  
West Malling,  
Kent, ME19 4JQ

### **Investment Managers and Advisers**

Cazenove Capital Management,  
1 London Wall Place,  
London, EC2Y 5AU

Rothschild & Co Wealth Management UK  
Limited  
New Court, St Swithin's Lane  
London EC4N 8AL

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Lutheran Council of Great Britain for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP FRS102 (2019);
3. make judgments and accounting estimates that are reasonable and prudent;
4. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that 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 are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Auditors

The Council's auditors, Price Bailey LLP, a limited liability partnership, were appointed at the June 2021 GM. 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. This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

## SIGNED ON BEHALF OF THE BOARD

*Tor B Jørgensen*

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Tor B Jørgensen (May 26, 2022, 9:47am)  
Tor B Jørgensen  
Chair

*Jan-Eric Osterlund*

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Jan-Eric Osterlund (May 26, 2022, 10:13am)  
Jan-Eric Österlund  
Deputy Chair

**Date:** 26th May 2022



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LUTHERAN COUNCIL OF GREAT BRITAIN

### Opinion

We have audited the financial statements of The Lutheran Council of Great Britain (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities incorporating the Income and Expenditure account, the Charitable Company Balance Sheet, the Statement of Cash Flows and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021, 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 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 charitable company 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 charitable company'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 trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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 (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the trustees' report and from the requirements to prepare a strategic report.

### **Responsibilities of trustees**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates, and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006, Charities Act 2011 and SORP 2019, GDPR, employment law, safeguarding and health and safety.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and made enquiries of management and officers of the Charitable Company. The procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission and a review of legal fees during the period.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is the risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involved intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Michael Cooper-Davis FCCA ACA (Senior Statutory Auditor)**

for and on behalf of

**Price Bailey LLP**

Chartered Accountants

Statutory Auditors

24 Old Bond Street  
London  
W1S 4AP

Date: 26 May 2022

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating an Income & Expenditure Account)  
for the year ended 31 December 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
<b>Income</b>							
<b>Donations and legacies</b>							
Grants, donations and contributions	3	2,925	-	2,925	2,262	-	2,262
<b>Income from charitable activities</b>							
Student Centre fees		-	-	-	71,272	-	71,272
Rental income from 4 Sandwich Street let to clergy and temporary staff		9,476	-	9,476	15,394	-	15,394
<b>Income from investments</b>	4	390,877	-	390,877	186,572	-	186,572
<b>Other income</b>							
Sundry income	5	3,093	-	3,093	-	-	-
Gain on disposal of fixed assets	5	-	-	-	14,688,351	-	14,688,351
<b>Total income</b>		<b>406,371</b>	<b>-</b>	<b>406,371</b>	<b>14,963,851</b>	<b>-</b>	<b>14,963,851</b>
<b>Expenditure</b>							
<b>Expenditure on raising funds</b>	6	91,945	-	91,945	72,626	-	72,626
<b>Expenditure on charitable activities</b>							
Outreach ( Ecumenical relations and communications)		107,439	-	107,439	47,017	-	47,017
Student chaplaincy		52,088	-	52,088	51,779	-	51,779
External Grants and Donations	7	15,441	-	15,441	50,373	-	50,373
Grants and other support for churches	8	185,817	-	185,817	148,034	-	148,034
Accommodation at 4 Sandwich St		52,896	-	52,896	59,411	-	59,411
Governance costs		97,292	-	97,292	109,761	-	109,761
International Lutheran Student Centre		-	-	-	178,192	-	178,192
ILSC Sale		-	-	-	250,010	-	250,010
<b>Total charitable activities</b>	9	<b>510,973</b>	<b>-</b>	<b>510,973</b>	<b>894,577</b>	<b>-</b>	<b>894,577</b>
<b>Total expenditure</b>		<b>602,918</b>	<b>-</b>	<b>602,918</b>	<b>967,203</b>	<b>-</b>	<b>967,203</b>
<b>Net (expenditure)/ income</b>		<b>(196,547)</b>	<b>-</b>	<b>(196,547)</b>	<b>13,996,648</b>	<b>-</b>	<b>13,996,648</b>
Net gains on investments	14	1,971,551	-	1,971,551	1,018,266	-	1,018,266
<b>Net movement in funds</b>		<b>1,775,004</b>	<b>-</b>	<b>1,775,004</b>	<b>15,014,914</b>	<b>-</b>	<b>15,014,914</b>
Funds at 1 January		<b>20,765,358</b>	<b>7,627</b>	<b>20,772,985</b>	<b>5,750,444</b>	<b>7,627</b>	<b>5,758,071</b>
Funds at 31 December	17 / 18	<b>22,540,362</b>	<b>7,627</b>	<b>22,547,989</b>	<b>20,765,358</b>	<b>7,627</b>	<b>20,772,985</b>

**BALANCE SHEET**  
**at 31 December 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Tangible assets	13	1,084,224	1,080,970
LCGB Trading Ltd (dormant subsidiary)	14	100	100
Investments	14	21,359,257	19,580,738
		<b>22,443,581</b>	<b>20,661,808</b>
<b>CURRENT ASSETS</b>			
Debtors	15	15,247	15,422
Cash at bank and in hand		134,799	183,076
		<b>150,046</b>	<b>198,498</b>
<b>CREDITORS</b>			
Amounts falling due within one year	16	(44,957)	(82,572)
<b>NET CURRENT ASSETS</b>		<b>105,089</b>	<b>115,926</b>
<b>LONG TERM CREDITORS</b>			
Pension liability	16	(681)	(4,749)
<b>NET ASSETS</b>		<b>22,547,989</b>	<b>20,772,985</b>
<b>FUNDS</b>			
<b>Restricted funds</b>	17	<b>7,627</b>	<b>7,627</b>
<b>Unrestricted funds</b>	18		
Designated funds		3,876,565	1,080,970
General funds		18,663,797	19,684,388
<b>TOTAL FUNDS</b>	19	<b>22,547,989</b>	<b>20,772,985</b>

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 26th May 2022 and were signed on its behalf by

Tor B Jørgensen

Tor B Jørgensen (May 26, 2022, 9:47am)  
Chair

Jan-Eric Osterlund

Jan-Eric Osterlund (May 26, 2022, 10:13am)  
Deputy Chair

**Statement of Cash Flows**  
**for the year ended 31 December 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net income	1,775,004	15,014,914
Depreciation charges	19,478	20,196
(Gains) on investment assets	(1,971,551)	(1,018,266)
Investment income	(390,877)	(186,572)
Gain on disposal of fixed assets	-	(14,688,351)
Trade and other receivables: decrease in debtors	175	1,849
Trade and other payables: (decrease) in creditors	(37,615)	(80,358)
(Decrease) in pension liability provision	(4,068)	(945)
<b>Net cash (used in) operating activities</b>	<u>(609,454)</u>	<u>(937,533)</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(22,732)	-
Purchase of investments	(5,191,377)	(13,826,566)
Proceeds on disposal of fixed assets	-	15,538,603
Proceeds on disposal of investments	3,707,623	2,576,927
Net cash movement in investments	1,676,786	(3,512,370)
Investment income	390,877	186,572
<b>Net cash generated from investing activities</b>	<u>561,177</u>	<u>963,166</u>
<b>(Decrease)/Increase in cash in the period</b>	<u>(48,277)</u>	<u>25,633</u>
<b>Cash and cash equivalents at 1 January</b>	<u>183,076</u>	<u>157,443</u>
<b>Cash and cash equivalents at 31 December</b>	<u>134,799</u>	<u>183,076</u>

**Net Debt Reconciliation**

	2021 £
<b>Analysis of changes in net debt:</b>	
Cash and cash equivalents as at 1 January 2021	183,076
Cash flows	(48,277)
<b>Cash and cash equivalents as at 31 December 2021</b>	<u>134,799</u>

**THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021**

**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 2019) - (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).

The Lutheran Council of Great Britain is a charitable company limited by guarantee incorporated in England and Wales, the charitable company address is listed on the company information page. The financial statements are rounded to the nearest £.

**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
Kitchens and bathrooms	10 years
Furniture and fittings	5 years
Plant and equipment	4 years
Computers and office equipment	3 years

**(c) Income**

All income is accounted for when the Council has entitlement, there is certainty of receipt and the amount is measurable.

**(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. Cash and cash funds held by investment managers is recognised a part 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.

Grant costs include all grant commitments that have been approved during the year and the recipients have been notified. The Grants Committee can approve grants under £2,000; all other grants are approved by the Board of Trustees.

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 is charged back to the original cost category where the cost was incurred.

**(j) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**(k) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term deposits that are held at the bank. It excludes cash and cash funds held by Investment Managers.

**(l) Creditors**

Amounts due to creditors are measured at their settlement amount. Deferred income is recognised as the amount receivable as an advanced payment for goods or services that must be provided.

**THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021**

**(m) Financial Instruments**

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, except for investments which are measured at fair value.

**(n) 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 2021 (2020: £NIL) and the accounts were not consolidated with the Lutheran Council of Great Britain.

**(o) Critical accounting judgements and estimation uncertainty**

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The judgements and estimates considered by the trustees to have the most significant effect on amounts recognised in the financial statements relate to the fair value of financial investments, which is made on the basis of advice from out investment managers and would be consistent with redeemed value if the asset were to be sold. The trustees do not consider there are any further critical judgements or key sources of estimation uncertainty requiring disclosure.

**(p) Going concern**

The trustees have reviewed detailed cash flow projections to December 2023 and have agreed detailed budgets for the year ended December 2022. Both sources of income and types of expenditure have been reviewed. Whilst one of the main charitable purposes is to provide grants to support Lutheran 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.

**3 DONATIONS AND GRANTS**

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Subscriptions from Members	2,250	-	2,250	2,250	-	2,250
Private donations	675	-	675	12	-	12
	<u>2,925</u>	<u>-</u>	<u>2,925</u>	<u>2,262</u>	<u>-</u>	<u>2,262</u>

**4 INVESTMENT INCOME**

	2021 £	2020 £
Income from rental of 4 Sandwich Street let on a commercial basis	-	12,000
Interest receivable	1,164	18,366
Dividends receivable	389,713	156,206
	<u>390,877</u>	<u>186,572</u>

In 2021 the flats at 4 Sandwich Street 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**

	2021 £	2020 £
Sundry income	3,093	-
Gain on disposal of fixed asset:		
ILSC Sale proceeds	-	15,538,603
Less disposal of fixed asset	-	(850,252)
	<u>3,093</u>	<u>14,688,351</u>

Sundry income comprised income from the sale of IT equipment and unclaimed room deposits from the International Lutheran Student Centre. 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 RAISING FUNDS**

	2021 £	2020 £
Expenses relating to:		
Management costs of 4 Sandwich Street let on a commercial basis	-	4,450
Investment managers' fees	88,504	44,049
Support costs for managing Sandwich Street and Investments	3,441	24,127
	<u>91,945</u>	<u>72,626</u>



**THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021**

**7 EXTERNAL GRANTS AND DONATIONS**

Support for third parties includes the following grants during the year.

	Unrestricted Funds 2021	Restricted Funds 2021	Total 2021 £	Unrestricted Funds 2020	Restricted Funds 2020	Total 2020 £
Mansfield College Refugee Grant	-	-	-	45,000	-	45,000
Christian Aid	-	-	-	12	-	12
Anglican Lutheran Society travel bursary grant	2,000	-	2,000	-	-	-
Student Minds donation	5,000	-	5,000	-	-	-
Churches Together in Britain and Ireland donation	5,000	-	5,000	-	-	-
	12,000	-	12,000	45,012	-	45,012
Support costs	3,441	-	3,441	5,361	-	5,361
<b>External grants and donations</b>	<b>15,441</b>	<b>-</b>	<b>15,441</b>	<b>50,373</b>	<b>-</b>	<b>50,373</b>

**8 GRANTS AND OTHER SUPPORT FOR CHURCHES**

Other support for Members includes the following grants during the year.

	Unrestricted Funds 2021	Restricted Funds 2021	Total 2021 £	Unrestricted Funds 2020	Restricted Funds 2020	Total 2020 £
Lutheran Church in Great Britain						
- support for pastors	18,011	-	18,011	16,622	-	16,622
- Bishop's Assistant	16,535	-	16,535	-	-	-
- capacity building / administration support	26,994	-	26,994	21,352	-	21,352
- covid support	10,850	-	10,850	1,650	-	1,650
- racial justice project	5,000	-	5,000	-	-	-
- Bishop's visit	-	-	-	10,190	-	10,190
	77,390	-	77,390	49,814	-	49,814
Latvian Evangelical Lutheran Church in GB						
- pastor salary support	17,500	-	17,500	18,500	-	18,500
- travel and premises for services	1,150	-	1,150	3,700	-	3,700
- covid support	11,285	-	11,285	-	-	-
	29,935	-	29,935	22,200	-	22,200
Finnish Church - Covid Support	12,500	-	12,500	-	-	-
Norwegian Church - Covid Support	12,500	-	12,500	-	-	-
Swedish Church - Covid Support	12,000	-	12,000	-	-	-
German Church - Covid Support	11,970	-	11,970	-	-	-
Chaplaincy grants for Nottingham and Leeds via LCiGB	12,317	-	12,317	22,496	-	22,496
Icelandic Church - support for churches outside London	-	-	-	2,653	-	2,653
Danish Church - Covid support	-	-	-	12,500	-	12,500
<b>Grants Disbursed to Members</b>	<b>168,612</b>	<b>-</b>	<b>168,612</b>	<b>109,663</b>	<b>-</b>	<b>109,663</b>
Safeguarding training organised by the Council for Members	-	-	-	841	-	841
Support costs	17,205	-	17,205	37,530	-	37,530
<b>Total Costs for Other support for churches</b>	<b>185,817</b>	<b>-</b>	<b>185,817</b>	<b>148,034</b>	<b>-</b>	<b>148,034</b>

In 2021 one of the flats at 4 Sandwich Street was let to clergy at a discounted rent and two flats were let on the same basis in 2020, representing a grant to their church, St Katharine's Danish Church, of £1,910 (2020: £9,380) and United London Latvian Lutheran Church £nil (2020: £200).

**THE LUTHERAN COUNCIL OF GREAT BRITAIN Company limited by guarantee no. 557552**  
**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021**

**9 TOTAL EXPENDITURE - UNRESTRICTED FUNDS**

	Support costs	Direct Staff costs	Establishment and office costs	Other costs and grants	Total 2021	Total 2020
	£	£	£	£	£	£
Costs of raising funds	3,441	-	-	88,504	91,945	72,626
Outreach	32,689	64,230	-	10,520	107,439	47,017
Student chaplaincy	17,205	31,211	3,672	-	52,088	51,779
External grants and donations	3,441	-	-	12,000	15,441	50,373
Grants and other support for churches	17,205	22,019	-	146,593	185,817	148,034
Accommodation at 4 Sandwich St	15,484	2,385	34,304	723	52,896	59,411
Governance costs	82,583	-	-	14,709	97,292	109,761
International Lutheran Student Centre	-	-	-	-	-	178,192
ILSC Sale	-	-	-	-	-	250,010
Total charitable activities	168,607	119,845	37,976	184,545	510,973	894,577
	<b>172,048</b>	<b>119,845</b>	<b>37,976</b>	<b>273,049</b>	<b>602,918</b>	<b>967,203</b>

**Prior year expenditure - unrestricted funds**

	Support costs	Direct Staff costs	Establishment and office costs	Other costs and grants	Total 2020
	£	£	£	£	£
Costs of raising funds	24,127	-	4,450	44,049	72,626
Outreach	32,169	-	3,774	11,074	47,017
Student chaplaincy	24,127	26,890	762	-	51,779
External grants and donations	5,361	-	-	45,012	50,373
Grants and other support for churches	37,530	16,529	-	93,975	148,034
Accommodation at 4 Sandwich St	24,127	947	34,337	-	59,411
Governance costs	67,018	-	-	42,743	109,761
International Lutheran Student Centre	26,807	116,402	33,341	1,642	178,192
ILSC Sale	26,807	-	-	223,203	250,010
Total charitable activities	243,946	160,768	72,214	417,649	894,577
	<b>268,073</b>	<b>160,768</b>	<b>76,664</b>	<b>461,698</b>	<b>967,203</b>

Outreach combines the previously reported categories of Ecumenical activities and Communications.

Included in total charitable expenditure under "Other costs and grants" are fees of £9,811 (2020: £9,512) payable to the auditors for audit fees. Depreciation costs included were £19,478 (2020: £20,196) for the year (see note 13).

There was no restricted expenditure in 2021 (2020: nil). There is one restricted fund, the Student Hardship Fund (see note 17).

**10 SUPPORT COSTS**

	Staff costs	Office and IT costs	Total 2021	Staff costs	Office and IT costs	Total 2020
	£	£	£	£	£	£
Costs of raising funds	2,365	1,076	3,441	17,600	6,527	24,127
Outreach	22,479	10,210	32,689	23,469	8,700	32,169
Student chaplaincy	11,831	5,374	17,205	17,600	6,527	24,127
External grants and donations	2,365	1,076	3,441	3,911	1,450	5,361
Grants and other support for churches	11,831	5,374	17,205	27,378	10,152	37,530
Accommodation at 4 Sandwich St	10,648	4,836	15,484	17,600	6,527	24,127
Governance costs	56,789	25,794	82,583	48,891	18,127	67,018
International Lutheran Student Centre	-	-	-	19,557	7,250	26,807
ILSC Sale	-	-	-	19,557	7,250	26,807
Total charitable activities	115,943	52,664	168,607	177,963	65,983	243,946
	<b>118,308</b>	<b>53,740</b>	<b>172,048</b>	<b>195,563</b>	<b>72,510</b>	<b>268,073</b>

Costs are apportioned between activities according to time spent by staff on each activity. Staff costs includes costs of employees, agency staff and training.

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**11 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 General Secretary is a trustee of Bethphage Great Britain. There were no related party transactions with Bethphage (2020: none).

The Trustees received no remuneration (2020: no remuneration) in connection with their duties as trustees. In 2021 two Trustees received reimbursement for their travel expenses to meetings held during the year. These expenses, together with liaison/entertainment expenses and costs of meetings (such as catering), were £1,087 (2020: £4,524). No other payments were made directly to, or for benefit of, Trustees (2020: none).

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

Grants to member churches including a trustee amongst their pastors were:	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Lutheran Church in Great Britain	89,708	72,310
German Church	11,970	-
Norwegian Church	12,500	-
Swedish Church	12,000	-
Latvian Evangelical Lutheran Church in Great Britain	-	22,200
	<b>126,178</b>	<b>94,510</b>

There are no further related party transactions (2020: none).

**12 STAFF COSTS**

	<b>Support Staff</b>	<b>Direct Staff</b>	<b>TOTAL</b>	<b>Support Staff</b>	<b>Direct Staff</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Staff costs comprised:						
Wages and salaries	91,120	100,853	191,973	100,715	111,365	212,080
Social security costs	8,042	7,490	15,532	8,491	12,403	20,894
Other pension costs	6,610	7,628	14,238	10,626	5,102	15,728
Other staff costs	7,168	3,874	11,042	19,020	2,167	21,187
	<b>112,940</b>	<b>119,845</b>	<b>232,785</b>	<b>138,852</b>	<b>131,037</b>	<b>269,889</b>

No employees had a salary higher than £60,000 during the year. With the addition of employer's pension contributions, the General Secretary earned £63,500 in total (2020: £85,393). (This comprised salary plus employer pension contributions before tax.) The key management personnel is considered to be the General Secretary.

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

	<b>FTE</b>	<b>Headcount</b>	<b>FTE</b>	<b>Headcount</b>
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
Central, Outreach and Chaplaincy	3.9	7.8	2.0	3.8
International Lutheran Student Centre	-	-	0.8	1.5
	<b>3.9</b>	<b>7.8</b>	<b>2.8</b>	<b>5.3</b>

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**13 TANGIBLE FIXED ASSETS**

	Freehold property £	Work in progress £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
At 1 January 2021	1,328,966	-	35,921	<b>1,364,887</b>
Additions	-	22,732	-	<b>22,732</b>
At 31 December 2021	1,328,966	22,732	35,921	<b>1,387,619</b>
<b>Depreciation</b>				
At 1 January 2021	247,996	-	35,921	<b>283,917</b>
Charge for the year	19,478	-	-	<b>19,478</b>
At 31 December 2021	267,474	-	35,921	<b>303,395</b>
<b>Net book value</b>				
At 31 December 2020	1,080,970	-	-	<b>1,080,970</b>
At 31 December 2021	<b>1,061,492</b>	<b>22,732</b>	-	<b>1,084,224</b>

Capital commitments at 31 December 2021 were NIL (2020: 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.

**14 INVESTMENTS**

	2021 £	2020 £
<b>Investment in LCGB Trading Ltd (dormant)</b>	<b>100</b>	<b>100</b>
<b>Portfolio of Invested Funds</b>		
Market value at 1 January	<b>19,580,738</b>	3,800,463
Additions	<b>5,191,377</b>	13,826,566
Less: disposals	<b>(3,707,623)</b>	(2,576,927)
Net movement on cash accounts	<b>(1,676,786)</b>	3,512,370
Net gains on valuation	<b>1,971,551</b>	1,018,266
Market value at 31 December	<b>21,359,257</b>	19,580,738
Listed investments	<b>17,545,582</b>	14,055,452
Cash on call	<b>3,813,675</b>	5,525,286
Market value at 31 December	<b>21,359,257</b>	19,580,738
<b>Total value at 31 December</b>	<b>21,359,357</b>	19,580,838
<b>Details of investments:</b>		
<i>UK Equities</i>	<b>1,111,079</b>	1,367,443
<i>Global Equities</i>	<b>4,540,776</b>	4,213,340
<i>Bonds</i>	<b>1,504,512</b>	1,393,612
<i>Properties</i>	-	336,748
<i>Multi Asset Funds</i>	<b>9,136,043</b>	6,037,575
<i>Other Assets</i>	<b>1,253,172</b>	706,734
<i>Cash</i>	<b>3,813,675</b>	5,525,286
Market value at 31 December	<b>21,359,257</b>	19,580,738
Historical cost	18,105,494	18,191,143
Unrealised gain	<b>3,253,763</b>	1,389,595
<b>Holdings greater than 5%</b>		
	£	%
SUTL Cazenove Charity Responsible Multi Asset	9,136,043	42.8%
Blackrock ICS Institutional	1,223,405	5.7%
JP Morgan GDP Liquidity	1,223,405	5.7%

The Lutheran Council holds 100 shares in LCGB Trading limited. The company is dormant, the surplus was £nil (2020: nil), net assets were £100 (2020: £100).

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15 DEBTORS	2021 £	2020 £
<b>Due within one year:</b>		
Trade debtors	500	1,654
Other debtors	557	651
Prepayments and accrued income	14,190	13,117
	<b>15,247</b>	<b>15,422</b>

16 CREDITORS	2021 £	2020 £
<b>Due within one year:</b>		
Taxation and social security	275	6,502
Trade creditors	11,119	8,044
Accruals and deferred income	33,563	65,685
Deposits received	-	2,341
	<b>44,957</b>	<b>82,572</b>
<b>Due after one year:</b>		
Pension accrual	681	4,749

See note 21 for further details of the pension liability

17 RESTRICTED FUNDS	Student hardship fund £	Total 2021 £	Total 2020 £
Balance 1 January	7,627	7,627	7,627
Income	-	-	-
Expenditure	-	-	-
Balance at 31 December	7,627	7,627	7,627

The student hardship fund comprises the unspent balance of donations for the support of students suffering hardship. The fund is restricted to students who are Lutheran and there were no applications in 2021.

18 UNRESTRICTED FUNDS	Balance 1 January 2021 £	Income & investment gains £	Expenditure £	Transfers £	Balance 31 December 2021 £
<b>Designated funds</b>					
Fixed assets fund	1,080,970	-	(19,478)	22,732	1,084,224
Student Fund	-	-	-	2,341	2,341
Donation Fund	-	-	-	90,000	90,000
Property purchase Fund	-	-	-	2,700,000	2,700,000
	1,080,970	-	(19,478)	2,815,073	3,876,565
<b>General funds</b>	19,684,388	2,377,922	(583,440)	(2,815,073)	18,663,797
	<b>20,765,358</b>	<b>2,377,922</b>	<b>(602,918)</b>	<b>-</b>	<b>22,540,362</b>
<b>Prior year unrestricted funds</b>					
	Balance 1 January 2020 £	Income & investment gains £	Expenditure £	Transfers £	Balance 31 December 2020 £
<b>Designated funds</b>					
Fixed assets fund	1,951,418	-	(20,196)	(850,252)	1,080,970
Capital fund	2,994,030	-	-	(2,994,030)	-
Property maintenance fund	650,000	-	-	(650,000)	-
	5,595,448	-	(20,196)	(4,494,282)	1,080,970
<b>General funds</b>	154,996	15,982,117	(947,007)	4,494,282	19,684,388
	<b>5,750,444</b>	<b>15,982,117</b>	<b>(967,203)</b>	<b>-</b>	<b>20,765,358</b>

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

*Student fund:* is available to support students.

*Donation fund:* In recognition that the ILSC was purchased with donations, after it was sold in 2020 this fund was set up to make an annual donation of £10,000 to a charity/charities that aligns with the Council's mission.

*Property purchase fund:* the Council plans to own a new property to carry out its activities, this fund is for the purchase and fitting out of the new premises.

*Capital fund:* this was to maintain a fund to generate sufficient income to allow the Council's work to continue. This fund is no longer required as the current Reserves policy identifies the minimum level of General Reserves needed to generate the income required.

*Property maintenance fund:* this was to fund essential maintenance work to the Council's property, but after the sale of the ILSC it was not required.

*General fund:* this fund represents the net amount held for general expenditure. The policy is to have a minimum fund of £16.2 million in General Funds as this will provide the investment returns to finance the organisations operations. At December 2021 the General Fund was £18.7 million.

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**19 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

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

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	1,084,224	-	1,084,224	1,080,970	-	1,080,970
Investments	21,359,357	-	21,359,357	19,580,838	-	19,580,838
Net current assets/(liabilities)	97,462	7,627	105,089	108,299	7,627	115,926
Long term (liabilities)	(681)	-	(681)	(4,749)	-	(4,749)
	<b>22,540,362</b>	<b>7,627</b>	<b>22,547,989</b>	<b>20,765,358</b>	<b>7,627</b>	<b>20,772,985</b>

**20 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 12. Contributions of £271 were due to the schemes at the year end (2020: £358).

**21 PENSION SCHEME OBLIGATIONS**

Six 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 638 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. Therefore it accounts for the scheme as a defined contribution scheme. The scheme is in deficit and the Council's current liability is £527 (2020: £1,117 ) and long-term liability is £681 (2020: £3,632). Due to the reduced scheme liability and deficit payments made in 2021 the amount recognised in the SOFA was a net gain of £2,442 (2020: £147).

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 at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.94m and a deficit of £31.6m. 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 2022 to 31 January 2025: £3,312,000 per annum (payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.4m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit Contributions**

From 1 April 2019 to 30 September 2025: £11,243,000 per annum (payable monthly and increasing 3% each year 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.

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**21 PENSION SCHEME OBLIGATIONS (continued)**

<b>Present values of provision</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>£</b>	<b>£</b>
Present value of provision	<b>1,190</b>	<b>4,749</b>
 <b>Reconciliation of opening and closing provisions</b>	 <b>Period ending 31 December 2021</b>	 <b>Period ending 31 December 2020</b>
	<b>£</b>	<b>£</b>
Provision at start of period	4,749	5,694
Deficit contribution paid	(1,117)	(1,084)
Unwinding of the discount factor (interest expense)	11	57
Remeasurements - impact of any change in assumptions	(14)	82
Remeasurements - amendments to the contribution schedule	(2,439)	-
Provision at end of period	<u>1,190</u>	<u>4,749</u>
 <b>Assumptions</b>	 <b>2021</b>	 <b>2020</b>
Rate of Discount (per cent per annum)	<b>1.18%</b>	<b>0.27%</b>

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.

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.

**22 OPERATING LEASE COMMITMENTS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At 31 December 2021 the annual commitments under non-cancellable operating leases were as follows:		
Land and buildings		
Within one year	14,630	32,186
Within two to five years	-	-
Over five years	-	-
Land and buildings total	<u>14,630</u>	<u>32,186</u>
	<b>14,630</b>	<b>32,186</b>

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**23 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 2021 £	Discontinued Operations Unrestricted funds 2021	Total 2021 £	Continuing Operations Unrestricted funds 2020 £	Discontinued Operations Unrestricted funds 2020	Total 2020 £
<b>Income</b>						
<b>Donations and legacies</b>						
Grants, donations and contributions	2,925	-	<b>2,925</b>	2,262	-	2,262
<b>Income from charitable activities</b>						
Student Centre fees	-	-	-	-	71,272	71,272
Rental income from 4 Sandwich Street let to clergy	9,476	-	<b>9,476</b>	15,394	-	15,394
<b>Income from investments</b>	390,877	-	<b>390,877</b>	186,572	-	186,572
<b>Other income</b>						
Sundry income	3,093	-	<b>3,093</b>	-	-	-
Gain on disposal of fixed assets	-	-	-	-	14,688,351	14,688,351
<b>Total income</b>	<b>406,371</b>	<b>-</b>	<b>406,371</b>	<b>204,228</b>	<b>14,759,623</b>	<b>14,963,851</b>
<b>Expenditure</b>						
<b>Expenditure on raising funds</b>	91,945	-	<b>91,945</b>	72,626	-	72,626
<b>Expenditure on charitable activities</b>						
Outreach ( Ecumenical relations and communications)	107,439	-	<b>107,439</b>	47,017	-	47,017
Student chaplaincy	52,088	-	<b>52,088</b>	51,779	-	51,779
External Grants and Donations	15,441	-	<b>15,441</b>	50,373	-	50,373
Grants and other support for churches	185,817	-	<b>185,817</b>	148,034	-	148,034
Accommodation at 4 Sandwich St	52,896	-	<b>52,896</b>	59,411	-	59,411
Governance costs	97,292	-	<b>97,292</b>	109,761	-	109,761
International Lutheran Student Centre	-	-	-	-	178,192	178,192
ILSC Sale	-	-	-	-	250,010	250,010
Total charitable activities	510,973	-	<b>510,973</b>	466,375	428,202	894,577
<b>Total expenditure</b>	<b>602,918</b>	<b>-</b>	<b>602,918</b>	<b>539,001</b>	<b>428,202</b>	<b>967,203</b>
<b>Net (expenditure)/income</b>	<b>(196,547)</b>	<b>-</b>	<b>(196,547)</b>	<b>(334,773)</b>	<b>14,331,421</b>	<b>13,996,648</b>
Net gains on investments	<b>1,971,551</b>	<b>-</b>	<b>1,971,551</b>	<b>1,018,266</b>	<b>-</b>	<b>1,018,266</b>
<b>Net movement in funds</b>	<b>1,775,004</b>	<b>-</b>	<b>1,775,004</b>	<b>683,493</b>	<b>14,331,421</b>	<b>15,014,914</b>

**24 POST BALANCE SHEET EVENT**

On 23rd May 2022 the purchase of the lease for 46 - 48, Ground Floor, Trident House, Webber Street, London was completed. The purchase price including fees and taxes was £2.28 million.