THE LONDON DIOCESAN FUND

England & Wales · Charity number 241083

Details

Other names	LDF
Status	Registered
Legal form	Charitable company
Company number	00150856
Registered	1966-07-18
Register	View on the Charity Commission register

Contact

Address	Diocese of London London Diocesan House 36 Causton Street London SW1P 4AU
Phone	02079321000
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Website	www.london.anglican.org

Activities

Objects: TO PROMOTE AND ASSIST THE WORK AND OBJECTS OF THE CHURCH OF ENGLAND FOR THE ADVANCEMENT OF THE CHRISTIAN RELIGION IN THE DIOCESE OF LONDON.

Activities: The principal activity of the London Diocesan Fund is to serve and support the parishes and people within the Diocese of London in their mission of proclaiming the gospel of Jesus Christ. It does this operationally through the payment and housing of parish clergy and chaplaincies and support to their ministry.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Other Finance, Provides Buildings/facilities/open Space
- **What:** Religious Activities
- **Who:** The General Public/mankind

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Geography

- **Area of benefit:** DIOCESE OF LONDON
- Angola
- Mozambique
- Throughout London

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£47,309,000	£51,492,000	£511,875,000	123
2023-12-31	£49,900,000	£56,600,000	£503,800,000	112
2022-12-31	£52,000,000	£54,100,000	£507,000,000	125
2021-12-31	£47,800,000	£49,500,000	£516,000,000	88
2020-12-31	£44,400,000	£47,200,000	£487,200,000	84

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Trustees

Name	Role	Appointed
Rt Revd Dr Emma Gwynneth Ineson	Chair	2023-02-19
ARCHDEACON OF LONDON		2016-01-05
Ademola Adebajo		2021-10-11
Archdeacon of Hampstead		2015-10-06
BISHOP OF FULHAM		2013-09-13
Brian William O'Donoghue		2012-05-28
CLIVE RICHARD SCOWEN		
DAVID CHARLES JOHN BANKS		2024-12-23
Dr CHRISTOPHER ROY MASON WARD		2013-09-13
Dr Duncan McAndrew		2024-11-19
Dr PHILLIP RICE		2015-09-24
Elizabeth Anne Curran		2024-01-17
JOSILE WENUS ALEXANDRA MUNRO		
JULIAN MARK ROBERT DESBOROUGH		2024-11-19
Jacqueline Driver		2022-01-01
Jonathan Edward Bayliss		2024-12-23
Jonathan Wolstenholme		2021-10-29
MRS S TETT		2016-04-07
Mervyn Ivor James Hogg		2024-10-30
Miss A McIntyre		2016-04-25
Mr D Hurst		2015-09-24
Nathan van Sittert		2024-09-01
Peter Sinclair		2022-01-04
Prebendary Mrs Monica Constancia Bolley		2024-10-30
Rev Aidan Dominic Bartlett		2024-11-19
Rev CHRISTOPHER TRUNDLE		2021-09-20
Rev MICHAEL ROBERT JOHN NEVILLE		2024-11-19

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Name	Role	Appointed
Rev Thomas Cecil William Wright		2024-10-30
Rev Thomas Watts		2021-11-11
Robin Anthony Field-Smith		2024-11-19
Rt Revd Lusa Nsenga-Ngoy		2022-01-25
SARAH ROSEMARY ANN FINCH		2018-11-20
Stephen Garside		2021-10-29
Susan Mary Johnson		2024-11-19
The Revd G Hunter		2015-10-20
The Revd Ian Nigel Chandler		2024-11-19
The Rt Revd Dr Anderson Harris Mithra Jeremiah		2024-04-25
The Venerable Katherine Jane Hedderly		2024-04-15
The Venerable Peter James Farley-Moore		2022-04-10
The Venerable Richard Stephen Frank		2020-04-20
The Very Revd Andrew Tremlett		2022-09-21
Venerable Catherine Ruth Pickford		2020-09-01
Zi Ken Toh		2021-09-20

Linked charities

- THE PADDINGTON DEANERY CANALSIDE CHARITY (241083-1)

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THE LONDON DIOCESAN FUND

England & Wales - Charity number 241083

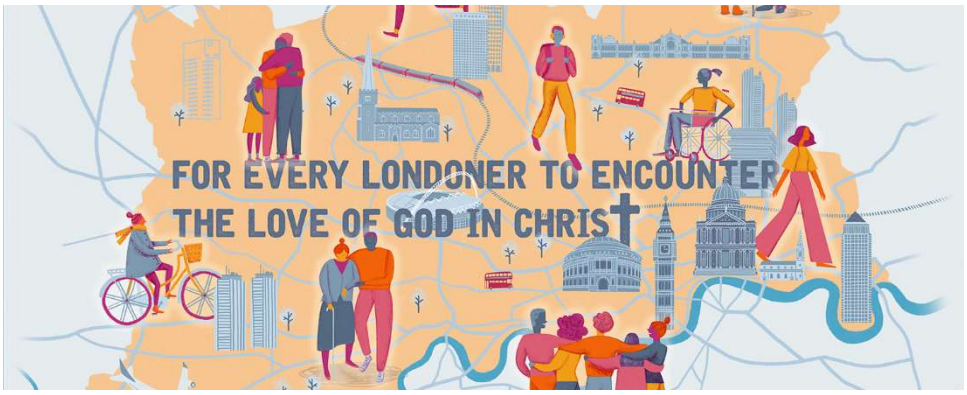
Accounts

DIOCESE OF LONDON

THE LONDON DIOCESAN FUND

Trustees' report
and financial statements
for the year ended
31 December 2024

The purpose of the London Diocesan Fund is
to support the mission and growth of the Church of England in the Diocese of London



Company number: 150856
Registered Charity number: 241083
www.london.anglican.org

Contents

Trustees' Annual Report

Foreword from the General Secretary page 3

Strategic report page 4

Achievements and performance page 5

Financial review page 12

Governance, structure & management page 18

Statement of trustees' responsibilities page 21

Appendices: committee membership and administrative details page 22

Independent Auditors' Report to the Members of the London Diocesan Fund page 25

Financial statements

Statement of financial activities page 29

Balance sheet page 30

Summary income and expenditure account page 31

Cash flow statement page 31

Notes to the financial statements page 32

Foreword from the General Secretary

The Diocese of London is the largest and most diverse in the Church of England. Over four million people live here. Millions more come regularly to the city for work or to participate in its unique life.

The Diocese's 500 church communities are there for all these people, seeking to enable them to encounter the love of God in Christ – our vision as a diocese – by nurturing confident disciples, showing compassion in their service of their local communities, and growing creatively.

The London Diocesan Fund exists to support those churches, by providing ministry and support to enable them to become as fruitful as possible. We raise the resources that mean every church and chaplaincy can have the ordained ministry leadership it needs. We provide support to them, regardless of their financial means, so that they can respond to their contexts and the people in their communities.

This Trustees Report shows the range of ways we are enabling the Church's mission in London and working towards our priorities of becoming a younger, safer and more racially just Church. It also shows how our ministry provision is growing and our churches are recovering following the major disruption of the Covid-19 pandemic. Attendance once again grew and parishes increased their financial contributions to ministry through the Common Fund. For this growth and mutual support, we are grateful to God and to people across the Diocese.

In 2025, we are building on the plans that have developed over the last year and look forward to ongoing support to and partnership with our church communities as they enable Londoners where they are to encounter the love of God in Jesus Christ.



Oliver Home

Strategic Report

The Church of England in London is vibrant and at the heart of communities within our diocese. The trustees believe that by promoting the work of the Church of England in the Diocese of London, the London Diocesan Fund (LDF) helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. In doing so, it provides a benefit to the public throughout the LDF's activities. These activities are set out in more detail in the following report, and public benefit is considered in more detail on page 19.

Purpose of the London Diocesan Fund (LDF)

The purpose of the LDF is to support the mission and growth of the Church of England in the Diocese of London.
In common with other dioceses the LDF has responsibility for paying and housing parish clergy and providing training and support services. Parishes contribute to the cost of these services through the Common Fund, a collaborative funding model that enables ministry and support to be provided across the Diocese. The LDF generates further funding through grants, investment and other operational income.

The LDF's activities are guided by the Diocese's 2030 Vision – **'for every Londoner to encounter the love of God in Christ'.** Parishes, worshipping communities and chaplaincies are encouraged to work towards three Ambitions and focus on three Priorities:

Ambitions:
- Confident Disciples
- Compassionate Communities
- Creative Growth

Priorities:
- Growing Younger
- Safer Churches (Safeguarding)
- Racial Justice

These ambitions and priorities are enabled by the wise stewardship of the LDF as an organisation and its resources, namely people, buildings and finances.

Achievements and Performance

Ministry across the Diocese

At the end of 2024, there were 755 clergy and 118 Licensed Lay Ministers across the Diocese of London's 402 parishes, 33 Bishop's Mission Orders and varied chaplaincies.

559 of the clergy posts were paid for by the LDF through a combination of Common Fund, Locally Supported Ministry agreements, grant funding and other diocesan income. 350 of these were Incumbent equivalent roles with others serving as BMO ministers, Associate Ministers, stipendiary Training Curates or Chaplains. A further 194 clergy were licensed as Self-Supporting Ministers, with some serving in other institutions in chaplain roles.

In the course of 2024, 30 clergy left for ministries beyond the Diocese and 16 retired. 56 clergy were recruited to new or vacant posts, 26 of whom came from outside the Diocese.

Of the 170 curates in training, 50 were ordained deacon in 2024, including 11 who had completed the Caleb Stream training, and 57 were ordained priests. The Caleb stream is an innovative approach to enable older candidates to progress through the discernment process who, due to their age, may have felt unable to access traditional training pathways.

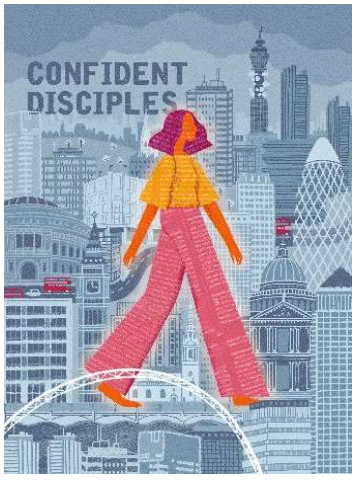
The Diocese of London offers some of the most diverse and rewarding training posts in the country, with 130 ordinands (58 of whom started in 2024) engaged in flexible and purposeful training to equip them for the challenges of modern ministry.

The Diocesan Ministry Team supports all these ministers, working with the Area Bishops to support lay and ordained candidates through the initial discernment process, through formal training and into their curacies, first roles and beyond. The team also provides for clergy wellbeing, disability awareness and lay ministry portfolios, seeking to support, encourage and release ministry throughout the Diocese.

Three Ambitions:

As part of the 2030 Vision, each church is encouraged to nurture confident disciples, compassionate communities and create growth. This is primarily led by ordained and lay leaders at a local level. The LDF provides support and resources to encourage and support these Ambitions.

1) Confident Disciples



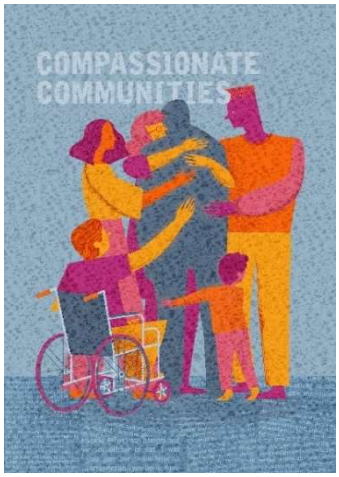
Discipleship is best formed and nurtured locally according to context and tradition and is expressed in countless ways in daily lives. The additional support for this ambition, coordinated by one part time lead, focuses on helping churches explore how a shared Way of Life can strengthen and deepen discipleship within their community.

2024 highlights:

As well as increased engagement with the Way of Life resources and Communal Practices Toolkit, the diocesan-wide Lent Offering introduced Listening Groups across the Areas, encouraging individuals and churches to explore listening as a tool for deepening discipleship. 155 people signed up with 121 unique attendees (some of which were groups) across two online sessions, alongside a five-week guided resource for churches.

2) Compassionate Communities

Parishes serve their communities in a wide variety of ways, showing God's love in action. The Compassionate Communities Team supports this ambition in a range of areas, through training, awareness raising and schemes to participate in.



2024 highlights:

The Team mapped out and shared on the website which parishes are involved in what type of compassionate care, related to the themes of work most pertinent to London. These are: mental health & isolation (105); refugees & asylum seeker (91); modern slavery support (12); food & low-income support (77); debt & money advice (26); homelessness response (61); and safer communities for young people (62). The team also engaged with local, regional and national government around various themes, including Net Zero Carbon, youth violence and refugee and asylum issues.

Caring for the environment and tackling climate change remains part of the Diocese's Compassionate Communities ambition as we progress towards our target of being Net Zero Carbon by 2030.

32 more churches signed up to the Eco Church Award scheme. 232 churches are now registered and awards now stand at 88 Bronze, 35 Silver and two Gold.

In 2024, 53% of churches filled in their 'energy footprint tool' (EFT) and 74 energy and net zero audits were carried out for churches as part of Parish Buying scheme for the top 20% carbon emitting churches nationally.

3) Creative Growth

The Creative Growth ambition encourages parishes to grow in health, depth and impact and support new worshipping communities to reach new people - across all traditions and sizes of church. The Creative Growth ambition is supported by the Deans of Mission as well as the Gregory Centre for Church Multiplication (CCX).

2024 Highlights:

In 2024, early draft statistics indicate that Average Weekly Attendance in London grew by 7.5%. At least 11 New Worshipping Communities were planted, from a Portuguese-speaking service at St Anne's Tottenham to a revitalisation at St Matthew Ponders End.
The Diocese was awarded £9.4m from the Church of England's Diocesan Investment Programme (DIP) to galvanise growth across the boroughs of Hackney and Islington. The funding is for extra capacity to deliver sustainable partnerships between churches as well as new plants to strengthen a mixed ecology of churches to become increasingly young and culturally diverse, while impacting low-income communities and seeing renewal of catholic mission.



The total value of C of E pledged investment is just under £27m across 15 programmes and capacity grants, ranging from £250,000 Innovation projects to the multi-parish programmes like Hackney and Islington which seeks to revitalise large areas.

Two cohorts began the Grow Course (to help churches be intentional about growing in health, depth and impact), representing Stepney, Willesden, and Kensington. The Plant Course launched two cohorts, supporting seven planting teams, with three plants awarded £10,000 grants to launch their plans.

Three Priorities:

1) Growing Younger



Our Children and Youth Team raises the standards of children and youth provision across the Diocese. The team provides training and development via an online platform (Mighty Leaders), a one-year course for paid workers (Cultivate), training for clergy (Launchpad), topical training events, as well as supporting individual parishes to grow and improve their youth and children provision.

2024 highlights:

With help from Church of England funding, the team appointed a record nine Apprentices this year, bringing the total to 19. Youth Apprentices help grow parish youth numbers and create pathways for new youth workers, ending the scheme with a qualification in youth work. By the end of 2024, the Apprentices engaged 715 young people weekly.

The team ran two Launchpad courses in Willesden and Kensington, training 18 clergy in youth work. Volunteers in Kensington and Willesden received training, along with clergy and youth workers in Stepney.

The team played a key role in planning the Growing Younger-themed Multiply Conference across three cities in the summer. The focus was to help churches grow youth numbers, either from a standing start, from very low numbers (less than 10) or to grow engagement beyond 25.

The Hackney and Islington Programme enabled the launch of five Youth Minsters, which were in turn able to help 21 parishes to grow youth ministry.

2) Safer Churches



Our Safeguarding Team, with a Diocesan Safeguarding Advisor in each Episcopal Area, works proactively with parishes and responds to safeguarding questions, concerns and allegations. The team supports parishes with their safeguarding arrangements, ensuring that respondents, victims and survivors receive specialist support and pastoral care.

2024 highlights:

In a challenging year, the publication of the Makin and Scolding reports contributed to a substantial rise in referrals to the team, requiring a well-balanced response, including supporting the wellbeing of those affected. The Bishop of London and the General Secretary commissioned a working group to review and action relevant findings.

Investment in the Parish Safeguarding Dashboard and Hubs supported safer recruitment and excellence in activities and practices. Parish use of the dashboard rose to 92% (of all parishes) in 2024 from 83% in 2023.

As a cornerstone of a Safer Church, an extensive portfolio of safeguarding training included 50 leadership sessions (789 attendees) and a range of topical masterclasses.

A programme of support was offered to Parish Safeguarding Officers through regular drop-in sessions, communications and duty line access. 262 people attended the induction training, improving their confidence and competence.

3,808 Disclosure and Barring Service checks were completed (3,628 in 2023) resulting in 30 blemished returns for risk assessment.

3) Racial Justice



The Racial Justice priority supports the Diocese of London's commitment to combatting the evil of racism within our structures, systems and people to build a better future for all.

Under the new leadership of the Bishop of Edmonton we repositioned the Steering Committee and recruited a new Head of Racial Justice Priority, who started in February 2025, to build on the good work of 2024.

2024 highlights:

- Ran Race Equality Week and Racial Justice Sunday, with churches reflecting on racial justice and committing to action under the national theme *Action/Challenge/Change*.
- Celebrated Black History Month through various collaborative events between churches and schools.
- Increased clergy ethnicity data collection response rates from 56% to 70%
- Secured funding for a trial support service for Global Majority Heritage (GMH)/UK Minority Ethnic (UKME) clergy.
- Launched 'Healing Together: Coaching Support for Healing from Racial Trauma', with plans to expand support further.
- Contributed to Race Equality Foundation research on complaint handling in the Church of England.
- Launched The World Reimagined art initiative at St Paul's Cathedral.

LDF support services to resource and support the church in London:

Communications

The Communications Team provides parishes with news, resources, information, and opportunities through multiple channels. The team offers press support for parishes, senior clergy and the LDF and, with support from the National Church, they help churches improve their online presence.

2024 highlights:

The team launched the new and well-received diocesan website in March 2024, with a new and easier-to-navigate architecture, as well as a refreshed look and feel.

On top of good news stories and opinion pieces, the team also handled a substantial amount of more challenging PR, particularly related to safeguarding concerns following publications of the Makin Review and the Scolding Review.

Governance

The Governance Team provides overall support for the governance operations at diocesan, area, deanery, and parish levels. This includes facilitating the meetings and elections for Diocesan Synod, Diocesan Bishop's Council and Area Councils, as well as providing governance and data protection advice to clergy and parish officers.

2024 highlights:

Elections were a major feature of the team's work this year, with elections of members to the Diocesan Synod, Diocesan Bishop's Council and Area Councils – in readiness for the new triennium. There were also elections to the Vacancy in See committee and the Diocesan Board of Patronage, as well as a by-election to General Synod. Elections to the Diocesan Finance Committee will follow in early 2025.

Finance

The Finance Team supports the operational activity of the LDF and the parishes. They manage income and expenditure of more than £50m per year and provide accurate and timely financial information for decision makers to fulfil the Diocese's legal responsibilities.

2024 highlights:

Following the success of the 2023 Digital Giving Rollout initiative in partnership with National Church, we launched a 'Try Before You Buy' scheme for parishes interested in trying out contactless card readers before committing to buying one. Finance Advisers also held online sessions to encourage giving in parishes, alongside an introduction to the Parish Giving Scheme and support with preparation of the parish accounts.

Housing & Investment Property

The Housing Team maintains clergy housing, managing reactive repairs, quinquennial maintenance, and ingoing works projects. Through a programme of inspections and testing, the team ensures that all clergy housing is safe to occupy. The team also generates income from letting operational housing to reduce pressure on Common Fund.

2024 highlights:

The team managed around 1,693 reactive repairs, 1,061 planned maintenance events, 18 quinquennial maintenance projects, 19 window replacement projects and 53 ingoing works projects.

Of the 378 feedback forms completed by clergy on how we managed repairs to their housing, 90% rated '5' or excellent and 99% rated either '4' or '5', which shows very high levels of satisfaction.

To ensure our clergy housing is safe to occupy, the team managed 628 gas boiler safety tests and conducted 118 fixed wiring electrical inspections. The reinspection of the housing estate to check for asbestos continued, bringing total surveys up to 368.

Through our continued letting of operational housing to reduce pressure on Common Fund giving, the team generated around £3.25 million of income for the Diocese. The team are now working on the Net Zero Carbon strategy in conjunction with the wider housing strategy for the Diocese.

£8.6m was spent capital improvements and purchases in 2024 (2023: £10.1m). Particular highlights were the purchase of 19 Armitage Road (new home for the Bishop of Edmonton) and 23 St Peter's Street (replacement for 1 Arlington Square at 0612 St James Islington). Significant capital refurbishments were undertaken at 44 King Henry's Road (1609 St Mary's Primrose Hill), 3 Bletchley Street (0525 Holy Trinity Hoxton), and 11 St Silas Place (1706 St Silas the Martyr with Holy Trinity).

Parish Property & Fundraising

The Parish Property and Fundraising Team has five primary workstreams:

- *The care and change of church buildings*
- *Fundraising for PCCs and for LDF projects*
- *Closed church leases and disposals, and other linked LDF property in Parish use*
- *Property management support for PCCs – advice on leases, licences and disposals, alongside direct oversight of LDF property*
- *Administration linked with the Mission & Pastoral Measure*

2024 highlights:

The Diocesan Advisory Committee for the Care of Churches (DAC) handled around 300 applications for church alterations, repairs, and improvements, ensuring all align with each church's mission. With extra resources through a Church of England grant, we ramped up support of the Church of England's Carbon Net Zero initiative, with an initial focus on the highest emitting churches.

Over the past four years, fundraising efforts have secured around £36m for over 100 PCCs and the LDF, funding vital repairs, training, and new facilities to support mission and community work. Strategic funding has also driven programs like the 'Square Mile Churches'.

Each year, our Asset Managers oversee 420 leases and handle 1,000 property queries, assisting parishes with complex transactions, marketing, and rent reviews. We are now selling long-closed buildings, generating significant funds—an estimated £15m over five years—to reinvest in open churches.

Pastoral casework grew in both scale and complexity. At the end of 2024, over 20 proposals were active, with more than 40 in development. Casework relates to major changes, such as benefices, parish boundaries, or the closure of churches.

Plans for the future

In June 2024, the Trustees agreed an overall Strategic Framework to guide planning, decision making and the use of resources in support of the 2030 Vision. It is underpinned by a set of inter-related principles, addresses challenges and has three main components related to mission, people and finances.
The principles ensure approaches taken are:

- Distinctively Christ-centred
- Committed to all people and places, Anglican traditions and church expressions
- Leading to long term fruitfulness and sustainability
- Fostering interdependence and mutual accountability across the Diocese

The Trustees agreed a Financial Plan with the aim to bring the General Fund into balance prior to 2030 while maintaining its overall investment in the provision of ministry and support. This will be primarily achieved by (a) increasing parish contributions to Common Fund back to a similar proportion of ministry and support costs they were meeting in 2019; and (b) a capital programme to decarbonise, renew and invest in parsonages, thus reducing ongoing maintenance and repair costs, meaning that the LDF cost base will reduce in real terms.

In 2025, the following elements of the Strategic Framework will be developed:

1. Identify major mission programmes in larger geographical areas where the Church of England's ministry and mission needs most strengthening.

2. Develop supporting programmes for mission amongst a) youth and children, b) estates and lower income communities and c) multicultural settings. These programmes (1 and 2) will form the basis of a Diocesan Investment Programme application in 2026.
3. Renew the approach to Common Fund and recommunicate its purpose and value.
4. Detailed planning for implementation of the Housing Strategy to renew the clergy housing portfolio.

In addition, the LDF will:

1. Prepare and participate in the Independent Audit of the Diocese's Safeguarding arrangements by INEQE in September 2025.
2. Develop a new Racial Justice Action Plan with the support of the new Head of Racial Justice Priority and Racial Justice Steering Group.
3. Receive and implement the outcomes of the Clergy Ministerial Development Review.

Financial Review

Financial summary

The London Diocesan Fund has continued to invest in sustaining and developing parish ministry and supporting parishes and worshipping communities across the Diocese over 2024. Parishes, Bishop's Mission Orders, grant funders and the stewardship of the LDF's assets have together funded the range of the LDF's activity. The LDF is extremely grateful to all parishes and partners who contributed to the LDF through Common Fund, payments and grants to enable ministry and mission in the Diocese of London.

Across all funds the LDF is reporting an operating deficit of £4.2m before transfers and gains (2023: -£6.6m). Total income decreased by £2.6m and total expenditure reduced by £5.0m, reducing the operating deficit by £2.4m.

During the year the LDF recognised £3.0m of realised gains (2023: £7.7m) on tangible fixed assets, resulting from the reshaping of the property portfolio. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over time. Property values increased in 2024 with £6.5m in unrealised gains and revaluations (2023: loss of £6.8m). Net gains on investments amounted to £2.8m (2023: £2.6m). Therefore, the accounts show an overall increase in the value of all funds of £8.1m for the year to £511.9m (2023: £503.8m).

The following table summarises the overall financial position:

All Funds	**2024 £m**	**2023 £m**
Operating Deficit*	(4.2)	(6.7)
Other recognised gains and losses:		
Net gains/(losses) on investments	2.8	2.6
Realised gains on tangible fixed assets	3.0	7.7
Unrealised gains/(losses) on tangible fixed assets	6.5	(6.8)
Net movement in funds for the year	**8.1**	**(3.2)**

*Net income/(expenditure) line in SOFA, p. 29

General Fund

The LDF has maintained a planned general fund deficit since 2020 to support parishes following the impact of the Covid-19 pandemic and to allow time for recovery and readjustment of resources to local missional need. In 2024 there was a deficit before year-end adjustments of £3.4m (2023: £1.7m deficit).

Income decreased by £1.6m from £42.2m to £40.6m.

Following a reduction in 2023, contributions from parishes through the Common Fund increased by £0.9m (4%) to £23.2m (2023: £22.3m). Some parishes continue to see an improvement in their local circumstances, however £0.26m (2023: £0.75m) was withheld by parishes to register their disquiet regarding General Synod decisions over the blessing for same sex relationships. Common Fund pledges for 2025 indicate further increases in contributions in the year ahead.
The LDF is grateful to the Trust for London who, through the City Church Fund, continue to provide distributions towards ministry and support in the Diocese. This was £1.8m in 2024 (2023: £2.4m). Other sources of income, including rental and investment income, showed a decrease of 10% to reach £15.5m (2023: £17.3m). This was partly due to a one-off receipt of £0.9m in 2023, a reduction in dividend income and lower interest income due to reduced cash balances.

Expenditure decreased by £2.1m from £44.3m to £42.2m.

The primary expenditure streams are Resourcing Ministry & Mission costs of £31.9m (2023: £34.6m) and Support for Parish Ministry £5.1m (2023 £5.4m). Resourcing Ministry & Mission costs include clergy housing and property costs of £7.2m (2023: £11.1m).

Policies

Reserves policy and management

At the end of the year to 31 December 2024 the LDF held net assets of £511.9m (2023: £503.8m), split between the various funds as shown in the table below:

Fund categories	2024 £m	2023 £m
General	5.7	8.1
Designated	158.2	141.7
Restricted	9.3	28.0
Endowment	338.7	326.0
Total Funds	**511.9**	**503.8**

General reserves are held to finance working capital requirements (principally stipends, salaries and property costs) not matched by simultaneous receipt of Common Fund and investment income. The policy was revised in 2020 in response to the greater financial volatility and uncertainty caused by the Covid-19 pandemic. Previously the policy was that General Fund reserves equivalent to approximately one month's expenditure should be held in cash or near cash. The policy from July 2020 is to hold General Fund reserves of c.£5.1m, which was calculated by reference to the expected deficits and the need for greater resilience over the next few years.

General reserves at 31 December 2024 were £5.7m (2023: £8.1m). This level of reserves is considered to be appropriate for the time-being due to the ongoing economic uncertainty, the high levels of inflation, and the expected operating deficits. The level is kept under review.

Designated reserves to the value of £158.2m (2023: £141.7m) include the following key funds:

LDF Property Funds represent both operational and investment property that are not covered by Measures that govern Stipends Capital and Parsonages. Operational Property of £79.0m (2023: £76.2m) represents Diocesan offices and over 133 units of property generally used to house clergy who are not housed in Parsonages.

The investment property fund of £59.2m (2023: £56.5m) is used to generate income for the following purposes:

- To mitigate financial risk, such as significant changes in the environment in which the LDF operates and to protect the LDF from insolvency or serious disruption to its work.
- To aid an equitable balance of expenditure between generations. Many of the assets used by the LDF today were provided by past generations and there is a need to preserve these assets for future generations.
- To supplement the Common Fund in furtherance of the LDF's charitable objectives.

At the year-end the designated funds balance includes funds relating to Closed Churches Property and the Diocesan Pastoral Account – until now recognised in the restricted funds. The balances at the year-end 2024 were transferred and redesignated to help with transparency of information and to improve the compliance with the National Church Accounting Guidelines.

Restricted reserves with a value of £9.3m (2023: £28.1m) are restricted in their application in accordance with conditions specified by the donors, the main reserves being Sole Trust Expendable Fund. The funds include those managed on behalf of the Angola, London and Mozambique Association (ALMA) of £1.0m (2023: £1.1m).

Endowment reserves with a value of £338.6m (2023: £326.0m) mainly comprise of restricted expendable endowment funds. These include glebe assets, consisting of historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF, and Parsonage House capital, representing the net book value of freehold and leasehold benefice houses.

Investment policy

Policy

The investments managed by the LDF are in two clear classes: a) Investment Property and b) Investment Funds (Equities and Bonds). The LDF regularly reviews its investment policy and receives periodic guidance from its Non-Property Investment Guidance Group and from the Property Guidance Group.

The LDF acts within its powers as a charity and is mindful of the approaches taken by the wider Church of England, and in particular the advice of the Ethical Investment Advisory Group (EIAG). The LDF believes that incorporating ethical considerations into our Investment Process is in the best interests of the organisation and consistent with both our Memorandum and Articles of Association and the values of our stakeholders. The LDF aims to be a responsible and ethical investor across all assets.

The following policy relates to investment funds.

Investment Funds (Equities and Bonds)

a) The LDF invests in investment funds rather than directly in a segregated portfolio of shares, in order to achieve an acceptable level of risk and fees whilst achieving diversification with a relatively modest amount of funds invested (c£48.3m as at December 2024).
b) The LDF will choose funds that meet the returns target set and meet our Ethical, Social and Governance (ESG) criteria.
c) The LDF invests in Funds that sign-up to the UN-backed Principles for Responsible Investment (UNPRI) and/or the UK's Stewardship Code, and this informs discussions with fund managers. We therefore expect that fund managers will engage effectively to ensure companies are incentivised to act justly.
However, there are certain areas of activity in which we do not wish to invest. This is generally because to do so would be in conflict with the missional aims and objectives of the Church.

The LDF has an ethical investment policy that applies primarily to its non-property investments. The policy was reviewed and revised in 2022 and in January 2023 the Bishops Council agreed to the exclusion of Fossil Fuel Extraction. This change in policy was implemented in 2023.

The policy states that the LDF will invest only in investment funds that have exclusions as set out in the table below. In instances where fund managers have such exclusions by practice rather than by policy, the LDF will continue to engage regularly with the fund managers and review the portfolio.

LDF Exclusions and Requirements*	*Investment type/requirement*
LDF excludes investment in the following sectors:	Arms
	Pornography
	Tobacco
	Gambling
	Fossil Fuel Extraction
	High Interest Lending
LDF requirement of Fund Managers	Be signatories to UNPRI and/or UK Stewardship Code

*Revenue exclusions prohibit individual underlying holdings which generate revenue in excess of 5% of the stated rate from the specified investment category.

Investment returns

Investment property
The strategic work to reshape the investment property portfolio continues as we look to increase the level of income generated from the asset base. This work commenced in 2013, when net income of £1.3m per year was generated and by 2023 it exceeded £4.2m. There were no purchases, one sale agreed, and three units transferred into the portfolio from operational housing in the year ended 31 December 2024. In total the investment property portfolio generated net income in excess of £4.35m in 2024 (2023: £4.25m).

The portfolio has seen significant capital growth since inception although some property values decreased due to adverse market conditions in 2024, leaving a value of £120.7m, after a transfer in of £1.58m from the operational portfolio (2023: £110.8m).

Equity Investments
Investments in equities, fixed interest securities and other quoted securities amounted to £48.3m (2023: £38.1m). As at 31 December 2023, £6.6m of funds disinvested from M&G were still to be reinvested into Sarasin Managed fund, the transaction being completed in February 2024. Gains of £2.7m were achieved (2023: £3.0m) and investment income of £1.5m (2023: £2.2m) received.

	2024 %	2023 %	2022 %	2021 %	2020 %	2019 %	2018 %
Historical gains/(losses) on LDF investments	8.5	8.8	(9.8)	14.9	1.3	19.9	(11.2)
Historical gains/(losses) on FTSE all-share index	5.9	2.4	(4.1)	14.5	(12.5)	14.0	(12.3)

Valuation of operational property assets

The majority of the operational property assets are held for long-term use by the LDF rather than for re-sale and are valued in the accounts at their deemed cost in accordance with the provisions of FRS 102.

Pension schemes

Church of England Funded Pension Scheme – Clergy:
The Pension Scheme valuation as at December 2021 showed no deficit. The overall contribution rate for scheme members has reduced a number of times from 36% of National Minimum Stipend to , most recently 25% in April 2024. The latest communication from the Pension Board continues with that trend announcing a new contribution rate of 22% from April 2025.

As of 31 December 2024, pensions liability was valued at NIL (2023: £NIL), therefore, it has been agreed there will be no deficit contributions made towards the clergy pension scheme for the foreseeable future.

Lay Church Workers' Pension Fund:
The final salary section was closed to future accrual on 31 December 2021 with all members transferring to the PB14 section, a cash balance scheme, from 1 January 2022. This is the default for new members of staff alongside a defined contribution pension scheme which is managed by Aviva.

Risk management

The Senior Management Group and the Archdeacons regularly consider, evaluate and record the major areas of risk to which the LDF is exposed, assessing both the likelihood and impact of those risks crystallising, together with measures to manage and mitigate such risks.

The process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed annually by the Audit and Risk Committee. The risk register is available for inspection by all directors and trustees. As part of new directors' and trustees' induction, details of the risk management process are provided. A formal report on risk management is considered by the Bishop's Council annually.

The risk management framework is due to be reviewed during 2025.

The risks which are currently assessed as scoring highest, and the plans to address them, include:

- **We recognise that nationally divisive issues**, such as the outworking of the Living in Love and Faith (LLF) process may lead to loss of clergy and/or congregations and finances. While the situation has stabilised over 2024 it remains unresolved. *Mitigation* remains strong episcopal leadership and professional support in handling difficult issues.
- **Current or historic abuse of a child or a vulnerable adult in the Diocese** results in reduced trust and negative impact on the victims. Safeguarding has been a focus at National level over 2024 including the early retirement of the Archbishop of Canterbury. *Mitigation* includes having an independently audited safeguarding programme, which is professionally run. We aim to have safeguarding officers and children's champions in every relevant parish.
- **Mistakes made in Clergy Appointments leading to** the weakening of missional and financial health of parishes. *Mitigation* includes seeking the fullest possible information about candidates for posts and ensuring that knowledge about parish opportunities is shared in a timely fashion. Full support for PCCs is provided by Archdeacons.
- **Common Fund** system loses support from PCCs, or there is an inability to sustain sufficient incremental increases each year, resulting in insufficient income to cover committed LDF budget. *Mitigation* includes annual Common Fund presentations to engage parishes and provide support where necessary. We have set up a Common Fund Review Group in 2024 to ensure consistent attention to the issue, following good practice set out by a National Church review. Existing trends are reviewed regularly alongside consideration of parishes' future capacity to sustain Common Fund increases. Targeted interventions are carried out as necessary with concerned parishes.

Funds held as custodian trustee

The LDF is custodian trustee for trust assets of £19.3m (2023: £18.7m). Most of these trusts are held on behalf of parishes whose charitable purposes are broadly parallel to those of the LDF. Assets held under these trusts are held separately from those of the LDF. Detailed certificates of holdings as at 31 December 2024 have been sent to parishes and other managing trustees.

Other matters

The LDF also supports connected charities, one of which is the London Diocesan Board for Schools, to which we grant the use of facilities at London Diocesan House to the value of £448k (2023: £444k), and to whom a cash grant of £171k was made in 2024 (2023: £171k).

Other support is provided to parishes in the form of grants and loans. In 2024 grants to London parishes totalled £2.1m (2023: £2.5m). This includes funds from National Church Strategic Development Funds (SDF).

Going concern

The trustees have reviewed the charity's financial position, particularly in light of the recent developments around LLF and financial challenges for parishes. While it is expected that the LDF may experience a reduction in the level of income received, particularly in respect of Common Fund received from parishes, detailed reviews of the LDF cash flows and forecasts show that it is expected that the LDF has sufficient cash levels to operate successfully for the foreseeable future. Therefore, taking account of the satisfactory levels of reserves and cash, the annual budget and five-year financial plan, and our systems of financial and risk management, it is the trustees' opinion that the charity is well placed to manage operational and financial risks successfully.

Accordingly, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and do not believe that there are any material uncertainties as to the going concern of the charity. Therefore, the trustees are content that the charity continues to adopt the going concern basis of accounting in preparing the annual accounts.

Governance, structure and management

The Diocese of London

The Diocese of London was founded in Roman times and was re-founded in 604 by St Mellitus. In its current form, it includes most of Greater London north of the River Thames and west of the River Lea, covering 17 London Boroughs and the Spelthorne District in Surrey. It serves over four million people in 277 square miles.

The Diocese is led by the Bishop of London, the Rt Revd and Rt Hon Dame Sarah Mullally. The Bishop of London has delegated certain powers to four Area bishops, the Bishops of Edmonton, Kensington, Stepney and Willesden, and two Suffragan bishops, the Bishops of Fulham and Islington.

There is an archdeacon for each of the episcopal areas. There is also an Archdeacon of London and an Archdeacon of Charing Cross, for the Two Cities area which is led by the Bishop of London.

There are 21 deaneries within the Diocese. Each deanery consists of between 10 and 26 parishes; there are approximately 400 parishes in the Diocese, each of which is governed by a Parochial Church Council (PCC). The PCC is made up of the incumbent as chair, the churchwardens and a number of other ex officio, elected and possibly also, co-opted members. Each PCC is a corporate body and a separate charity. PCCs are responsible for, inter alia, the maintenance of churches and certain other buildings. Except where shown, the transactions of PCCs do not form part of these financial statements.

The statutory governing body of the Diocese is its Synod, which is a largely elected body with representation from all parts of the Diocese. The Diocese conducts its financial and operational affairs through a number of corporate bodies, the main ones being the London Diocesan Fund (LDF) – relating to churches - and the London Diocesan Board for Schools (LDBS), an independent registered charity – relating to schools.

The London Diocesan Fund

The LDF is a company limited by guarantee and registered in England & Wales (150856). It is also a registered charity (241083). Its registered and principal office is at London Diocesan House, 36 Causton Street, London SW1P 4AU. The LDF was incorporated in England & Wales on 29 June 1918.

All members of the Bishop's Council are directors of the company for the purposes of the Companies Act 2006 and are trustees under charity law.

Management and senior staff

The bishops and archdeacons exercise day to day oversight of the Diocese. The General Secretary acts as secretary to the Bishop's Council.

Some Senior Management Group (SMG) members have the title Director in their job titles, but they are not directors of the LDF for the purposes of company law nor are they trustees of the charity. The SMG comprises:

General Secretary:	Mr Oliver Home
Director of Housing and Investment Property:	Mr Jeremy Lock
Director of People:	Mrs Poli Shajko
Director of Finance and Operations:	Mr Christopher Harris
Director of Parish Property and Fundraising:	Mr Kevin Rogers
Director of Strategy and Communications:	Mr Angus Stephenson

Remuneration

The HR Committee (formerly named the Remuneration Committee) meets at least annually to provide assurance to the Diocesan Finance Committee (DFC) that the LDF has appropriate remuneration procedures in place and to oversee issues relating to the remuneration of all LDF clergy and staff. It makes recommendations to the DFC regarding the LDF's remuneration policy and pay increases.

Statutory functions

The LDF has a statutory responsibility for management of glebe assets (historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF), to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts, and also discharges the responsibilities of the Diocesan Parsonages Board.

Charity Governance Code

The LDF has incorporated the 'Charity Governance Code' as a key tool in its governance management framework. At each meeting of the charity's Audit and Risk Committee a section of the Code is reviewed and the LDF's application of it assessed. The aim is to develop and embed the Code's principles and practices in the organisation's operations.

Principal activities

The principal activity of the LDF is to serve and support the parishes and people within the Diocese of London in their mission of proclaiming the Gospel of Jesus Christ.

It does this operationally through the provision of stipend and housing to parish clergy and chaplains and supporting their ministry as well as that of the parishes and other worshipping communities.

Ministry and associated costs, including property, account for the majority of the LDF's expenditure. This is financed principally by the collection of voluntary income from the parishes, termed 'Common Fund', supplemented by rental and investment income.

Grants are awarded to parishes by the Area Councils and to mission initiatives by the Bishop of London's Mission Fund (BLMF), which is a designated fund within the LDF.

The LDF also acts as custodian trustee and as agent to other boards, committees and trusts within the London Diocese.

Fundraising

The LDF fundraising plan incorporates three streams:

- To provide parishes with advice and guidance to encourage them to adhere to best practise in their fundraising activities.
- To drive campaigns around specific and strategic fundraising needs.
- To support and enable strategic relationship management.

The LDF does not engage with any direct marketing activities, nor does it share or purchase any donor data with or from third parties. The LDF occasionally engages with independent professional fundraisers and if so will always ensure there is an appropriate contract in place. The LDF has signed up to the regulation scheme established by the Fundraising Regulator. No complaints regarding fundraising have been received.

Public benefit of activities

The trustees have a statutory duty under the Charities Act 2011 to have regard to the public benefit guidance issued from time to time by the Charity Commission. The trustees have noted the Charity Commission's guidance *Charities and Public Benefit* and have regard to this in making relevant decisions. Guidance was included in the Trustee Induction material distributed to the Diocesan Bishop's Council in February2025. The trustees believe that this report, taken as a whole, provides evidence of the public benefit of the charity's work in 2024.

The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the LDF helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. The principal public benefits of the LDF are the advancement of the Christian religion by supporting ministers of religion and others

who lead, encourage and support members of the various and diverse communities of the world city of London by and in:

- the provision of public worship and ceremonies
- the moral and spiritual improvement of the public
- the provision of comfort to the bereaved and distressed
- contributing towards a better society, by promoting social cohesion and social capital
- contributing to the spiritual and moral education of children
- carrying out, as a practical expression of religious belief, other activities to meet needs
- contributing to good mental and physical health
- the provision and maintenance of sacred spaces, principally churches (many of which are listed buildings) and churchyards, open to the public and
- the provision of public spaces, such as church halls, as an expression of faith.

Parishes are independent registered charities, and therefore legally distinct from the LDF. However, the support provided to parishes by the LDF directly contributes towards their mission and ministry, and therefore how they provide public benefit. Parishes across the Diocese carry out diverse activities, including provision of night shelter work, debt advice, specialised ministries and numerous community projects.

Committees

The Diocesan Synod has appointed the Bishop's Council as the Diocesan Mission and Pastoral Committee. The Council has delegated certain powers to Area Councils and to the Diocesan Finance Committee (DFC). Additional members may be co-opted by these committees and councils or nominated by the Diocesan Bishop.

Diocesan Finance Committee (DFC)

The DFC is a committee of the Bishop's Council. Its membership comprises laity and clergy. The committee meets at least six times each year. The Bishop of London, the archdeacons, and the clerical and lay vice chairs of the Bishop's Council are ex officio members.

The DFC makes recommendations to the Bishop's Council on matters in connection with finance, property and staff business of the LDF.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is a committee of the Bishop's Council. Members are appointed by the Bishop's Council for three years. Its membership is drawn from the Council, the Diocesan Synod, the DFC, and from independent bodies. The ARC meets four times a year.

The ARC ensures that the LDF's financial control and regulatory and statutory reporting are effective, that their accounts are appropriately audited; that risks are appropriately identified, assessed and managed; and that incidences of actual or alleged malpractice and fraud are reported, and necessary action taken on them.

Trustee training

The trustees periodically review their knowledge, skills and experience. Appropriate training sessions are designed to address any gaps in skills and knowledge.

New trustees are provided with documentation outlining their main responsibilities and new trustee induction sessions are conducted each triennium.

Disclosure of information to auditors

Each trustee who held office at the date of approval of this trustees' report confirms that, so far as he or she is aware, there is no relevant audit information of which the LDF's auditors are unaware, and that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the LDF's auditors are aware of that information.

'Relevant audit information' means information needed by the LDF's auditors in connection with the preparation of their report.

In doing so, the trustees have made enquiries of their fellow directors and of the LDF's auditors and have taken such other steps (if any) for that purpose, as are required by their duty as directors of the LDF to exercise reasonable care, skill and diligence.

Statement of trustees' and directors' responsibilities in respect of the Trustees' Report and the Financial Statements

The trustees are responsible for preparing the Directors' and Trustees' Report, incorporating the Strategic Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for that financial year. In preparing these financial statements, the trustees are required to:

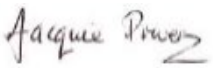
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

In approving this trustees' report, the trustees are also approving the Strategic Report included here, in their capacity as company directors.



Jacquie Driver
Chair of the Diocesan Finance Committee
14 May 2025

Appendices – committee membership and administrative details

Directors, Trustees and Members of the Diocesan Bishop's Council

All members of the Bishop's Council are directors and members of the company for the purposes of the Companies Acts and are trustees under charity law. The following members served during the period from 1 January 2024 until 14 May 2025, the date of approval of this report:

Chair
The Rt Revd and Rt Hon Dame Sarah E Mullally DBE BSc MSc DSc (Hon) Bishop of London

Lay & Clerical Vice Chairs
Mr Ade Adebajo
Diocesan Synod House of Laity
The Revd Christopher Trundle
Diocesan Synod House of Clergy

Ex Officio
The Bishop of Stepney,
the Rt Revd Joanne Woolway Grenfell
The Bishop of Kensington,
the Rt Revd Dr Emma Ineson
The Bishop of Edmonton,
the Rt Revd Dr Anderson Jeremiah (from 25/04/2024)
The Bishop of Willesden,
the Rt Revd Lusa Nsenga-Ngoy
The Bishop of Fulham,
the Rt Revd Jonathan M R Baker
The Bishop of Islington,
the Rt Revd Ric C Thorpe
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Peter Farley-Moore
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford
The Archdeacon of Charing Cross,
the Ven Katherine Hedderly (from 15/04/24)
The Dean of St Paul's Cathedral,
the Very Revd Andrew Tremlett

Elected by the House of Laity, Diocesan Synod
Mr David Banks (from 01/01/2025)
Mr Jonty Bayliss (from 01/01/2025)
Ms Jacquie Driver (from 01/01/2025)
Mrs Sarah Finch
Mr Jonathan Wolstenholme
Mr Toby Partridge (until 31/07/2024)

Nominated by the Bishop of London
Mr Richard N Perry (until 31/12/2024)
Ms Jacquie Driver (until 31/12/2024)
Mr Paul Nicholas
Ms Liz Curran (from 01/01/2025)

The following members were elected by the Diocesan Synod members of the respective areas:

Two Cities
The Revd Thomas Wright (from 01/01/2025)
Mr Brian O'Donoghue
Mr Jeremy Thomas (until 31/12/2024)
Mrs Sarah Tett
Mr Zi Ken Toh
Mr Nathan Van Sittert (from 01/01/2025)

Stepney
The Revd Graham Hunter
The Revd Aidan Bartlett (from 01/01/2025)
Dr Phillip Rice
Mrs Christina T Sosanya (until 31/12/2024)
Mr Duncan McAndrew (from 01/01/2025)
Ms Josile Munro
Mr Peter Sinclair

Kensington
The Revd Samuel Cross (until 31/12/2024)
The Revd Samuel Follett
The Revd Mike Neville (from 01/01/2025)
Mr David Hurst
Mr Stephen Garside
Mr Robin Field-Smith (from 01/01/2025)

Edmonton
The Revd Ian Chandler (from 01/01/2025)
The Revd Thomas Watts
Mr Julian Desborough (from 01/01/2025)
Ms Sue Johnson (from 01/01/2025)
Mr Inigo R M Woolf (until 31/12/2024)
Dr Christopher R M Ward
Miss Amanda McIntyre
Mrs Margarita Barr-Hamilton (until 31/12/2024)

Willesden
The Revd Christopher Phillips (until 31/12/2024)
The Revd Matthew Cashmore (until 8/04/2024)
Mrs Monica Bolley (from 01/01/2025)
Mr John R Dolling (until 18/05/2024)
Mr Mervyn Hogg (from 01/01/2025)
Mr Clive R Scowen

Members are shown in the categories in which they are currently elected. They may previously have served as members in a different capacity.

Members of the Diocesan Finance Committee as at 14 May 2025

(also Members of the Bishop's Council)
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Peter Farley-Moore
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford
The Archdeacon of Charing Cross,
the Ven Katherine Hedderly (from 15/04/24)
The Revd Christopher Trundle
The Revd Matthew Cashmore (until 08/04/24)
The Revd Graham Hunter (from 14/05/2024)
Mr Ade Adebajo
Ms Jacquie Driver (Chair)
Mr Paul Nicholas
Mr Inigo R M Woolf (until 19/03/2025)
Mr David Hurst
Ms Josile Munro
Mr Clive Scowen
Mr Stephen Garside
Mr Jonty Bayliss (from 20/03/2025)

(not Members of the Bishop's Council)
Mr Andrew Garwood-Watkins (until 19/03/2025)
Mr Anthony Dixon
Mr Julian Desborough
Mr Michael Bithell
Mr Noel Manns
Mr Rich Spens
Mr Richard Myers
Ms Juliet Maggs (until 19/03/2025)
Ms Jane Templeman (from 20/03/2025)
Ms Cathy Butcher (from 20/03/2025)

Members of the Audit and Risk Committee as at 14 May 2025

(also Members of the Bishop's Council)
Mr Richard N Perry (Chair) (until 02/12/2024)
Ms Liz Curran (Chair) (from 01/01/2025)
Dr Phillip Rice
Stephen Garside

(not Members of the Bishop's Council)
Mr Don Bawtree (until 02/12/2024)
Mrs Elizabeth Marshall (until 02/12/2024)
Mr Mohan Yogendran
The Revd Owen Higgs
Mr Christopher Longden
Mr Gerard Hargreaves (from 25/01/2024)

The Bishop of London's Fund

Patron: The Most Revd and Rt Hon the Lord Archbishop of Canterbury, Justin Welby *(until 6 January 2025)*
President: The Rt Revd and Rt Hon the Lord Bishop of London Dame Sarah E Mullally DBE BSc MSc DSc
Treasurer: Mr Inigo R M Woolf
The president and treasurer are ex officio trustees.

Other trustees of the Bishop of London's Fund
The Ven Luke J Miller
Mr David Roberts
Secretary: Mr Oliver Home

The Bishop of London's Fund (BLF) was established in 1863 and was incorporated by the Board of the Charity Commissioners for England and Wales under the Charitable Trustees Incorporation Act 1872 (since replaced by other legislation) on 7 July 1882.

The BLF is a registered charity (249021). The Finance Committee of the LDF constitutes its Executive Committee. Certain title and trust deeds are in the name of the BLF.

For day to day purposes and in accordance with a special resolution of 29 October 1918, its activities are subsumed into the LDF, with which it shares common objectives. The majority of the BLF's assets were transferred to the LDF in the last century.

The London Diocesan Board of Finance

President and Chair: The Rt Revd and Rt Hon the Lord Bishop of London
The Rt Revd and Rt Hon Dame Sarah E Mullally DBE BSc MSc DSc

Trustees: The Trustees of the LDF
Secretary: Mr Oliver Home

The London Diocesan Board of Finance (LDBF) was registered in England as a company limited by guarantee on 30 April 1914. The Diocesan Boards of Finance Measure 1925 provides that every Diocese in the Church of England should have a DBF. It stipulates however that those Dioceses with existing trust bodies (provided they are incorporated under the Companies Acts) are allowed to use these bodies to carry out the functions of the DBF.

Clause 3(c) of the Memorandum of Association of the LDF (company number 150856) formed in 1918 specifically empowers the LDF to carry out (inter alia) all of the functions of the LDBF. The Articles of Association of the LDBF were amended on 7 June 1926 to amalgamate the functions of the DBF into the LDF, except anything which was unable to be amalgamated because of statutory provisions.

The LDBF is a registered charity (249022) and a company limited by guarantee (135519).

Professional Advisers

Auditors
Moore Kingston Smith LLP
6th Floor,
9 Appold Street,
London EC2A 2AP

Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

Insurers
Ecclesiastical Insurance Group PLC
Beaufort House
Brunswick Road
Gloucester GL1 1JZ

Solicitors
Birketts LLP
106 Leadenhall Street
London EC3A 4AA

Communications Consultants
Luther Pendragon Limited
3 Priory Court
Pilgrim Street
London EC4V 6DR

Independent Auditors' Report to the Members of the London Diocesan Fund

Opinion

We have audited the financial statements of The London Diocesan Fund ('the company') for the year ended 31 December 2024 which comprise of the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and 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 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 charitable company's affairs as at 31 December 2024 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 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 there is 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 strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

- 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 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, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

James Cross (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

9 Appold Street
London
EC2A 2AP

Date: 17 June 2025

Statement of Financial Activities – for the year to 31 December 2024

		Unrestricted Funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2024	2023
		£000	£000	£000	£000	£000	£000
Income and endowments from	Notes						
Donations, legacies & grants							
Common Fund		23,200	-	-	-	**23,200**	**22,264**
Parish reimbursements for clergy costs		4,232	-	-	-	**4,232**	**4,193**
Donations and legacies		667	31	1,641	-	**2,339**	**2,881**
Church Commissioners'		4	16	3,692	-	**3,712**	**4,427**
City Church Fund		1,875	-	-	-	**1,875**	**2,617**
Charitable activities							
Operational property rental income		3,208	-	238	-	**3,446**	**3,540**
Parochial fees		346	-	-	-	**346**	**359**
Investment Income							
Dividends and interest receivable	11a	1,336	34	226	-	**1,596**	**2,177**
Investment property rentals	11b	5,047	-	604	-	**5,651**	**5,507**
Other income		707	101	104	-	**912**	**1,978**
Total income		**40,622**	**182**	**6,505**	**-**	**47,309**	**49,942**
Expenditure on							
Raising funds							
Investment management costs							
Rental portfolio costs-agent fees	5a	143	-	8	49	**200**	**145**
Investment property repairs and maintenance	5a	864	106	101	216	**1,287**	**1,259**
Charitable activities							
Contributions to Archbishop's Council	5b	1,800	-	-	-	**1,800**	**1,549**
Resourcing Ministry and Mission	5c	31,855	1,508	968	4	**34,335**	**35,976**
Cost of Operational Property Rentals	5d	1,880	-	1	-	**1,881**	**2,060**
Support for Parish ministry	5e	5,066	938	5,366	-	**11,370**	**15,362**
Expenditure on Education	5f	619	-	-	-	**619**	**186**
Other expenditure		-	-	-	-	**-**	**-**
Total expenditure	5	**42,227**	**2,552**	**6,444**	**269**	**51,492**	**56,537**
Net income/(expenditure) before investment gains		(1,605)	(2,370)	61	(269)	**(4,183)**	**(6,595)**
Realised gains on tangible fixed assets		-	302	2,074	619	**2,995**	**7,696**
Net gains/(losses) on investments	8	-	12	372	2,399	**2,783**	**2,570**
Net incoming resources for the year		**(1,605)**	**(2,056)**	**2,507**	**2,749**	**1,595**	**3,671**
Transfers between funds	13d	(693)	15,811	(18,229)	3,111	-	**-**
Other recognised (losses)/gains							
Pension deficit movement		-	-	-	-	**-**	**-**
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	2,737	(3,052)	6,805	**6,490**	**(6,799)**
Net movement in funds for the year		**(2,298)**	**16,492**	**(18,774)**	**12,665**	**8,085**	**(3,128)**
Reconciliation of funds:							
Funds at 1 January 2024		8,034	141,698	28,108	325,950	**503,790**	**506,919**
Funds at 31 December 2024		**5,736**	**158,190**	**9,334**	**338,615**	**511,875**	**503,791**

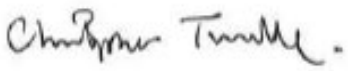
Balance Sheet – as at 31 December 2024 **Company number: 150856**

	Notes	Unrestricted Funds General £000	Unrestricted Funds Designated £000	Restricted Funds £000	Endowment Funds £000	Total 2024 £000	Total 2023 £000
Fixed Assets							
Operational property	7a	-	94,488	-	258,359	**352,847**	**345,246**
Investment property	7b	-	84,527	-	36,070	**120,597**	**110,728**
Non-property investments	8	-	1,670	6,678	39,991	**48,339**	**38,132**
Fixtures and fittings		128	-	-	-	**128**	**172**
		128	**180,685**	**6,678**	**334,420**	**521,911**	**494,278**
Current Assets							
Debtors	10a	4,414	2,780	851	389	**8,434**	**8,971**
Cash at bank		9,833	(12,510)	2,325	4,669	**4,317**	**17,427**
		14,247	(9,730)	3,176	5,058	**12,751**	**26,398**
Creditors							
Amounts falling due within one year	12	(8,639)	(1,313)	(520)	(863)	**(11,335)**	**(8,115)**
Net Current Assets		5,608	(11,043)	2,656	4,195	**1,416**	**18,283**
Total assets less current liabilities		**5,736**	**169,642**	**9,334**	**338,615**	**523,327**	**512,561**
Creditors – amounts falling due after one year							
Pension scheme liabilities	15	-	-	-	-	**-**	**-**
Other creditors	12	-	(11,452)	-	-	**(11,452)**	**(8,770)**
Net Assets		5,736	158,190	9,334	338,615	**511,875**	**503,791**
Funds							
General		5,736	-	-	-	**5,736**	**8,034**
Designated	13a	-	158,190	-	-	**158,190**	**141,698**
Restricted	13b	-	-	9,334	-	**9,334**	**28,108**
Endowment	13c	-	-	-	338,615	**338,615**	**325,951**
Total Funds		**5,736**	**158,190**	**9,334**	**338,615**	**511,875**	**503,791**

The financial statements on pages 29 to 58 were approved, and authorised for issue, by the Diocesan Bishop's Council on 14 May 2025.



Jacquie Driver
Chair of the Diocesan Finance Committee



The Revd Christopher Trundle
Clerical Vice-Chair of Bishop's Council

Summary income and expenditure account – for the year to 31 December 2024

	2024 £000	2023 £000
Income	**47,309**	**49,941**
Expenditure	**(51,223)**	**(56,435)**
Net (expenditure) before investment gains	**(3,914)**	**(6,494)**
Net gains on investments	**384**	**199**
Realised gains on property assets	**2,376**	**7,125**
Net income /(expenditure) for the year	**(1,154)**	**830**
Other comprehensive income:		
Unrealised gains/(losses) on property assets	**(315)**	**(6,418)**
Net movement on defined benefit pension schemes	**-**	**-**
Total comprehensive income/(expenditure)	**(1,469)**	**(5,588)**

All incoming and expended resources relate to continuing operations.

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 29 with movements in endowment funds excluded to comply with company law.

Cash flow statement – for the year 31 December 2024

	Notes	2024 £'000	2023 £'000
Net cash (outflow) from operating activities	14a	**(12,611)**	**(14,352)**
Net cash (outflows)/inflows from investing activities	14b	**(5,499)**	**19,452**
Net cash (outflows)/inflows from financing activities	14c	**5,000**	**-**
(Reduction)/increase in cash in the year		**(13,110)**	**5,100**
Cash and cash equivalents			
As at 1 January		**17,426**	**12,327**
As at 31 December		**4,317**	**17,426**

The notes on pages 32 to 58 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies
The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2015) (Second Edition, effective 1 January 2019) and with regard to the Diocesan Annual Report and Financial Statements Guide (v5. 2015).

The accounts comply with the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

1.1 Basis of preparation
The LDF prepares its annual financial statements on the historical cost basis of accounting as adjusted for the revaluation of investments and investment properties. The financial statements are prepared on a going concern basis (see page 16).

1.2 Key judgements
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- non-depreciation of fixed assets as per accounting policy (see note 1.7)
- pension scheme liabilities (see note 15)

1.3 Funds
The LDF has various types of fund for which it is responsible and which require separate disclosure. Note 13 shows the balances and movements on each fund together with details of their uses. The directors' and trustees' report gives an overview of the LDF's Reserves Policy.

Unrestricted Funds
Unrestricted funds arise from all the accumulated surpluses and deficits in the provision of general charitable activities:

- General Funds
- Designated Funds (note 13a)

The latter are funds earmarked by the LDF trustees for a specific purpose. The trustees have discretion over the purpose and use of the funds. They can be re-allocated or otherwise undesignated without reference to outside agencies.

Restricted Funds (note 13b)
These are funds subject to specific conditions imposed by the donor or by the specific terms of a trust deed or other legal measure. Income and expenditure on restricted funds are taken directly to those in the Statement of Financial Activities except to the extent that income is freely available for the general purpose of the LDF.

Endowment Funds (note 13c)
Permanent endowment capital must be held permanently, whereas expendable endowment capital can be used in certain circumstances. Income arising is included in general or restricted funds depending on the terms of the trust instrument.

1.4 Taxation status
The LDF is a registered charity and as such is able to take advantage of exemptions granted under the relevant tax legislation including the Corporation Taxes Act 2010. It is not liable to corporation tax on charitable income or income from charitable activities.

1.5 Pensions

The LDF participates in two defined benefit pension schemes: the Church of England Defined Benefit Scheme (DBS), for some of its lay employees but now closed to new joiners and future accrual, and the Church of England Pensions Scheme, for clergy. The schemes are considered to be multi-employer schemes as described in Section 28 of FRS 102. This means that it is not possible to attribute the schemes' assets and liabilities to specific employers and that contributions are accounted for as if the schemes were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability.

1.6 Statement of Financial Activities

All material income and expenditure is accounted for on an accruals basis.

Income	**Explanation**
Donations, legacies and grants	
Common Fund	Contributions paid by the churches in the Diocese of London to the LDF
Parish reimbursements for clergy costs	Amounts received in respect of clergy involved in largely local initiatives, financed directly by parishes or other institutions
Donations	Gifts from external organisations and individuals
Church Commissioners	Grant income from the Church Commissioners
City Church Fund	Grant income from the City Church Fund
Charitable Activities	
Operational property rental income	Operational property is usually held to house clergy. Where property is not used for this purpose in the short-term, it is let out at market rates to generate additional income. Designated and glebe operational rental income is receivable within general funds.
Parochial fees	Parochial fees are statutory charges for weddings and funerals, of which part is due to the local PCC, and part is due to the LDF. The LDF element is used to help fund the overall stipends bill.
Investment Income	
Dividends and interest receivable	Income arising is credited to the relevant funds on a receipts basis for dividends, and on an accruals basis for interest income.
Investment property rental income	Investment property is let out at the market rate. Designated and glebe investment rental income is receivable within general funds.
Raising funds – investment management costs	
Rental portfolio costs: agent fees	Agent fees paid in relation to the management of the property portfolio.
Investment property repairs and maintenance	Repairs and maintenance relating to the investment property portfolio.

Charitable activities	
National Church	The LDF's contribution to the National Church's costs.
Resourcing ministry and mission	This cost of clergy stipends, national insurance, and pension contributions for both parish and other clergy, their housing costs, clergy grants and other non-stipendiary expenditure
Cost of functional property rentals	Repairs and maintenance relating to the functional let property portfolio.
Support for Parish Ministry	This represents costs of supporting the parishes in delivery of their mission through area and deanery activities, supporting activities in children's ministry, community ministry and social justice, selection and education of future clergy, support in maintaining the fabric of church buildings and safeguarding.
Expenditure on education	Annual cash grant to the London Diocesan Board for Schools and support cost allocation for the use of Causton Street Offices.

1.7 Tangible Fixed Assets

Property

Operational property is generally held at deemed historic cost and investment property at market value. Assets in the course of construction are held at cost.

(a) Benefice Houses

The LDF has adhered to the requirements of FRS 102 in its accounting treatment of benefice houses in following the substance of arrangements rather than their strict legal form. Although the LDF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over future use, the legal title and right to beneficial occupation is vested in the incumbent. The trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and, in line with the transitional arrangements under FRS 102, value such properties at deemed historic cost being the net book value as at 1 January 2015.

Depreciation

In accordance with the implementation of FRS 102, annual depreciation is not charged on benefice and operational, freehold properties. Until 2015, fixed assets were depreciated over their useful economic life as follows:

Benefice Houses	150 years
Other freehold properties	50 years
Leasehold properties	Lease term

(b) Burial Grounds

Burial grounds owned by the LDF are held at £nil value as the trustees believe that the cost of a practical valuation is onerous compared to any additional benefits to be gained. The LDF is unable to sell or change the use of any of these assets without reference to external organisations such as the Church Commissioners. These restrictions, together with the inherent difficulties of applying conventional property valuation methods, are all significant factors in the adoption of the valuation approach for this class of assets.

(c) Closed Church Buildings

Church buildings closed for regular public worship (referred to as 'Closed Church Buildings', and formerly known as 'Redundant Churches') are valued at suitable multiples of annual rental income where this is significant. Where this approach is not applicable, the asset is held at £nil value.

(d) Properties purchased using Church Commissioners' value linked loans

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value.

(e) Assets in the course of construction and major capital projects
All costs incurred for assets in the course of construction are capitalised. Major capital project costs in total over £75,000 per property are capitalised. Property costs over £10,000 are capitalised where there has been significant enhancement to the underlying assets.

(f) Fixtures, fittings and equipment
Fixtures, fittings and equipment additions under £10,000 are written off fully in the year of purchase. Items over £10,000 are capitalised.

(g) Lease extensions
Leaseholds extensions on LDF freehold properties for more than 25 years are treated as capital sale income in the year. Leasehold extensions for less than 25 years are treated as other income in the SOFA.

Depreciation
Depreciation is charged on fixtures, fittings and equipment over four years, being their expected useful life.

1.8 Financial instruments
Financial assets measured at fair value comprise listed investments. Financial assets measured at amortised cost comprise contributions to the Common Fund, rent receivable, loans to parishes, loans to individuals and other debtors. Financial liabilities measured at amortised cost comprise parish loans payable, grants payable and other creditors. Financial liabilities measured at fair value comprise Church Commissioners' value linked loans.

1.9 Investments
Investment Property
The trustees' policy is that freehold and long leasehold properties held for investment purposes have been included at the trustees' best estimate of market value. In 2022 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Future external valuations will take place as required, in accordance with relevant accounting standards. Interim valuations for the top 30 value properties are undertaken in intervening years by external valuers, the rest of the portfolio is to be valued by a suitably qualified officer of the LDF.

Investment property is not depreciated. Realised gains and losses on investment property are taken to the Statement of Financial Activities under the heading of realised gains/(losses) on tangible fixed assets.

Other Investments
Non-property investments are stated at fair value calculated by reference to the bid market value at 31 December. Realised gains or losses on disposal are calculated as the difference between disposal proceeds and carrying value.

1.10 Custodian Trusts
Trusts where the LDF acts as custodian trustee with no control over the management or use of the funds are not included in the Balance sheet or Statement of Financial Activities of the LDF. A separate Balance sheet and Statement of Financial Activities is set out on page 61 with supporting notes on pages 62 to 64. The custodian trustee funds have been subject to a non-statutory audit and the audit report thereon covering pages 61 to 64 is to be found on page 65.

2. Post balance sheet events
There have been no material events to report since 31 December 2024 which affect the values stated in these accounts.

3. Net incoming resources for the financial year

The net incoming resources for the financial year is stated after charging	2024	2023
	£'000	£'000
Depreciation – fixtures, fittings and equipment	63	64
	63	64
Auditors' Remuneration (including VAT)		
Statutory audit	40	38
Non-Audit Services:		
Non-statutory advice (RCF & tax)	8	1
Non-statutory review of Custodian Trusts	3	3
	51	42

4. Clergy and Staff Costs

Clergy costs

Clergy holding parochial or archidiaconal posts (including Common Fund clergy, off-Common Fund clergy and chaplains.)	2024	2023
	£'000	£'000
Gross stipends	16,689	15,988
Employer's National Insurance contributions	1,494	1,370
Employer's pension contributions	3,716	3,866
	21,899	21,224
Average number of total stipendiary clergy posts	531	516
Number of total stipendiary clergy posts at 31 December	532	516

Church measures state that income from Glebe assets, both property and investments, should be applied to the cost of stipends. The value of this income in 2024 was £2,589k (2023: £2,313k).

Costs of lay staff	2024	2023
	£'000	£'000
Wages and Salaries	5,645	5,039
Employer's National Insurance	590	522
Employer's Pension contributions	813	713
	7,048	6,274

4. Clergy and Staff Costs (continued)
The Full Time Equivalent average number of lay people employed on diocesan business, and funded out of unrestricted general funds, was 87 (2023: 85). A further 36 Full Time Equivalent lay employees (2023: 27) were funded from restricted or designated funds. Therefore, the Full Time Equivalent average number of people employed was 123 (2023: 112).

The number of employees whose emoluments for the year exceeded £60,000 are as follows

	2024	2023
	No	No
£120,001 - £130,000	**1**	**-**
£110,001 - £120,000	**1**	**-**
£100,001 - £110,000	**1**	**-**
£90,001 - £100,000	**1**	**2**
£80,001 - £90,000	**3**	**-**
£70,001 - £80,000	**5**	**4**
£60,001 - £70,000	**3**	**2**

Emoluments, above, is defined as gross salary.

Aggregate employer normal pension contributions for all the higher-paid employees were £198,517 (2023: £98,711) payable to various pension schemes, of which £198,517 (2023 £98,711) was payable to defined contribution pension schemes.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees for planning, directing and controlling the activities of the diocese. For these purposes, key management are deemed to be the senior management group (see page 18) and the trustees.

Remuneration for the Senior Management Group amounted to salary of £640,252 (2023: £594,120), Employer's NI £77,096 (2023: £66,857), and Employer's pension contributions of £101,007 (2023: £91,832). Expenses reimbursed amounted to £6,564 (2023: £9,594)

5. Governance costs and the allocation of Support Costs between Charitable Activities

Resources Expended		Before allocation of support costs	Support costs	Total	Total
				2024	2023
		£'000	£'000	£'000	£'000
Raising funds					
Investment management costs					
Rental portfolio costs - agent fees		200	-	**200**	**145**
Investment Property repairs & maintenance		1,218	69	**1,287**	**1,259**
	5a	1,417	69	**1,487**	**1,404**
Charitable activities					
National Church					
Training for Ministry		1,396	-	**1,396**	**1,382**
National Church Responsibilities		977	-	**977**	**951**
Mission agency pension costs		-	-	**-**	**44**
Retired clergy housing		581	-	**581**	**548**
Pooling of ordinands maintenance grants		(1,154)	-	**(1,154)**	**(1,376)**
	5b	1,800	-	**1,800**	**1,549**
Resourcing Ministry and Mission					
Parish Ministry Stipends, NI and associated costs		17,458	1,461	**18,919**	**17,937**
Parish Ministry pension contributions		3,540	295	**3,835**	**3,986**
Other Clergy Stipends, NI and associated costs		844	61	**905**	**847**
Other Clergy pension Contributions		195	14	**209**	**199**
Clergy Housing costs		8,070	576	**8,646**	**11,303**
Removal, resettlement and grants		698	61	**759**	**546**
Other non- stipendiary costs		986	76	**1,062**	**1,065**
	5c	31,791	2,544	**34,335**	**35,882**
Cost of Functional Property Rentals	*5d*	1,731	150	**1,881**	**2,060**
Support for Parish Ministry					
Parish and area support services incl. Vision 2030		3,166	147	**3,313**	**3,790**
Resourcing ministerial education		1,749	132	**1,881**	**3,578**
Grants to Parishes & Overseas		2,083	8	**2,091**	**3,510**
Care of churches		3,227	54	**3,281**	**3,837**
Safeguarding		740	64	**804**	**741**
	5e	10,965	405	**11,370**	**15,456**
Expenditure on Education					
Support for Schools and parishes	5f	171	448	**619**	**186**
Total Charitable Activities		**46,459**	**3,547**	**50,005**	**55,132**
Total Resources Expended		**47,876**	**3,616**	**51,492**	**56,536**

In 2024, there is a change in allocation method for the Expenditure on Education, which is now based on an estimated cost of their use of the offices at Diocesan House, Causton Street (please see Note 10b. Related parties p. 45). For all the other expenditure lines the support costs are being allocated based on resources expended on directly on the activities, as in prior years. In accordance with SORP 2015, governance costs of £354,000 (2023: £371,000) have been allocated on the same basis.

5. Governance costs and the allocation of Support Costs between Charitable Activities - continued

The reasons for the biggest variances between the cost reported in 2023 and 2024 are:

- Clergy Housing costs – the decrease in maintenance expenses was due to more ingoing and quinquennial works being capitalised in 2024.
- Resourcing ministerial education – a significant drop in ministerial education expenditure was due to a change in funding from the National Church – from September 2023, the Archbishops Council pays fees from Theological colleges directly. The costs also reduced due to a lower number of ordinands in training in 2024.
- Grants to Parishes & Overseas – the lower amount in 2024 was due to a lower value of grants through ALMA to the new dioceses in Angola and Mozambique.
- Support for Schools and parishes – The higher cost was due to a change in method used in support cost allocation.

6. Grants to Parishes and Overseas

Funding source:	General funds	Designated funds	Restricted funds	Endowment funds	Total 2024	Total 2023
Grants to Parishes from:	£'000	£'000	£'000	£'000	£'000	£'000
Archbishops' Council	-	-	1,244	-	**1,244**	**981**
Core funds	8	-	66	-	**75**	**633**
Area pastoral funds	75	258	24	-	**357**	**383**
Bishop of London's Mission Fund	-	-	-	-	**-**	**19**
Funds held for parish benefit	4	7	190	-	**201**	**488**
	87	**265**	**1,524**	**-**	**1,877**	**2,503**
Overseas:						
Angola and Mozambique (ALMA) and Lent projects	3	-	203	-	**206**	**1,001**
Grant administration allocation	8	-	-	-	**8**	**6**
	98	**265**	**1,727**	**-**	**2,091**	**3,510**

Grants from core funds represent funds awarded from primarily general fund sources such as Archdeacons Discretionary funds and other monies held to support parishes. The above monies funded grant awards to 183 institutions (2023: 184). The higher core grants amount in 2023 was due to a one-off compensation grant of £470k received following the closure of the fraud case, paid in full to the Trust for London for the future benefit of the City of London parishes.

7a. Tangible Fixed Assets – Operational Property

Properties are valued in accordance with the accounting policies set out in note 1.

In accordance with transitional arrangements upon the implementation of FRS 102, first adopted in 2015, the LDF took advantage of the concession whereby benefice and operational houses, previously valued under UK GAAP at depreciated insurance value, are carried forward at deemed historical cost being the book value of these assets at 1 January 2015, with the exception of properties purchased using value linked loans (see page 46).

7a. Tangible Fixed Assets – Operational Property (continued)

	Designated Funds				Restricted Funds	Endowment Funds				
	Freehold Property £'000	Long Leasehold Property £'000	Closed Churches £'000	Sub-total £'000	Closed Churches £'000	Leasehold Benefice Houses £'000	Freehold Benefice Houses £'000	Glebe Property £'000	Sub-total £'000	Grand Total £'000
At cost or valuation										
At 1 January 2024	93,803	5,157	-	98,960	2,351	2,890	239,653	29,829	272,372	373,684
Additions	3,789	-	-	3,789	-	161	7,130	84	7,375	11,165
Transfers	(3,618)	1,688	2,343	413	(2,343)	1,788	(2,188)	658	258	(1,673)
Disposals	-	-	-	-	(8)	-	(914)	(1,171)	(2,086)	(2,094)
Revaluation	30	-	-	30	-	-	-	-	-	30
At 31st December 2024	94,004	6,845	2,343	103,192	-	4,839	243,681	29,400	277,920	381,112
Depreciation										
At 1 January 2024	8,425	349	-	8,774	-	426	16,801	2,474	19,701	28,476
Charge for the year	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Transfers	(99)	29	-	(70)	-	-	-	(19)	(19)	(89)
Disposals	-	-	-	-	-	-	(69)	(53)	(122)	(122)
Revaluation	-	-	-	-	-	-	-	-	-	-
At 31st December 2024	8,326	378	-	8,704	-	426	16,732	2,403	19,561	28,265
Net Book Value										
At 31st December 2024	**85,678**	**6,467**	**2,343**	**94,488**	**-**	**4,413**	**226,949**	**26,997**	**258,359**	**352,847**
Net Book Value										
At 31 December 2023	**85,378**	**4,808**	**-**	**90,186**	**2,351**	**2,464**	**222,852**	**27,355**	**252,671**	**345,208**

7a. Tangible Fixed Assets – Operational Property (continued)

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value. As at 31 December 2024, the value of these properties was £8,800,000 (2023: £8,770,000). The valuation as at 31 December 2024 was undertaken by a suitably qualified officer of the LDF, based on knowledge of the properties (such as refurbishment levels and general condition) with reference to available market data for similar properties in similar locations. Future external valuations will take place as required. The carrying amount on a cost basis of the revalued properties is £3,627,000.

Capital Commitments
As at 31 December 2024, the LDF had £605k of capital commitments (2023: £530k) in relation to capital work on major developments planned for 2025 and onwards.

7b. Fixed Assets – Investment Property

	Designated Funds				Restricted Funds	Expendable Endowment Funds	
	Freehold Property £'000	Long Leasehold Property £'000	Closed Churches £'000	Sub-Total £'000	Closed Churches £'000	Glebe Property £'000	Grand Total £'000
At cost or valuation							
At 1 January 2024	67,093	5,600	-	72,693	8,356	29,679	**110,728**
Additions	33	-	-	33	-	67	**100**
Transfers	1,108	-	7,956	9,064	(7,956)	476	**1,584**
Disposals	-	-	-	-	-	(956)	**(956)**
Revaluation	2,687	50	-	2,737	(400)	6,804	**9,241**
At 31st December 2024	**70,921**	**5,650**	**7,956**	**84,527**	-	**36,070**	**120,597**
Fair Value							
At 31 December 2023	**67,093**	**5,600**	**-**	**72,693**	**8,356**	**29,679**	**110,728**

The trustees' policy is that freehold properties held for investment purposes are included at the trustees' best estimate of market value. In 2022 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. The next triennial review will take place in 2025, in accordance with relevant accounting standards. In 2024 the top 30 properties by NBV were valued externally by Cluttons LLP, Savills Plc and Strutt & Parker, while the rest are reviewed by a suitably qualified officer of the LDF.

8. Non-Property Investments

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2024	Total 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Market value at 1 January 2024	-	**245**	**3,735**	**34,151**	**38,131**	**46,198**
Additions (at cost)	-	95	3,935	3,468	**7,498**	**10,029**
Transfers	-	1,318	(1,318)	-	-	-
Disposals	-	-	(17)	(26)	**(43)**	**(21,664)**
Net gains/(losses) on revaluation	-	12	343	2,398	**2,753**	**3,567**
Market value at 31 December 2024	-	**1,670**	**6,678**	**39,991**	**48,339**	**38,130**

Non-property investments are represented by:

	2024	2023
	£'000	£'000
CBF Global Equity Income Fund	**20,221**	**19,030**
CBF Investment Fund	**9,009**	**8,796**
Newton BNY Mellon Fund	**11,140**	**10,305**
Sarasin	**7,969**	
	48,339	**38,131**

CBF investments are valued by the CCLA.

The historic cost of the investments held at 31 December 2024 was £32,676,000 (2023: £25,211,000).

Following a change in the Ethical Investment Policy, the LDF proceeded with disinvestment from M&G Charifund. Some of the funds were already reinvested into Newton Fund during 2023, the remaining £6.6m was held as cash at bank as at 31 December 2023, but reinvested in Sarasin Fund in February 2024. The rest of the additions of £0.9m relates to the London Clergy Holiday Fund, which now forms the Sole Trusts Expendable Funds.

9. Investments in subsidiary undertakings

The LDF owns 100% of the issued share capital of a subsidiary undertaking, Causton Street Farms Limited (registered company number 2768104). The company has been dormant since 1 January 2005. The subsidiary is excluded from consolidation because it is not material to the financial statements of the LDF.

10a. Debtors

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2024	Total 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Contributions to the Common Fund						
Rent receivable	1,586	287	-	225	**2,098**	**1,833**
Prepayments and accrued income	1,076	208	764	164	**2,212**	**3,176**
	2,662	495	763	389	**4,310**	**5,009**
Loans to Parishes						
Diocesan Bishop's Council awarded	934	-	-	-	**934**	**1,092**
Area Council awarded	-	961	-	-	**961**	**888**
	934	961	-	-	**1,895**	**1,980**
Loans to individuals	95	158	-	-	**253**	**285**
Other debtors	723	1,166	87	-	**1,976**	**1,697**
	4,414	2,780	851	389	**8,434**	**8,971**

Movements in Loans to Parishes	2024	2023
	£'000	£'000
As at 1 January 2024	**1,980**	**1,403**
Additions (new loans and interest)	**361**	**740**
Repayments	**(446)**	**(163)**
As at 31 December 2024	**1,895**	**1,980**

During the year, interest on Diocesan Bishop's Council (Finance Committee) loans to parishes was charged, depending upon the rules in force when the loan was awarded, at rates of 1% above the Central Board of Finance (CBF) rate, or 2% above the Bank of England base rate depending on the balance of an individual loan. No interest was charged on other loans.

Certain loans to parishes and individuals fall due after more than one year, and the total of these at 31 December 2024 was £1,520,000 (2023: £1,502,000).

10b. Related Parties

London Diocesan Board for Schools (LDBS)
The LDBS is a charitable company (charity registration no. 313000, company registration no. 00198131). The LDF and the LDBS are separate charities but the members of various Diocesan bodies appoint or elect the majority of the trustees/directors of the two organisations

The LDF makes an annual grant to the work of the LDBS accounting to £171,000 (2023: £171,000) and a contribution towards the cost of staff time of £NIL (£2022: £NIL). At 31 December 2024 other creditors included £202,227 for payroll items relating to the LDBS (2023: £1,811).

10b. Related Parties (continued)
In addition to the grant described above, the LDF makes the following donations in kind to the LDBS. These relate to office space and provision of house services including reception, cleaning, utilities, IT and payroll support. The estimated value of such services is:

	2024 £'000	2023 £'000
Accommodation - rent	**103**	**131**
House services and meeting rooms	**345**	**313**
	448	**444**

The Gregory Centre for Church Multiplication (CCX)
The CCX is a charitable company (charity registration no. 1201506, company registration no. 14429617). The CCX working on the Church growth and multiplication in London and beyond was part of the LDF undertakings until 31 March 2023, when they started operating as a new, independent charity. The move out of the LDF much better reflects the geographical reach of their activities. The LDF continues the pursuit of some of its Church growth ambitions through the programmes run by CCX. A number of members are trustees/directors of both charities:

- The Bishop of Islington, the Rt Revd Ric C Thorpe, trustee of the LDF became a trustee of CCX on 1 April 2023.
- Ms Jacquie Driver, trustee of the LDF became a trustee of CCX on 1 April 2023.

In 2024 the LDF paid £503,088 (2023: £331,828) in grants to CCX towards the operational cost of LDF Vision2030 programmes. There was no material balance outstanding at year end.

Trustees' expenses and remuneration
In 2024 the LDF reimbursed a total of £19,095 to 12 members of the Bishop's Council (2023: £22,233 to 6members). The vast majority of these expenses related to working expenses, for example as Archdeacons, Area Dean or other ecclesiastical roles, rather than as expenses reimbursed in their role as trustees. In 2024, a further £2,170 (2023: £41,491) was paid to 3 (2023: 11) trustees, representing removal grants for clergy and other clergy grants. These amounts are in line with the LDF's usual practice regarding clergy expenses and are not related to their roles as trustees.
The LDF is responsible for a substantial part of the stipend of the clerical members of the Bishop's Council by virtue of their clerical office, along with National Insurance and costs associated with housing. The stipends, National Insurance and pensions of Bishops are borne and funded by the Church Commissioners.

The following was paid to 18 (full time equivalent: 13) other members of the clergy in 2024 who were members of the Bishop's Council (2023: 12 members; full time equivalent: 12).

	2024 £'000	2023 £'000
Gross Stipends	**437**	**413**
Employer's National Insurance contributions	**41**	**35**
Employer's pension contribution	**97**	**95**
	575	**543**

Under the Repair of Benefice Buildings Measure 1972 the Diocese is responsible for the upkeep of parsonages. Eight members of Bishop's Council during the year (2023: 7) were housed in parsonages by virtue of their clerical office.

A further 11 members of Bishop's Council and Diocesan Finance Committee (2023: 9) and 12 employees who are also clergy, including chaplains (2023: 12), were housed in properties owned by the London Diocesan Fund. Finally, three chaplains (2023: 3) do not live in properties owned by the London Diocesan Fund but receive a housing allowance in addition to their stipend instead.

For the purpose of this disclosure note transactions with Parochial Church Councils, where there may be a relationship because members of Bishop's Council are also trustees of those bodies, have not been included.

10b. Related Parties (continued)

Other

- the Archbishops' Council (Charity No 1074857), from which the LDF receives grants and to which the LDF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, including General Synod. The Archdeacon of London is a trustee.
- the Church Commissioners for England (Charity No 1140097), from which the LDF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDF pays for clergy stipends through the Church Commissioners.
- the Church of England Pensions Board (Charity No 236627), to which the LDF pays contributions for clergy and employees and makes contributions towards the provision of housing for clergy in retirement.
- Trust for London (Charity No 205629). The Bishop of London has control over part of the City Church Fund which is held by Trust for London. The Bishop of London receives recommendations on the allocation of the fund by the City Churches Grants Committee, comprising the Archdeacon of London, the General Secretary and the Chair of the Finance Committee of the LDF, the Area Dean and the Lay Chair of the City Deanery. The fund can only be used to support churches within the City of London.
- The cost of academic training of the LDF ordinands is incurred at multiple colleges. The LDF members are the trustees/directors at some of them. In 2023 there were transactions with Wycliff Hall College and The Society of St Stephen's House – Mrs Sarah Finch and The Bishop of Fulham, the Rt Revd Jonathan M R Baker were respectively trustees for these organisations.
- PCCs and deaneries where the Diocese of London holds a custodian responsibility. The LDF is required to be a custodian trustee in relation to PCC property, but the LDF has no control over PCCs, which are independent charities. PCCs and deaneries are able to influence the decision-making within the LDF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

11a. Dividends and Interest Receivable

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2024	Total 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends	928	8	132	-	**1,068**	**1,768**
Cash and deposit interest	323	2	94	-	**419**	**320**
Loan interest	85	24	-	-	**109**	**89**
	1,336	**34**	**226**	**-**	**1,596**	**2,177**

11b. Investment Property Rentals

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Property Rentals	**5,047**	**-**	**604**	**-**	**5,651**	**5,507**

12. Creditors

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due within one year:						
Parish Loans Payable	230	311	-	-	**541**	**464**
Grants Payable	-	301	519	-	**820**	**776**
Other Creditors	1,692	310	(19)	28	**2,011**	**2,954**
Revolving Credit Facility	5,000	-	-	-	**5,000**	-
Accruals and deferred income	1,717	391	20	835	**2,963**	**3,921**
	8,639	**1,313**	**520**	**863**	**11,335**	**8,115**
Amounts falling due after one year:						
Closed Churches Liability	-	2,652	-	-	**2,652**	**-**
Value Linked Loans	-	8,800	-	-	**8,800**	**8,770**
Due to Church Commissioners	**-**	**11,452**	**-**	**-**	**11,452**	**8,770**

To support LDF operational cashflow needs, the Charity has taken out a Revolving Credit Facility at 1.95% + BoE rate of £5m with Barclays during 2024 (2023: £NIL). The balance is to be repaid in full in 2025.

13a(i).Designated Funds	At 1 January 2024	Income*	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Strategy Fund	**6,801**	-	(331)	-	(4,533)	**1,937**
LDF Property Operational	**76,168**	426	(24)	-	2,420	**78,990**
LDF Property Investment	**56,468**	-	(9)	2,737	-	**59,196**
LDF Maintenance Fund	**-**	-	(1,184)	-	1,184	**-**
Designated Trusts	**364**	10	(7)	12	-	**379**
Mission Opportunity	**185**	-	(40)	-	-	**145**
Bishop of London's Mission Fund	**101**	47	(91)	-	6	**63**
Clergy Training and Support	**251**	-	(59)	-	-	**192**
Area Pastoral Funds	**1,274**	-	(262)	-	176	**1,188**
Strategic Development Reserve	**165**	-	(29)	-	-	**136**
St Edmunds Course (Lay Ministry)	**7**	1	(8)	-	-	-
PPF Capital Strategy Funds	**(85)**	-	(509)	-	594	**-**
Closed Churches Operational	**-**	-	-	-	1,676	**1,676**
Closed Churches Investment	**-**	-	-	-	9,818	**9,818**
Parish Property Asset Management	**-**	-	-	-	2,396	**2,396**
Diocesan Pastoral Account	**-**	-	-	-	2,074	**2,074**
Total Designated Funds	**141,699**	**484**	**(2,553)**	**2,749**	**15,811**	**158,190**

**Income includes realised gains/(losses)*

Note 13d

Prior Year Designated Funds	At 1 January 2023	Income*	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2023
Total Designated Funds 2023	**143,861**	**7,617**	**(2,163)**	**(5,422)**	**(2,196)**	**141,699**

**Income includes realised gains/(losses)*

13a(ii).Designated Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Capital Strategy Fund	-	-	1,937	-	**1,937**
LDF Property Operational	92,145	-	(4,327)	(8,828)	**78,990**
LDF Property Investment	76,571	-	(17,390)	15	**59,196**
LDF Maintenance Fund			143	(143)	-
Designated Trusts	-	351	28	-	**379**
Mission Opportunity	-	-	156	(12)	**145**
Bishop of London's Mission Fund	-	-	68	(5)	**63**
Clergy Training and Support	-	-	192	-	**192**
Area Pastoral Funds	-	-	1,794	(606)	**1,188**
Strategic Development Reserve	-	-	136	-	**136**
Closed Churches Operational	2,343	-	(527)	(140)	**1,676**
Closed Churches Investment	7,956	-	4,587	(2,726)	**9,818**
Parish Property Asset Management	-	1,319	1,077	-	**2,396**
Diocesan Pastoral Account	-	-	2,395	(321)	**2,074**
Total Designated Funds 2024	**179,015**	**1,670**	**(9,730)**	**(12,765)**	**158,190**

Prior Year Designated Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
Total Designated Funds 2023	**162,925**	**245**	**(12,077)**	**(9,394)**	**141,699**

Capital Strategy Fund

The Capital Strategy fund holds the net capital proceeds from the sale of assets that have been identified as appropriate sites for development. The proceeds from such developments release capital to be redeployed elsewhere in the Diocese, as part of the LDF's Capital Strategy. From 2025 this activity will be captured in the property fund to which the asset relates, i.e. endowment parsonage net capital proceeds will be deposited in the endowment parsonage fund. The aim is to simplify and clarify this activity.

LDF Property

This fund represents both operational and investment property that are not covered by Measures that govern Stipends Capital and Parsonages. Operational property includes the Diocesan offices and over 100 units of property generally used to house clergy who are not housed in parsonages. Investment property comprises over 50 freehold and leasehold properties, held to generate income and capital growth, which helps fund stipends and other charitable activities.

13a. Designated Funds (continued)
The LDF Property fund is inclusive of the Inspection & Maintenance Fund, benefitting from the budgeted general fund contribution to ingoing and quinquennial costs (2024: £3.48m, 2023: £NIL). Works are either expensed or capitalised in the year, leaving a year-end balance of £nil (2023: £nil).

Designated Trusts
These funds represent proceeds arising from the sale of parish-based properties that were in use by those parishes but were legally owned by the Diocese. Each sale of such property is assessed on a case-by-case basis and where there is a compelling reason the sale proceeds may be designated for parish purposes, usually to fund a parish-based development or replacement facility. These funds are expected to be held on an on-going basis.

Mission Opportunity
This fund was established to meet a range of specific clergy and related costs that are necessary in implementing Diocesan mission and ministry policy.

Bishop of London's Mission Fund (BLMF)
This fund is used for new local mission initiatives (not capital projects) throughout the Diocese. The balance remaining in this fund is supporting the Apprenticeship Schemes which are due to finish in 2025.

Clergy Training and Support
This fund is for providing general clergy training and support leadership courses and individual coaching and mentoring sessions. The designated budget holder for the fund is the Director of Ministry.

Area Pastoral Funds
These are funds for each of the five episcopal areas which can be used for loans and grants for specific projects in each area. Decisions on the use of the funds are taken by Area Councils. Loans and grants are awarded each year and the fund is replenished from general funds to ensure the fund is not depleted. It is anticipated that this will continue into the foreseeable future.

Strategic Development Reserve
This reserve funds the remainder of the 2020 Vision Strategic Development team work, which supported our work in several major areas of regeneration. This includes the Genesis Barge project. Previously funded from the designated Capital Strategy Fund and a contribution from the general fund, expenditure is now for direct project costs only.

Churches Capital Strategy
The Churches Capital Strategy holds the net capital proceeds from the sale of assets, specifically closed churches. The proceeds are to be redeployed for use to benefit other church buildings. This fund has been reorganised to improve clarity and funds been transferred to the new Parish Property Asset Management Fund.

Closed Churches Property
These funds were previously recognised under restricted funds. They represent fixed assets, both operational and investment closed church buildings, governed by the Mission and Pastoral Measure 2011. Use of the fund is decided in accordance with this Measure and future maintenance cost estimates for these buildings. Income from these closed churches, which is not required for closed church maintenance, may be used toward stipend and clergy housing maintenance costs.

Parish Property Asset Management
This fund is new in the year, designed to capture the Parish Property Support & Fundraising work, replacing the Churches Capital Strategy fund. The balance represents the costs incurred on behalf of open parishes in 2024 and the transfer from the Diocesan Pastoral Account related to historic LDF surplus from the sale of Closed Churches.

Diocesan Pastoral Account (DPA)
This is a designated fund for the purposes defined in the Mission and Pastoral Measure 2011. It represents capital receipts released from the sale of benefice houses (parsonages) and redundant churches. To the extent that any

remaining funds are not required, or not likely to be required, for these purposes then the funds may be applied to any general purpose of the LDF. The balance represents net funds from the sale of St James West Ealing.

13b(i). Restricted Funds	**At 1 January 2024**	**Income***	**Expenditure**	**Unrealised Gains/(Losses)**	**Transfers**	**At 31 December 2024**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Sole Trust Expendable Funds (inc. ALMA)	6,923	1,086	(438)	313	-	**7,884**
Closed Church Buildings Fund	19,262	3,008	(1,413)	(3,022)	(17,834)	**-**
Area Church Building Funds	876	-	(179)	-	-	**697**
Diocesan Church Building Fund	99	-	-	-	(180)	**(81)**
Net Carbon Zero Strategy	-	100	(46)	-	(54)	**-**
Strategic Development funds	-	897	(869)	-	(28)	**-**
Strategic Capacity Funding	6	378	(324)	-	(51)	**9**
Diocesan Investment Programme	-	331	(331)	-	-	**-**
Ordinands Training Fund	713	223	(216)	-	115	**835**
Strategic Ministry Fund	79	1,246	(1,139)	-	(141)	**45**
The Gregory Centre for Church Multiplication (CCX)	1	128	(123)	-	(6)	**-**
Projects restricted fund	149	877	(1,029)	-	(52)	**(55)**
Bishops' secretaries fund	-	335	(337)	-	2	**-**
Total Restricted Funds	**28,108**	**8,609**	**(6,444)**	**(2,709)**	**(18,229)**	**9,334**

**Income includes realised gains/(losses)* *Note 13d*

Prior Year Restricted Funds	**At 1 January 2023**	**Income***	**Expenditure**	**Unrealised Gains/(Losses)**	**Transfers**	**At 31 December 2023**
Total Restricted Funds 2023	**31,001**	**7,181**	**(9,934)**	**(616)**	**477**	**28,108**

13b(ii). Restricted Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Sole Trust Expendable Funds (inc. ALMA)	-	6,678	1,205	-	**7,884**
Area Church Building Fund	-	-	1,216	(519)	**697**
Diocesan Church Building Fund	-	-	(81)	-	**(81)**
Strategic Capacity Funding	-	-	9	-	**9**
Ordinands Training Fund	-	-	823	12	**835**
Strategic Ministry Fund	-	-	45	-	**45**
Projects restricted fund	-	-	(62)	7	**(55)**
Bishops' secretaries fund	-	-	20	(20)	**-**
Total Restricted Funds 2024	**-**	**6,678**	**3,176**	**(520)**	**9,334**

Prior Year Restricted Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
Total Restricted Funds 2023	**10,699**	**3,736**	**14,558**	**(885)**	**28,108**

Sole Trust Expendable Funds
This fund comprises over 30 restricted trusts which are held for specific parish or Diocesan purposes. These trusts are consolidated with the main LDF accounts as the LDF acts as sole trustee and therefore has control. The permanent endowment element is disclosed in note 13c. Each Trust is governed by its own trust instrument which may be in the form of a Charity Commission scheme. The activity of the Angola, London and Mozambique Association (ALMA) is consolidated under this heading, comprising funds of £1m at 31 December 2024 (2023: £1.1m).

Closed Church Building Funds
These are fixed assets, both operational and investment closed church buildings, governed by the Mission and Pastoral Measure 2011. Use of the fund is decided in accordance with this Measure and future maintenance cost estimates for these buildings
These funds are now transferred from the restricted to designated funds. Please see Note 13.d Transfers between funds p.53.

Area Church Building Funds
This reserve comprises net funds released after the sales of closed churches, having been set up in 2019. The fund will be used to reinvest in open or new church buildings to help repair, develop and create church buildings that support mission and ministry across the Diocese. Within this fund, funds are allocated to specific Episcopal areas.

Diocesan Church Building Fund
This fund comprises net funds released after the sale of closed churches. It was set up in 2022. The fund is used to reinvest in open or new church buildings, to help repair, develop and create church buildings that support mission and ministry across the Diocese.

Net Carbon Zero Strategy
This fund comprises the income and expenditure relating to two restricted grants from Archbishop's Council to build capacity to carry Net Carbon Zero works.
The Net Carbon Zero capacity grant was agreed in December 2023 for a total of £165,000 over two years for employment and equipment costs. The Buildings for Mission Grant was agreed in February 2024 for a total of £95,360 over two years for employment and equipment costs. Both grants are for a two year period.

13b. Restricted Funds (continued)

Strategic Development Funds

This fund comprises the income and expenditure relating to the restricted funding received from the Church Commissioners towards Church Planting, Church Growth and Youth Strategies and Transforming Tower Hamlets, Southall & Hounslow. Each grant has been awarded for six years, the earliest awarded in 2015, with the final project due to end in 2028.

Strategic Capacity Fund

The fund comprises of income and expenditure relating to restricted funding received from Church Commissioners towards Growing Younger Apprentice Scheme and the Ministry Development Team. These grants were awarded in 2023 and are for 5 years.

Diocesan Investment Programme Fund

The fund comprises of income and expenditure relating to restricted funding form the Archbishops Council to revitalise the Church.

The Youth Apprentice Grant is for a total of £1,503,871 and commenced in Autumn 2023 and will run for 5 years. The programme is to employ Youth Apprentice's within Parishes to grow Youth capacity across the Diocese.

The Hackney & Islington Grant is for a total of £9,413,835 and commenced in Summer 2024 and will run for 5 years. The programme has 4 work streams covering Planting & Partnerships, Catholic Renewal, Estates and Youth across the Hackney & Islington Area.

Ordinands Training Fund

This fund is for training Ordinands covering college and some grants to Ordinands received from Church Commissioners. From September 2023 Church Commissioner pay Colleges directly. The unused funds will be repaid to the National Church over a period to be agreed.

Strategic Ministry Fund

This fund is used to cover 50% of costs of additional Curacy placements across the Diocese. The programme has been running since 2021 and each cohort lasts for 3 years. It is anticipated that a further cohort will be placed in summer 2024.

The Gregory Centre for Church Multiplication (CCX)

These funds are grants that were raised by CCX and the fund balances have transferred to them as they now operate as a separate charity.

Projects Restricted Fund

This fund comprises a small number of projects for which the LDF receives restricted funding. Income sometimes relates to the aggregate match funding received in relation to a number of projects.

Bishops' Secretaries Fund

This shows the restricted funding received from the Church Commissioners as a contribution towards the cost of the Bishops' secretaries.

13c(i).Endowment Funds	At 1 January 2024	Income*	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Expendable Endowment						
Glebe property (investment)	**44,235**	-	(233)	6,804	-	**50,806**
Glebe property (operational)	**44,233**	(241)	(32)	2,113	260	**46,333**
Parsonage House Fund	**231,813**	860	(4)	-	2,851	**235,520**
Permanent Endowment						
Sole Trust Permanent Endowment	**5,669**	-	-	287	-	**5,956**
Total Endowment Funds	**325,950**	**619**	**(269)**	**9,204**	**3,111**	**338,615**

Note 13d

Prior Year Endowment Funds	At 1 January 2023	Income*	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2023
Total Endowment Funds 2023	**324,598**	**(244)**	**(102)**	**2,807**	**(1,108)**	**325,950**

**Income includes realised gains.*

13c(ii). Endowment Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Expendable Endowment					
Glebe property (investment)	36,070	-	14,816	(80)	**50,806**
Glebe property (operational)	26,997	34,035	(14,700)	1	**46,333**
Parsonage House Fund	231,362	-	4,942	(784)	**235,520**
Permanent Endowment					
Sole Trust Permanent Endowment	-	5,956	-	-	**5,956**
Total Endowment Funds	**294,429**	**39,991**	**5,058**	**(863)**	**338,615**

Prior Year Endowment Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
Total Endowment Funds 2023	**282,350**	**34,151**	**9,994**	**(544)**	**325,950**

Glebe Property Funds
This represents the net book value of glebe property with movements shown in note 7. Rental income from glebe property is credited to general funds where it is used to fund clergy stipend payments. This fund also represents the carrying value of glebe investments and cash, which is used for the purchase and refurbishment of glebe operational and investment properties. When a property is sold, the sale proceeds are credited to these funds. The use of glebe assets is governed by the Diocesan Stipends Funds Measure 1953 and the Endowments and Glebe Measure 1976.

Parsonage House Fund
These funds are used for the purchase and refurbishment of freehold and leasehold benefice houses (see note 7), as well as cash and investments used for the purchase and refurbishment of houses that form part of this fund.

Sole Trust Permanent Endowment
This fund represents those amounts held under the LDF's sole trusteeship where the capital is not expendable.

13d. Transfer between funds – detailed breakdown of movements

	General	Designated	Restricted	Endowment	Total	*Reference*
	£'000	£'000	£'000	£'000	£'000	
Transfer of budgeted items in the General Fund from various designated funds	(2,123)	(181)	-	2,304	-	i
Designation of Closed Churches Fund	1,276	16,559	(17,835)	-	-	ii
Net transfers (to)/from designated funds at year-end	42	138	(180)	-	-	iii
Net transfers (to)/from restricted funds at year-end	111	49	(214)	54	-	iv
Net transfers (to)/from endowment funds at year-end	-	(753)	-	753	-	v
	(694)	**15,811**	**(18,229)**	**3,111**	**-**	
		Note 13a	*Note 13b*	*Note 13c*		

i. The LDF budget included a number of transfers between the funds – these were mainly relating to the property expenditure. The agreed annual contribution from the Housing Strategy Fund to the Clergy Housing Budget which helps to pay for the costs incurred in the general fund, the transfer of budgeted quinquennial and ingoing expenditure from the general fund to the designated maintenance fund allows for better smoothing of lumpy costs and the unpredictable split between maintenance and capital expenditure. The latter is being expressed by the transfer of capital expenditure to endowment parsonage fund , where we recognise the underlying assets. Finally, the Area Pastoral Funds transfer represents General Fund annual budget to fund area grants supporting parishes.

ii. The Diocesan Pastoral Account itself is not restricted. It is ruled by the Mission and Pastoral Measure 2011 (MPM 2011) section 94, which lists how the board of finance can utilise the funds. The scope for use the LDF share of the sale proceeds is so wide, that it is deemed as unrestricted. The LDF has historically treated closed church funds as restricted. However, treating the funds relating to the Closed Churches and Parish Property activities overall as designated provides for better consistency of accounting treatment, transparency and compliance with the National Church Accounting guidelines. These transfers are all actioned at the year end in preparation for this revised treatment from Jan 1 2025.

This transfer covers:

a) funds originating from the LDF share of the net proceeds from the historic sales of the closed churches is not restricted for that activity but designated. This treatment would allow for consistency with the recognition of the Housing Strategy Fund as a designated fund. As both originate from the Diocesan Pastoral Account.
b) Closed Churches as assets are not actually restricted but on disposal 1/3 of net proceeds will be payable to the Church Commissioners. Closed Churches include both the operational and investment properties.
c) Transfer relating to the value of the assets relating to the sale of St James West Ealing which are the only assets held by the DPA.
d) The net assets used to fund parish property maintenance of closed and occasionally open churches
e) income generated from Closed Churches in the investment property portfolio in 2023 and 2024 (to the general fund)

iii. These relate to transfers agreed at the year-end between the General Fund and specific designated funds in normal course of the business.

iv. These relate to transfers agreed at the year-end between the General Fund and specific restricted funds in normal course of the business.

v. These relate to transfers agreed at the year-end between the designated funds, restricted funds and specific endowment funds. These amounts relate to reclassification of 3 properties between designated and endowment fund to reflect in funds the legal position of these assets.

14. Notes to the cash flow statement

Notes to the cash flow statement

	2024 Total £'000	2023 Total £'000
14a. Reconciliation of operating (deficit) to operating cash flows		
Operating (deficit)	**(4,183)**	**(6,595)**
Depreciation release	**63**	**64**
(Increase)/decrease in debtors	**538**	**(1,775)**
Increase/(decrease) in creditors	**(1,781)**	**1,638**
Non-cash movement in pension liability	**-**	**-**
Investment and rental income	**(7,248)**	**(7,684)**
Net cash (outflow) from operating activities	**(12,611)**	**(14,352)**

	2024 Total £'000	2023 Total £'000
14b. Gross cash flows		
Cash flows from investing activities		
Dividends and interest received	**1,596**	**2,177**
Rental Income	**5,651**	**5,507**
Sale of property	**5,928**	**10,008**
Purchase of property	**(11,273)**	**(10,134)**
Other fixed asset purchases	**(18)**	**(143)**
Sale of investments	**116**	**22,066**
Purchase of investments	**(7,498)**	**(10,029)**
Net cash (outflow)/inflow from investing activities	**(5,499)**	**19,452**

	2024 Total £'000	2023 Total £'000
14c. Cash flows from financing activities		
Revolving Credit Facility	**5,000**	**-**
Net cash inflow from financing activities	**5,000**	**-**
Increase/(Reduction) in cash in the year	**(13,110)**	**5,100**

14d. Analysis of changes in net funds

Funds	At 01 January 2024 £'000	Cash flows £'000	Other £'000	At 31 December 2024 £'000
Cash at bank and in hand	**17,427**	**(13,110)**		4,317
Value linked loans and Closed Churches Liability due after one year	**(8,770)**	**-**	**(2,682)**	(11,452)
	8,657	**(13,110)**	**(2,682)**	**(7,135)**

15. Pensions

Pension liabilities	2024 Total £'000	2023 Total £'000
Lay staff pensions (*see note a below*)	-	-
Clergy pensions (*see note b below*)	-	-
	-	-

15(a). Lay staff pensions

The LDF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
    a. a deferred annuity section known as Pension Builder Classic, and,
    b. a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2024: £NIL, 2023: £NIL) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £NIL for 2024 (2023: £NIL).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

15(a). Lay staff pensions (continued)
The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2023 or 31 December 2024.

The movement in the provision is set out below:

	2024 £'000	2023 £'000
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SOFA)	-	-
Remaining charge to the balance sheet liability*	-	-
Balance sheet liability at 31 December	-	-

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

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

	December 2024	December 2023	December 2022
Discount rate	N/A	N/A	0.0%

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

Pension Builder Scheme
Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. No pensions costs relating to this scheme were charged to the SoFA in the year, and the contributions payable was NIL (2023: NIL).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2022.

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

15(a). Lay staff pensions (continued)
For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

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

15(b). Clergy pensions
From 1 January 1998, Diocesan clergy became members of the Church of England Pensions Scheme (CEFPS). This non-contributory Scheme provides benefits based on national minimum stipends. The Church of England Pensions Board is the trustee and administers the Pension Scheme. The Scheme provides pensions that relate to pensionable service from 1 January 1998. The Scheme's assets are held separately from those of the LDF. Past service clergy pensions for service before 1 January 1998 are paid by the Church Commissioners at no cost to the LDF.

The LDF is the sponsoring employer for 564 members (2023: 566) of the Scheme out of a total membership of approximately 7,418 active members. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £3,716k in 2024 (2023: £3,866), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £NIL (2023: £NIL).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards.
- Increase in pensionable stipends of CPIH.
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.
The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil
31 December 2024	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

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

15(b). Clergy pensions - continued
Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there were no deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31

December 2023 and 31 December 2024 is nil. The movement in the balance sheet liability over 2023 and over 2024 is set out in the table below.

	2024 £'000	2023 £'000
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SOFA)	-	-
Remaining charge to the balance sheet liability*	-	-
Balance sheet liability at 31 December	-	-

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

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

16. Members' Liability

The London Diocesan Fund is a company registered in England as a company limited by guarantee, having no share capital. At 31 December 2024 there were 41 members (2023: 42) who were liable to contribute £1 each in the event of the company being wound up.

Custodian Trusts – Custodian Trustee Report and Non-Statutory Financial Statements for the year ended 31 December 2024

The following pages do not form part of the statutory financial statements of the London Diocesan Fund for the year ended 31 December 2024

Contents	Page
Report of the Custodian Trustee	**60**
Non-Statutory Financial Statements	**61**
Notes to the Custodian Trusts Financial Statements	**62**
Independent Auditors' Report to the Custodian Trustee of the Funds	**65**

Report of the Custodian Trustee

The council of the London Diocesan Fund, usually acting as Custodian Trustee under ecclesiastical and UK law, presents the report and non-statutory financial statements for the year ended 31 December 2024.

Legal Status
Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as Diocesan Authority (in effect, custodian trustee) of parish buildings and land. It also acts as custodian trustee for monies held on specific trust. These pages report the specific trust holdings only and provide an aggregation of the financial assets of some 89 separate trusts (92 in 2023). Land and building assets held by the London Diocesan Fund as Diocesan Authority are not shown.

Certain title and trust deeds are held in the name of the Bishop of London's Fund. This is a corporate body that pre-dated the formation of the London Diocesan Fund in 1918 and in which some property and capital were vested. For day-to-day purposes, its activities have been subsumed into the London Diocesan Fund since 1 January 1918.

Review of the Year
Total incoming resources from interest and dividends for the period was £0.6m (2023: £0.6m)

Funds continue to be expended in line with the purposes for which they were intended, with £0.6m expended for charitable purposes during 2024 (2023: £1.1m). The funds expended vary year on year in line with the specific needs of the managing trustee bodies.

The overall value of funds held by the London Diocesan Fund as custodian trustee at 31 December 2024 was £19.3m (2023: £18.7m). The increase of £0.6m from the prior year is attributable to unrealised gains on investments of £0.4m and additional new resources of £0.2m.

Statement of Custodian Trustee's responsibilities
The Charities Act 2022 requires managing trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the funds and of their incoming resources and application of resources, including their income and expenditure.

The Custodian Trustee has chosen to prepare these statements in accordance with the Charities Act 2022. In preparing these financial statements in accordance with the Charities Act 2022, the Custodian Trustee is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

The Custodian Trustee is responsible for keeping proper accounting records with respect to the transactions and the financial position of the funds and to enable them to ensure that the financial statements comply with the Charities Act 2022. The Custodian Trustee has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the funds and to prevent and detect fraud and other irregularities.



Jacquie Driver
Chair of the Diocesan Finance Committee and Lay Vice-Chair of Bishop's Council
14 May 2025

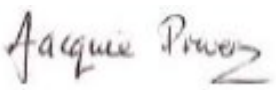
Non-Statutory Financial Statements of the Custodian Trusts
Statement of Financial Activities – for the year ended 31 December 2024

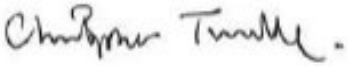
	Permanent Endowment Fund £m	Restricted Capital Fund £m	Restricted Unexpended Income £m	Total 2024 £m	Total 2023 £m
Income and endowments from:					
Investment income	-	-	0.6	**0.6**	**0.6**
Total income	**-**	**-**	**0.6**	**0.6**	**0.6**
Expenditure on:					
Income paid to beneficiaries	-	-	(0.4)	**(0.4)**	**(0.4)**
Objects of the trusts	(0.1)	(0.1)	-	**(0.2)**	**(0.7)**
Total expenditure	**(0.1)**	**(0.1)**	**(0.4)**	**(0.6)**	**(1.1)**
Net (expenditure) before investment gains	**(0.1)**	**(0.1)**	**0.2**	**-**	**(0.5)**
Net (losses)/gains on investment assets	0.3	0.1	-	**0.4**	**1.1**
Net (resources expended)/incoming resources for the year	0.2	-	0.2	**0.4**	**0.6**
Transfers between funds	-	-	-	**-**	**-**
Additional new resources	0.2	-	-	**0.2**	**0.1**
Net movement in funds for the year	0.4	-	0.2	**0.6**	**0.7**
Reconciliation of funds:					
Funds at 1 January 2024	**14.9**	**2.9**	**0.9**	**18.7**	**18.0**
Funds at 31 December 2024	**15.3**	**2.9**	**1.1**	**19.3**	**18.7**

Custodian Trusts Balance Sheet – as at 31 December 2024

	Notes	Total 2024 £m	Total 2023 £m
Assets			
Fixed Asset Investments	2	**18.2**	**17.8**
Current Asset Investments	3	**1.1**	**0.9**
Net Assets		**19.3**	**18.7**
Funds			
Permanent Endowment	2	**15.4**	**14.9**
Restricted - Capital	2	**2.8**	**2.9**
Restricted – Unexpended Income	3	**1.1**	**0.9**
		19.3	**18.7**

The notes on pages 59 - 61 form part of these non-statutory financial statements. The non-statutory financial statements of the custodian trustee were approved by the Diocesan Bishop's Council acting as custodian trustee on 14 May 2025.





Jacquie Driver
Chair of the Diocesan Finance Committee

The Revd Christopher Trundle
Clerical Vice-Chair of Bishop's Council

Notes to the Custodian Trusts Financial Statements – for the year ended 31 December 2024

1. Accounting policies

These non-statutory financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice, 'Accounting and Reporting by Charities'. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

a. Basis of Preparation

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as custodian trustee of parish buildings and land. The London Diocesan Fund also acts as custodian trustee for monies held on trust. These pages report the specific trust holdings only and provide an aggregation of the transactions and balances of the financial assets of some 89 trusts (92 in 2023).

The Balance Sheet as at 31 December 2024 has been prepared, together with a Statement of Financial Activities, which analyses the movement in funds. Comparative figures for 2023 have been provided.

The non-statutory financial statements have been prepared on a basis consistent with figures included in the LDF's Balance Sheet. As custodian trustee, the LDF prepares these non-statutory financial statements on the historical cost basis of accounting, adjusted for the revaluation of investment.

As the LDF has no day to day control over their disposition, custodian trusts are not included within the LDF's main figures.

A cash flow statement has not been prepared as the custodian trustee considers that each custodian trust meets the criterion of a 'small' company for this purpose.

A specific trust bank account is maintained for trust transactions. Each trust has its own designated investment ledger and account codes.

It is the LDF's policy that where possible all income should go directly to the beneficiaries.

b. Fund Balances

All funds are subject to the specific conditions imposed by the donor or by the terms of the trust deed or other applicable legal instrument. The expendable capital funds and unexpended income are classified as restricted funds. Endowment funds are funds subject to the condition that they be held as permanent capital.

Income and expenditure on restricted funds are taken directly to the appropriate fund except to the extent that income is freely available to the managing trustees; and unexpended income from endowment assets is carried forward as a restricted fund.

c. Investment Income

Dividend and interest income is accounted for on a receipts basis. Rental income is accounted for on an accruals basis.

d. Other Income and Expenditure

Additional capital represents capital introduced to an existing custodian trust, or the creation of a new trust.
Expenditure on objects of the trusts represents the spending of capital and income in line with the terms of the trust deed or other applicable governing instrument.

e. Investments

Investments are stated at market value, calculated by reference to the mid-market value at 31 December. Realised and unrealised gains or losses on investments in the year are credited to the appropriate funds.

2. Fixed Asset Investments represented by Permanent Endowment Capital

	1 January 2024	Additions	Disposals	Unrealised Gains/(Losses)	Other Asset/ Liability Movements and Transfers	31 December 2024
	£'000	£'000	£'000	£'000	£'000	£'000
M&G Charifund	2,386	-	(1,595)	21	-	**812**
Sarasin Responsible Global Equity Fund	-	30	-	2	-	**32**
Investments held by CCLA:						
CBF Short Duration Bond	**17**	-	-	-	-	**17**
CBF Investment Fund	**10,170**	1,632	(39)	221	-	**11,984**
CBF Global Equity Fund	**-**	67	-	1	-	**68**
COIF Investment Fund	**688**	-	-	18	-	**706**
CBF Property Fund	**109**	-	-	(1)	-	**108**
Deposits held by CCLA:						
CBF Deposit Fund	**1,579**	217	(91)	-	-	**1,705**
	14,949	**1,946**	**(1,725)**	**262**	**-**	**15,432**

Fixed Asset Investments represented by Expendable Capital

M&G Charifund	**229**	-	(229)	-	-	**-**
Investments held by CCLA:						
CBF Short Duration Bond	**144**	-	-	4	-	**148**
CBF Global Equity Fund	**-**	227	-	2	-	**229**
CBF Investment Fund	**1,847**	-	(86)	40	-	**1,801**
Deposits held by CCLA:						
CBF Deposit Fund	604	-	-	-	-	**604**
	2,824	**227**	**(315)**	**46**	**-**	**2,782**
Total Fixed Assets	**17,773**	**2,173**	**(2,040)**	**308**	**-**	**18,214**

3. Current Asset Investments represented by Unexpended Income from Permanent Endowment Assets

	1 January 2024 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2024 £'000
Investments held by CCLA:						
CBF Investment Fund	**276**	4	-	6	-	**286**
Deposits held by CCLA:						
CBF Deposit Fund	552	198	(65)	-	-	**685**
	828	**202**	**(65)**	**6**	**-**	**971**

Current Asset Investments represented by Unexpended Income from Expendable Capital Assets

	1 January 2024 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2024 £'000
Investments held by CCLA:						
CBF Investment Fund	**2**	-	-	-	-	**2**
Deposits held by CCLA:						
CBF Deposit Fund	42	28	(25)	-	-	**45**
	44	**28**	**(25)**	**-**	**-**	**47**
Other Assets/(Liabilities)	**32**	-	-	-	(5)	**27**
Total Current Assets	**904**	**230**	**(90)**	**6**	**(5)**	**1,045**
TOTAL	**18,677**	**2,403**	**(2,130)**	**314**	**(5)**	**19,259**

Independent Auditors' Report to the Custodian Trustee of the Funds

We have audited the non-statutory financial statements of Custodian Funds for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Custodian Trustee as a body. Our audit work has been undertaken so that we might state to the Custodian Trustee 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 Custodian Trustee as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors
As explained more fully in the Statement of Custodian Trustee's Responsibilities set out on page 61, the Custodian Trustee is responsible for the preparation of the non-statutory financial statements which give a true and fair view.

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

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

Opinion on the non-statutory financial statements
In our opinion the non-statutory financial statements give a true and fair view of the financial position of the Custodian Funds as at 31 December 2024 and of their incoming resources and application of resources for the year then ended.



Moore Kingston Smith LLP
Statutory Auditor
6th Floor, 9 Appold Street,
London EC2A 2AP

Date: 17 June 2025

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE LONDON DIOCESAN FUND

England & Wales - Charity number 241083

Accounts

DIOCESE OF LONDON

THE LONDON DIOCESAN FUND

Trustees' report
and financial statements
for the year ended
31 December 2023

The purpose of the London Diocesan Fund is
to support the mission and growth of the Church of England in the Diocese of London



Company number: 150856
Registered Charity number: 241083
www.london.anglican.org

Contents

Trustees' Annual Report

Foreword from the General Secretary page 3

Strategic report page 4

Achievements and performance page 5

Financial review page 13

Governance, structure & management page 19

Statement of trustees' responsibilities page 22

Appendices: committee membership and administrative details page 23

Independent Auditors' Report to the Members of the London Diocesan Fund page 26

Financial statements

Statement of financial activities page 30

Balance sheet page 31

Summary income and expenditure account page 32

Cash flow statement page 32

Notes to the financial statements page 33

Foreword from the General Secretary

The London Diocesan Fund has the privilege of serving and providing ministry across the largest, most diverse diocese in the Church of England. Over four million people live in the Diocese of London. Millions more come regularly to the city for work or to participate in its unique life.

The Diocese's 500 church communities are there for all these people, seeking to enable them to encounter the love of God in Christ – our vision as a diocese. It has been really encouraging to join the Diocese as its General Secretary in the autumn of 2023 and see just some of the many examples of churches nurturing confident disciples, showing compassion in their service of their local communities, and growing creatively.

The London Diocesan Fund exists to support those churches and enable them to become as fruitful as possible. We raise the resources that mean every church and chaplaincy can have the ordained ministry leadership it needs. We provide support to them so that they can respond to the opportunities and challenges of 21st century mission in the nation's capital.

This Trustees Report shows the range of ways we are enabling the Church's mission in London and working towards our priorities of becoming a younger, safer and more racially just Church. The feedback our churches give show that our service to them is improving and we want to build on that progress. But, following Covid and a cost of living crisis, we do face ongoing missional and financial challenges. This report highlights those challenges and shows how we have stewarded our resources to sustain and grow ministry and support in the face of rising inflation and pressure on income.

As we look to 2024, we believe we can not only meet those challenges but also grow our mission by working together as a diocese and sharing the amazing gifts of people and financial resources that God has given us.

Strategic Report

The Church of England in London is vibrant and at the heart of communities within our diocese. The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the London Diocesan Fund (LDF) helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. In doing so it provides a benefit to the public throughout the LDF's activities. These activities are set out in more detail in the following report, and public benefit is considered in more detail on page 19.

Purpose of the London Diocesan Fund (LDF)

The purpose of the LDF is to support the mission and growth of the Church of England in the Diocese of London. Last year, we welcomed new and diverse clergy into leadership positions in the Diocese. 62 deacons and 57 priests were ordained.

In common with other dioceses the LDF has responsibility for paying and housing parish clergy and providing training and support services. Parishes contribute to the cost of these services through the Common Fund.

Our activities are guided by the 2030 Vision – **'for every Londoner to encounter the love of God in Christ'.** The key themes of the 2030 Vision are:

Ambitions:
- Confident Disciples
- Compassionate Communities
- Creative Growth

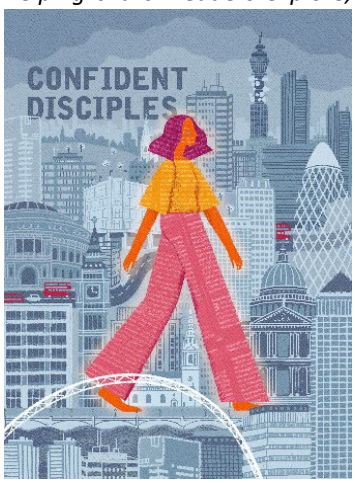
Priorities:
- Growing Younger
- Safer Churches (Safeguarding)
- Racial Justice

These ambitions and priorities are underpinned by running an effective organisation and the wise stewardship of our resources, namely people, buildings and finances.

Achievements and Performance

Three Ambitions:

1) Confident Disciples



The main focus of resourcing our Confident Disciples Ambition has been on helping church leaders explore, together with their PCC and leadership team, how a shared Way of Life might deepen discipleship in their church community. This includes online resources, delivery of quiet days, PCC and leadership team sessions, and other related seminars. The wider Diocese, including the College of Bishops, Area teams and LDF staff, have been drawn into this work through an online Lent offering and all have been encouraged to have a go at experimenting with practices that can help us embody and deepen our faith together. 2023 highlights:

A **Lent Offering** introducing ancient Prayer Practices was run across the Areas, encouraging individuals and churches to spend time in God's presence.

- 513 individuals registered, including 135 members of clergy and lay leaders within the diocese, and 270 church members in the diocese.

Resources to help churches discern a shared **Way of Life** were launched online at the beginning of the year (www.wayoflife.london), and a physical Practice Toolkit with communal practices was launched during the Bishop's Study Day in November.

- 148 downloaded the full pack of resources
- 226 clergy and 50 lay leaders took part in related quiet days, seminars and workshops
- 480 signed up to the newly launched Way of Life newsletter
- Four churches started a 12–18-month process of discerning a shared Way of Life, with four more churches currently exploring starting this journey at the beginning of the new year.

This work is led by our Discipleship Enabler (0.6fte) with one-day-a-week communication support. There is ongoing work with area teams, including area spirituality advisors, to help champion and resource this ambition across the areas.

2) Compassionate Communities



The Compassionate Communities Team supports churches in serving their communities with the practical love of God in action.

They do this by: offering advice and brokering relationships with trusted organisations that can provide support; equipping parishes through training and awareness raising events and digital resources; communicating and celebrating this work via blogs, vlogs, social media and newsletters; and co-ordinating a diocesan response to events where needed by creating networks and schemes churches can participate in.

The team focuses on six 'themes of work': Caring for God's Creation; Mental Health & Isolation; Refugees, Asylum Seekers and Modern Slavery; Money, Debt & Food Insecurity; Creating Safer Communities for All Young People; and Housing & Homelessness.

2023 highlights:
The team drove the creation of the **Net Zero Carbon plan** for the Diocese, seeing it to approval by Bishop's Council and began implementing recommendations - *see more on 'Environment' below.*

They responded to the **Cost of Living Crisis** with a series of monthly "Lunch & Learn" webinars for churches. The food poverty webinar had nearly 6,000 views.

A Pietà Prayer resource was delivered on the issue of **serious youth violence**, including an inter diocesan schools art competition and celebration/launch event involving over 80 churches, chaplaincies and schools.

To support churches responding to the rise in **refugee homelessness**, an awareness raising campaign was coordinated leading to national press coverage and an interfaith Letter to the Home Office (led by Bishop Sarah) raising a question in House of Lords to influence policy.

The team also:

- Ran 18 training and awareness raising events for churches, including in partnership with the Diocese of Southwark.
- Continued to provide direct consultancy and advice to over 60 parishes including 35 unique parish visits.
- Continued to build relationships with over 50 partner charities who can support our churches' work.
- Published 18 blogs and 30 resource videos/vlogs across all six themes of work.

3) Creative Growth

The Creative Growth Team supports existing parishes to grow in health, depth, impact, and to reach new people. They also help individuals and parishes to start new worshipping communities. Based out of the Gregory Centre for Church Multiplication (CCX), the Creative Growth team uses a process of consultation, coaching, and courses. Delivered through learning communities and self-guided study, this approach encourages growth and multiplication across all traditions and sizes of church.



2023 Highlights:

So far, about 80 churches from the Diocese have taken part in the **Grow course** to explore growth in health, depth, and impact. Learning communities have returned to in-person meetings to gather together to support and network with each other. The hope is to see deanery cohorts set up in each episcopal area in 2024.

The **Plant course** ran two cohorts representing five new diocesan plants. These plants included new congregations, estate plants, and revitalisations of existing parishes.

Pioneer School started in September with a full cohort of students. They are being trained in pioneering ministry to start new worshipping communities. The school is run in partnership with the Church Mission Society (CMS) and St Cedd's for over 12 months.

The Gregory Centre hosted an **Estates** conference at St Barnabas, North London. Over 150 people came to hear about and celebrate estates ministry. This conference will be repeated in March 2024. Two 'Become' cohorts started, providing training in theology and leadership skills to those living on estates or in low-income communities. A new film series called "Introduction to Estates Ministry" was completed and can be seen on the website.

London's **resource churches** continued to plant new worshipping communities, show generosity to others, and nurture new leaders. To date, 12 new worshipping communities have been set up and 24 curates have been placed. More than 30 ordinands have been sent from these churches.

Three Priorities:

1) Growing Younger



Our Children and Youth Team works with each of the five Episcopal Areas to raise the standards of children and youth provision across the Diocese. The team provides training and development via an online platform (Mighty leaders), a one-year course for paid workers (Cultivate), training for clergy (Launchpad), and topical training events, as well as supporting individual parishes with bespoke consultancy.

2023 highlights:

Nine clergy attended **'Launchpad'** to help them plan new youth work, with 60% launching new initiatives.

Mighty Leaders was launched – an online learning community for content, guidance, courses and contact with the team which has grown in popularity to reach over 500 subscribers.

The team also piloted **'Cultivate'** - a development programme for paid workers. Over 100 churches were supported to develop their ministry and prioritise Growing Younger. This ranged from answering simple questions to practical help launching fresh expressions, with three parishes piloting a new development pathway to set their church on a two-year journey to grow younger. New National Church funding was secured in 2023 for the Apprentice scheme for three more, larger cohorts of apprentices (eight per year) to grow parish youth ministry and gain a qualification along the way.

2) Safer Churches



The Diocesan Safeguarding Team (DST) provides continuous professional development, training and safeguarding advice to ensure a safer Diocese. The team responds with expertise to all safeguarding concerns, identifying and mitigating safeguarding risks, ensuring that respondents, victims, and survivors receive the best support and pastoral care with respect and dignity.

2023 highlights:

Each Episcopal Area continued to have a Diocese Safeguarding Advisor (DSA) to support parishes with best practice safeguarding arrangements. A Safer Churches Manager was appointed to develop a comprehensive programme of practice improvement aligned to the five National Safeguarding Standards.

Workload increased from 55 concerns per month in 2022 to an average of 73. Safeguarding Live cases ranged between 79 and 111 per month in addition to the 36 individual Safeguarding Agreements in place at any one time. 90 Safeguarding Case Management Groups were chaired by the Head of Safeguarding over the year.

The Diocese invested in the **Parish Safeguarding Dashboard** to help parishes strive for excellence in their safeguarding activities and practices. Area offices and the DST worked together to increase the active use of the dashboard to 83% as they supported safeguarding parish self-audits and archdeacon's visitations.

Continuous professional development was recognised as a cornerstone of a safer church and an extensive portfolio of **safeguarding training** was provided. 40 leadership training sessions (involving 763 attendees) were

delivered in 2023, with 50 courses planned for 2024 to meet increased demand. A programme of support and development began for the Parish Safeguarding Officers (PSO) that included well attended drop-in sessions and training.

The DST supported safer recruitment with Disclosure and Barring Service (DBS) applications (now required every three years), completing 3,628 checks. 29 were returned as blemished for investigation and all were concluded satisfactorily by a DSA.

3) Racial Justice



The Racial Justice Priority Group (RJPG) is committed to responding to the recommendations of 'From Lament to Action' on behalf of the Diocese of London and in partnership with the National Racial Justice Unit. This commitment involves the need to make culture, structure, and policy changes to root out prejudice wherever it is found within the Diocese, using data to support interventions and highlight areas of focus.

2023 highlights:
A big focus this year was on **capacity building** to create the structure in each Episcopal Area to take this work forward. All Areas now have or are working towards building a local team with a focus on parish or PCC engagement, vocations and racial justice advocacy or events.

The RJPG continued to build the foundations on which this work can be measured over time through an **analysis of clergy data**, to understand the make-up of our clergy cohort. This will allow us to monitor changes in ethnicity over time in relation to number, gender, and role type to see the impact of race equity strategies.

Other projects which began this year:

- A review of the wellbeing support provided to Global Majority Heritage (GMH) / UK Minority Ethnic (UKME) clergy who have experienced racist trauma.
- Racism reporting – to understand what mechanisms need to be in place for victims who wish to report a racist incident.
- In conjunction with the London Diocesan Board for Schools - *The World Reimagined*, a schools-based art project that seeks to transform how we understand the transatlantic slave trade. Schools were encouraged to put forward their racial justice initiatives in a bid to host the *Tributaries of Knowledge* globe by renowned artist Bryony Benge-Abbott.
- The launch of a Ten-Point Action Plan to foster engagement with churches and a plan of engagement for parishioners.
- Anti-racism training – a review of the content, structure and delivery of training to support all clergy.
- Access to the Church of England Racial Justice Fund resulted in three awards of £5,000 to support our work with Black History Month, The World Reimagined (above) and the Platform initiative, which develops Global Majority Heritage (GMH) senior leaders and headteachers in Church of England schools.

LDF support services to resource and support the church in London:

Ministry

The Ministry Team works with the Area Bishops to create discernment processes for those exploring lay and ordained ministry. They support candidates through the initial discernment process, through formal training and into their curacies and first roles. The team also provides for clergy wellbeing, disability awareness and lay ministry portfolios, seeking to support, encourage and release ministry throughout the Diocese.

2023 Highlights:

The Ministry Team successfully implemented the **New Shared Discernment process**, developing procedures, training assessors and Assistant Area Directors of Ordinands and journeying with candidates through the discernment pathway. Many of London's discernment practices are now shared nationwide.
The team also launched the new **IME2 training** for curates. With a target of aligning our training with national church requirements, London Diocese now has a comprehensive and re-focused curate training programme.

Continuing Ministerial Development (CMD) and Ministerial Development Reviews (MDR) were reshaped to better meet the demands of ministry in the 21st century. The Neurodiversity Training and Mental Health First Aid (MHFA) was particularly successful in raising awareness for ministers and churches.

London Diocese successfully hosted the second **Wilfred Wood Leadership Programme**, seeking to encourage, support and equip a more diverse cohort of church leadership.

The Ministry Team is developing its support, training and wider deployment of self-supporting ministers (SSMs), and there remains a deep commitment to equipping lay ministry, including Licensed Lay Ministry (LLMs), to further enhance the life of the local church.

Communications

The Communications Team provides parishes with news, resources, information, and opportunities through multiple channels. These include the diocesan website, a bi-weekly e-newsletter, stand-alone announcements, and social media posts and responses. The team offers press support for parishes, senior clergy and the LDF and, with support from the National Church, they help churches improve their online presence.

2023 highlights:

The team has been working hard to build a new diocesan **website**, which was launched in March 2024, with a new and easier-to-navigate architecture, as well as a refreshed look and feel.

Engagement increased with the biweekly newsletter, **Diocesan News**, with over 5,000 regulary receiving the publication in 2023 and a very high average open rate of 63%. The team worked hard to improve communications from other LDF teams, supporting Area mailings or team newsletters, such as the Finance newsletter.

On the **social media** front, Twitter (X) reach increased to 12,400 followers, over 1,000 more Facebook followers were added, taking our total to 5,400, but the diocesan Instagram account grew the most (by 20%) with now over 2,200 followers and rising.

Working with the Diocese's PR agency, Luther Pendragon, the Communications team provided **media support** to LDF teams, clergy and their parishes for both crisis communications and good news stories. The Diocese and bishops gained regular coverage in Christian publications (e.g. The Church Times) alongside national secular media (like the BBC or The Times) to showcase the Church in London at its best. The Communications Team also handled negative PR.

Environment

Work on caring for the environment and tackling climate change remains part of the Diocese's Compassionate Communities ambition as we progress towards our target of being Net Zero Carbon by 2030.

2023 Highlights:

In 2023, the Diocese committed to divest in fossil fuels and created a **Net Zero Carbon plan** – with approval from Bishops Council - and began implementing recommendations. National Church funding put us in a position to recruit a Net Zero Carbon Programme Manager in 2024, who will pull the various strands of the plan together to deliver our stated goals across our housing, church buildings, LDF offices, Cathedral and in collaboration with our church schools. The Programme Manager will work closely with a new Diocesan Environment Officer and the Housing and Parish Property and Fundraising teams to accelerate our ambition and urgency in this area.
Eco Church continued to progress well and we were delighted to hit our 2023 targets. By the end of the year, 200 churches were registered (out of approx. 470 churches = 43%) and over 100 churches awarded. For the first time, we have more awarded than not – 102 churches, which breaks down as 2 Gold, 23 Silver and 77 Bronze. We also received our Eco Diocese Bronze award in 2023 and we are aiming for our Eco Diocese Silver award by the end of 2024.

Governance

The Governance Team provides overall support for the governance operations at diocesan, Area, deanery, and parish levels. This includes facilitating the meetings and elections relating to the Diocesan Synod, Diocesan Bishop's Council and Area Councils, as well as providing governance and data protection advice to clergy and parish officers across the Diocese.

2023 highlights:

The team facilitated three meetings of the Diocesan Synod; six meetings of the Diocesan Bishop's Council, including a Half Day Away, and Area Council meetings, averaging just over four per Area. Matters considered and decisions made by these **key governance bodies** promote the mission and ministry of the parishes across the Diocese.

Regular **governance advice** was provided to clergy and parish officers via emails, Zoom meetings and phone calls throughout the year, particularly during the first few months when APCMs are held.

The Head of Governance led the session on running APCMs at the Clergy Study Day, attended by around 30 clergy, with an annual letter sent to all PCC Secretaries, Churchwardens and Parish Priests on key governance matters, and highlighting any changes in the **rules affecting parishes**.

The team continued to offer support to parishes on **Data Protection** via: iHasco online training; a dedicated Data Protection email address; a 'Toolkit for parishes'; and a roadshow of Data Protection workshops attended by 200 clergy and laity.

Finance

The Finance team is here to support the operational activity of the LDF and the parishes. We manage income and expenditure of more than £50m per year and provide accurate and timely financial information for decision makers to fulfil the legal responsibilities of the Diocese.

We have a dedicated Parish Finance Adviser for each Episcopal Area, who offers support and information about Common Fund offers, resources for parish treasurers and giving – including the Parish Giving Scheme, Gift Aid and digital giving.

The Finance department also looks after the administration of the Custodian Trusts, Loans and Grants awarded to the parishes and all payments to ordinands and priests.

2023 highlights:

One of the biggest successes of 2023 was a **Digital Giving Rollout initiative** in partnership with National Church. The Finance Advisers worked with parishes to distribute 70 card reader devices across the Diocese. In the first six months, parishes have received over £100k in donations through these devices.

In 2023 after 10 years of working with the Hays Macintyre LLP, we went out to tender for **external audit services** and as a result, the LDF appointed Moore Kingston Smith LLP.

In January 2023, the trustees authorised a new **Ethical Investment Policy**. We have since disinvested from the M&G Charifund and we started investing with two new investment managers – Newton Investment Management and Sarasin & Partners, who offer products fully compliant with our new policy.

Housing & Investment Property

The Housing Team maintains clergy housing across the Diocese, managing reactive repairs, quinquennial maintenance, and ingoing works projects. Through a programme of inspections and testing, the team ensures that all clergy housing is safe to occupy. The team also generates income from letting operational housing to reduce pressure on Common Fund giving and is currently developing a Net Zero Carbon strategy for the Diocese's housing estate.

2023 highlights:

The team managed around 1,000 reactive repairs, 13 quinquennial maintenance projects, 14 window replacement projects and 48 ingoing works projects.

Of the 348 feedback forms completed by clergy giving their assessment of how we've managed reactive repairs to their housing, 81% were rated '5' or excellent and 98% were rated either '4' or '5' which shows very high levels of satisfaction.

To ensure our clergy housing is safe to occupy, the team managed 574 gas boiler safety tests which generated 64 remedial jobs. 387 fixed wiring electrical inspections were undertaken and 353 of those required remedial works – all of which were completed. The reinspection of the housing estate to check for asbestos continued in 2023, bringing our total of asbestos management surveys up to 322.

Through our continued letting of operational housing to reduce pressure on Common Fund giving, the team generated circa £3.25 million of income for the Diocese. As the foundation for their Net Zero Carbon strategy for the diocesan housing estate, condition surveys and energy performance assessments were carried out on clergy housing during 2022 and into 2023.

Parish Property & Fundraising

The Parish Property and Fundraising Team has five primary workstreams:

- *The care and change of church buildings including DAC and other Faculty processes as well as advice on the care of buildings*
- *Fundraising for PCCs and for LDF projects*
- *Closed church leases and disposals, and other linked LDF property in Parish use*

- *Property management support for PCCs – advice on leases, licences and disposals for parishes, alongside direct oversight of LDF property*
- *Administration linked with the Mission & Pastoral Measure*

2023 highlights:

Due to recruitment challenges, there were several vacancies during the first six months of 2023 which led to a backlog in work. From July, six new recruits were in post and are now working through the backlog, including a new Head of Asset Management, and the new Head of Development (Fundraising).

The team managed in the region of 300 applications for alteration, improvement and repair of our places of worship via the **Diocesan Advisory Committee (DAC)**. The membership and the staff supported major casework at St Mary le Strand, St Anne Limehouse, St James Piccadilly, St Mary Teddington, St Peter Bethnal Green, All Saints Edmonton, and St Mary South Ruislip – all with outcomes which promote the missional objectives of each place. With additional resource we are now supporting the C of E Carbon Net Zero initiative.

The Fundraising and consultants have secured considerable funding over the past three years for over 100 PCCs as well as for the LDF. This funding relates to key building repairs, delivering training and providing new facilities to enable mission and community outcomes. In 2023, eight parishes and the LDF received NHLF awards totalling £9m which will leverage a further £7m from Trusts and Foundations.

The team facilitated the diocese's part in Wren 300 – Square Mile Churches, Camden 4 and Camden 19 programming, which aim to forge sustainability by fostering cross-parish and cross-tradition partnerships to better use their buildings for mission and work within the community.

National Church funding was secured for two additional roles to help deliver Net Carbon Zero and help parishes which are financially challenged to address building repairs. Other funding was secured for a part-time valuation surveyor to support the 70 parishes with telecoms licences who collectively receive about £1.2m income annually.

A new Head of Assets was appointed for **Property Management** and work begun to review the portfolio of buildings for new income opportunities to support PCCs. During an average year we facilitate about 420 leases and respond to another 1000 property queries. The team act in two ways, to support Parishes through more difficult property transactions, or with marketing and rent reviews, all to maximise local income and good stewardship.

The **Closed Church portfolio** includes 30 former parish churches which closed largely during the late 1970s and 80s and were retained on long leases with repairing obligations. From 2000, these leases were not managed and the tenants fell dramatically behind their investment agreements, but in 2023 we began working through a prioritised list.

We also marketed two building sites for sale with the aim of reinvestment into active parishes. In recent years, the quality and quantity of pastoral work has increased. In 2019, five Pastoral schemes were actively being processed, whereas at present 25 are active, with another 36 in development. The income will be returned as re-investment in open churches which is estimated at £15m over the next five years.

Financial Review

Financial summary

2023 saw a measure of economic recovery for London although inflation and the continuing cost-of-living crisis persisted. The London Diocesan Fund has continued to support the parishes within the Diocese over the year, as it has done throughout the pandemic and the aftermath. We are extremely grateful to all the parishes who continued to contribute Common Fund during 2023 which plays a key part in enabling ministry and mission to continue in London, offering support and comfort to many in our city.

Across all funds the LDF is reporting an operating deficit of £6.7m before transfers and gains (2022: -£2.1). Total income decreased by £2.1m and total resources expended grew by £2.6m, increasing the operating deficit by £4.6m.

During the year the LDF recognised £7.7m of realised gains (2022: £3.0m) on tangible fixed assets, resulting from the reshaping of the property portfolio. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over time. Property values dropped in 2023 while non-property investments were stable, with £4.2m in unrealised losses and revaluations (2022: loss of £10.3m). Therefore, the accounts show an overall decrease in the value of all funds of £3.2m for the year to £503.8m (2022: £507.0m).

The following table summarises the overall financial position:

All Funds	**2023 £m**	**2022 £m**
Operating Deficit	(6.7)	(2.1)
Pension deficit movements	-	0.4
Sub-total	**(6.7)**	**(1.7)**
Other recognised gains and losses:		
Net gains/(losses) on investments	2.6	(5.0)
Unrealised gains/(losses) on tangible fixed assets	(6.8)	(5.3)
Realised gains on tangible fixed assets	7.7	3.0
Net movement in funds for the year	**(3.2)**	**(9.0)**

General Fund

The LDF has maintained a planned general fund deficit since 2020 to support parishes through the lean times caused by the pandemic and to allow time for recovery and readjustment of resources to local missional need. In 2023 there was a deficit before year- end adjustments of £2.2m (2022: £1.0m deficit).

Income increased by £0.7m from £41.4m to £42.1m.

Donations from parishes through the Common Fund decreased by 2% to £22.3m (2022: £22.7m). Some parishes continue to see an improvement in their local circumstances post covid, however £0.75m was withheld by parishes to register their disquiet regarding General Synod decisions over the blessing for same sex relationships. Some of these withheld payments are being paid in 2024. We are grateful to Trust for London who continue to provide distributions that help bridge the gap in general fund income. This was £2.6m in 2023, (2022: £2.6m) however, we have been informed that distributions will drop by £0.8m for 2024. Other sources of income, including rental and investment income showed an increase of 7% to reach £17.3m (2022: £16.1m).

Expenditure increased by £1.8m from £42.4m to £44.4m.

Significant expenditure streams continue to be Resourcing Ministry & Mission costs of £34.6m (2022: £33.8m) including clergy housing and property costs of £11.1m (2022: £8.1m). 2023 continued the trend of an increasing number of refurbishment projects for Clergy Housing. After a period of less work being carried out due to Covid restriction, some of the projects were more complex and expensive than what normally would have been expected.

Budget and outlook for 2024

The macroeconomic challenges of the Covid-19 pandemic, followed by the cost of living crisis were still evident in 2023. High inflation followed by high interest rates limited growth of the UK economy. As the prime purpose of the LDF is to support the mission and growth of the church in London, it has been more important than ever for the LDF to be able to support the clergy and parishes in the Diocese.

An operating deficit of £1.95m has been agreed for 2024. It follows the 2023 pattern: as costs increase with inflation, the increases in Common Fund pledges are not keeping pace. It remains the aim of the LDF to have objectives which are affordable and sustainable. While the Trustees approved the budget for 2024, they also acknowledged a need to start work on a new strategy to support the parishes in their mission, a plan which would inform a new financial strategy. Due to wise stewardship in the past the LDF is fortunate to have reserves which are being used to fund the deficits in the short term. The work on defining the shape on how to help support and grow the mission of the Church of England in London, which in long term would translate into Common Fund income growth for the LDF, has already begun. It is expected that a new strategy would be approved in the autumn 2024.

Despite the time needed to balance the LDF budgets, having reviewed cash reserves and financial projections, the Trustees are confident that the LDF finances are sufficiently robust to weather this ongoing uncertainty, and the Trustees have no doubts over the continued operation of the LDF.

At this time of challenge, we look to deepen trust and dependence on God and to encourage each other in prayer and faith.

Policies

Reserves policy and management

At the end of the year to 31 December 2023 the LDF held net assets of £503.8m (2022: £507.0m), split between the various funds as shown in the table below:

Fund categories	2023 £m	2022 £m
General	8.1	7.5
Designated	141.7	143.9
Restricted	28.0	31.0
Endowment	326.0	324.6
Total Funds	503.8	507.0

General reserves are held to finance working capital requirements (principally stipends, salaries and property costs) not matched by simultaneous receipt of Common Fund and investment income. The policy was revised in 2020 in response to the greater financial volatility and uncertainty caused by the Covid-19 pandemic. Previously the policy was that General Fund (or free) reserves (unrestricted and undesignated) equivalent to approximately one month's expenditure should be held in cash or near cash. The policy from July 2020 is to hold General Fund

reserves of c.£5.1m, which was calculated by reference to the expected deficits and the need for greater resilience over the next few years.
General reserves at 31 December 2023 were £8.1m (2022: £7.5m). This level of reserves is considered to be appropriate for the time-being due to the ongoing economic uncertainty, the high levels of inflation, and the expected operating deficits. The level is kept under review.
Designated reserves to the value of £141.7m (2022: £143.9m) include the following key funds:
LDF Property Funds £132.7m (2022: £136.9m). This fund represents both operational and investment property that are not covered by Measures that govern Stipends Capital and Parsonages. Operational Property of £76.5m (2022: £74.9m) representing Diocesan offices and over 133 units of property generally used to house clergy who are not housed in parsonages. The investment property fund of £56.1m (2022: £61.9m) is used to generate income for the following purposes:

- To mitigate financial risk, such as significant changes in the environment in which the LDF operates and to protect the LDF from insolvency or serious disruption to its work.
- To aid an equitable balance of expenditure between generations. Many of the assets used by the LDF today were provided by past generations and there is a need to preserve these assets for future generations.
- To supplement the Common Fund in furtherance of the LDF's charitable objectives.

The clergy pension reserve is no longer in deficit. As at 31 December 2023, clergy pension assets cover future liabilities in full (2022: no deficit). Further details can be found within note 15(b).

Other designated funds include the Capital Strategy Fund which is designed to fund an ongoing programme of improvements, maintenance and rightsizing of the operational housing stock. Area Pastoral Funds are used to fund area loans and grants for small capital projects or emergency repairs at the parishes.

To simplify presentation, the Diocesan Loan Capital fund of £2.2m that represented funds set aside to provide loans to parishes for significant capital works has been fully transferred to the General Fund. The activity will continue as previously with no effect on the capacity of the Diocesan to make loans.

Restricted reserves with a value of £28.1m (2022: £31.0m) are restricted in their application in accordance with conditions specified by the donors, the main reserves being Sole Trust Expendable Funds, Closed Church Buildings Operational Property and Closed Church Buildings Investment Property. The funds include those managed on behalf of the Angola, London and Mozambique Association (ALMA) of £1.1m (2022: £1.9m).

Endowment reserves with a value of £326.0m (2022: £324.6m) mainly comprise of restricted expendable endowment funds. These include glebe assets, consisting of historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF, and Parsonage House capital, representing the net book value of freehold and leasehold benefice houses.

Investment policy

Policy

The investments managed by the LDF are in two clear classes: a) Investment Property and b) Investment Funds (Equities and Bonds). The LDF regularly reviews its investment policy and receives periodic guidance from its Non-Property Investment Guidance Group and from the Property Guidance Group.

The LDF acts within its powers as a charity and is mindful of the approaches taken by the wider Church of England, and in particular the advice of the Ethical Investment Advisory Group (EIAG). The LDF believes that incorporating ethical considerations into our Investment Process is in the best interests of the organisation and consistent with both our Memorandum and Articles of Association and the values of our stakeholders. The LDF aims to be a responsible and ethical investor across all assets.

The following policy relates to investment funds.

Investment Funds (Equities and Bonds)

a) The LDF invests in investment funds rather than directly in a segregated portfolio of shares, in order to achieve an acceptable level of risk and fees whilst achieving diversification with a relatively modest amount of funds invested (c£38m as at December 2023).

b) The LDF will choose funds that meet the returns target set and meet our Ethical, Social and Governance (ESG) criteria.
c) The LDF invests in Funds that sign-up to the UN-backed Principles for Responsible Investment (UNPRI) and/or the UK's Stewardship Code, and this informs discussions with fund managers. We therefore expect that fund managers will engage effectively to ensure companies are incentivised to act justly.
However, there are certain areas of activity in which we do not wish to invest. This is generally because to do so would be in conflict with the missional aims and objectives of the Church.

The LDF has an ethical investment policy that applies primarily to its non-property investments. The policy was reviewed and revised in 2022 and in January 2023 the Bishops Council agreed to the exclusion of Fossil Fuel Extraction. This change in policy was implemented in 2023.

The policy states that the LDF will invest only in investment funds that have exclusions as set out in the table below. In instances where fund managers have such exclusions by practice rather than by policy, the LDF will continue to engage regularly with the fund managers and review the portfolio.

LDF Exclusions and Requirements	*Investment type/requirement*
LDF excludes investment in the following sectors:	Arms
	Pornography
	Tobacco
	Gambling
	Fossil Fuel Extraction
	High Interest Lending
LDF requirement of Fund Managers	Be signatories to UNPRI and/or UK Stewardship Code

*Revenue exclusions prohibit individual underlying holdings which generate revenue in excess of 5% of the stated rate from the specified investment category.

Investment returns

Investment property
The strategic work to reshape the investment property portfolio continues as we look to increase the level of income generated from the asset base. This work commenced in 2013, when net income of £1.3m per year was generated and by 2022 it exceeded £4.0m. There were no sales or purchases within the portfolio in the year ending 31 December 2023 although trustees decided to transfer one property to operational housing. In total the investment property portfolio generated net income in excess of £4.1m in 2023 (2022: £4.2m).

The portfolio has seen significant capital growth since inception although property values decreased due to adverse market conditions in 2023, leaving a value of £110.8m, after a transfer of £4m to operational portfolio (2022: £121.8m).

Equity Investments
Investments in equities, fixed interest securities and other quoted securities amounted to £38.1m (2022: £46.2m). As at 31 December 2023, £6.6m of funds disinvested from M&G were still to be reinvested into Sarasin Managed fund, the transaction being completed in February 2024. Gains of £3.0m were achieved (2022: loss £5.0m) and investment income of £2.2m (2022: £2.6m) received.

The gains in the capital value of the above investments, of the order of 9.7% were higher than the movement in the value of the FTSE all-share index, which increased by 2.4% in 2023. Slower than anticipated fall of the inflation, high interest rates and general global economic uncertainty translates into volatile movements in the value of the underlying assets short term. However, LDF investments are held with a view to long term growth and income generation.

	2023 %	**2022 %**	**2021 %**	**2020 %**	**2019 %**	**2018 %**
Historical gains/(losses) on LDF investments	8.8	(9.8)	14.9	1.3	19.9	(11.2)
Historical gains/(losses) on FTSE all-share index	2.4	(4.1)	14.5	(12.5)	14.0	(12.3)

Valuation of operational property assets

The majority of the operational property assets are held for long-term use by the LDF rather than for re-sale and are valued in the accounts at their deemed cost in accordance with the provisions of FRS 102.

Pension schemes

Church of England Funded Pension Scheme – Clergy:
The Pension Scheme valuation as at December 2021 showed no deficit. As a result, from April 2022, the overall contribution rate for scheme members was reduced to 36% of Minimum National Stipend. This rate has been reduced further to 28% from January 2023. The latest communication from the Pension Board continues with that trend announcing a new contribution rate of 25% from April 2024.

As of 31 Dec 2023, pensions liability was valued at NIL (2022: £NIL), therefore, it has been agreed there will be no deficit contributions made towards the clergy pension scheme for the foreseeable future.

Lay Church Workers' Pension Fund:
The final salary section was closed to future accrual on 31 December 2021 with all members transferring to the PB14 section, a defined contribution scheme, from 1 January 2022.

Lay Defined Contribution Scheme:
Since the lay CWPF closed to new members in 2008, the LDF has a defined contribution pension scheme for lay staff which is currently managed by Aviva.

Risk management

The Senior Management Group and the Archdeacons regularly consider, evaluate and record the major areas of risk to which the LDF is exposed, assessing both the likelihood and impact of those risks crystallising, together with measures to manage and mitigate such risks.

The process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit and Risk Committee. The risk register is available for inspection by all directors and trustees. As part of new directors' and trustees' induction, details of the risk management process are provided. A formal report on risk management is considered by the Bishop's Council annually.

The Covid-19 virus pandemic provided significant challenges to the LDF and parishes. 2023 has seen continued emergence from the challenges with staff returning to the office on a hybrid basis.

The risks which are currently assessed as scoring highest, and the plans to address them, include:

- **We have recognised that nationally divisive issues**, such as the outworking of the Living in Love and Faith (LLF) process may lead to loss of clergy and/or congregations and finances. *Mitigation* includes strong episcopal leadership and professional support in handling difficult issues.
- **Current abuse of a child or a vulnerable adult in the Diocese** results in reduced trust and negative impact on the victims. *Mitigation* includes having an independently audited safeguarding programme, which is professionally run. We aim to have safeguarding officers and children's champions in every relevant parish.
- **Historic abuse of a child or a vulnerable adult in the Diocese** results in reduced trust and negative impact on the victims. *Mitigation* includes regular reporting to the Diocesan Safeguarding Team, the ongoing Past Cases Review 2 and the support of an independently audited safeguarding programme.
- **Appointment of clergy** who weaken the missional and financial health of parishes.
  Mitigation includes seeking the fullest possible information about candidates for posts and ensuring that knowledge about parish opportunities is shared in a timely fashion.
- **Common Fund** system loses support from PCCs, or there is an inability to sustain sufficient incremental increases each year, resulting in insufficient income to cover committed LDF budget. *Mitigation* includes annual Common Fund presentations to engage parishes and provide support where necessary. Existing

trends are reviewed regularly alongside consideration of parishes' future capacity to sustain Common Fund increases. Targeted interventions are carried out as necessary with concerned parishes.

Funds held as custodian trustee

The LDF is custodian trustee for trust assets of £18.7m (2022: £18.0m). Most of these trusts are held on behalf of parishes whose charitable purposes are broadly parallel to those of the LDF. Assets held under these trusts are held separately from those of the LDF. Detailed certificates of holdings as at 31 December 2023 have been sent to parishes and other managing trustees.

Other matters

The LDF also supports connected charities, one of which is the London Diocesan Board for Schools, to which we grant the use of facilities at London Diocesan House to the value of £387k (2022: £367k), and to whom a cash grant of £171k was made in 2023 (2022: £171k).

Other support is provided to parishes in the form of grants and loans. In 2023 grants to London parishes totalled £2.5m (2022: £2.8m). This includes funds from National Church Strategic Development Funds (SDF).

In December 2022, Martin Sargeant, a former Operations Manager to the Archdeaconry of London, pleaded guilty to the theft of £5.2m. The monies in question were not stolen from the LDF but associated parties. The LDF has been in close contact with Action Fraud and the Charity Commission during the investigation and has commissioned an independent enquiry into the circumstances surrounding the theft. In 2023 the courts awarded compensation to these parties from the assets of Martin Sergeant under the Proceeds of Crime Act. A fraud impact report was commissioned from Crowe UK LLP and this is published on the LDF website.

Plans for future periods

The recovery from the Covid-19 pandemic, followed by high interest rates and the cost of living crisis continues to have a negative impact on the London parishes. The LDF will continue to support diocesan parishes and worshipping communities through this time. However, our aim to support the mission and growth of the Church in London in the years ahead remains and is given new expression through our 2030 Vision.
The London Diocese is the LDF and all the London Parishes, and we strongly believe in the interdependence of those two elements. The financial health of the LDF depends on the sustainability of the parishes. We have now embarked work on strategy specific to each area, which will allow the Diocese to further its mission, strengthen the parishes and allow the LDF best to support this work in London.

Going concern

The trustees have reviewed the charity's financial position, particularly in light of the recent developments around LLF and financial challenges for parishes. While it is expected that the LDF may experience a reduction in the level of income received, particularly in respect of Common Fund received from parishes, detailed reviews of the LDF cash flows and forecasts show that it is expected that the LDF has sufficient cash levels to operate successfully for the foreseeable future. Therefore, taking account of the satisfactory levels of reserves and cash, the annual budget and five-year financial plan, and our systems of financial and risk management, it is the trustees' opinion that the charity is well placed to manage operational and financial risks successfully.

Accordingly, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and do not believe that there are any material uncertainties as to the going concern of the charity. Therefore, the trustees are content that the charity continues to adopt the going concern basis of accounting in preparing the annual accounts.

Governance, structure and management

The Diocese of London

The Diocese of London was founded in Roman times and was re-founded in 604 by St Mellitus. In its current form, it covers 18 boroughs in Greater London and Surrey, north of the River Thames and west of the River Lea. It serves over four million people in 277 square miles.

The Diocese is led by the Bishop of London, the Rt Revd and Rt Hon Dame Sarah Mullally. The Bishop of London has delegated certain powers to four area bishops, the Bishops of Edmonton, Kensington, Stepney and Willesden, and two Suffragan bishops, the Bishops of Fulham and Islington.

There is an archdeacon for each of the episcopal areas. There is also an Archdeacon of London and an Archdeacon of Charing Cross, for the Two Cities area which is led by the Bishop of London.

There are 21 deaneries within the Diocese. Each deanery consists of between 10 and 26 parishes; there are approximately 400 parishes in the Diocese, each of which is governed by a Parochial Church Council (PCC). The PCC is made up of the incumbent as chair, the churchwardens and a number of other ex officio, elected and possibly also, co-opted members. Each PCC is a corporate body and a separate charity. PCCs are responsible for, inter alia, the maintenance of churches and certain other buildings. Except where shown, the transactions of PCCs do not form part of these financial statements.

The statutory governing body of the Diocese is its Synod, which is a largely elected body with representation from all parts of the Diocese. The Diocese conducts its financial and operational affairs through a number of corporate bodies, the main ones being the London Diocesan Fund (LDF) – relating to churches - and the London Diocesan Board for Schools (LDBS), an independent registered charity – relating to schools.

The London Diocesan Fund

The LDF is a company limited by guarantee and registered in England & Wales (150856). It is also a registered charity (241083). Its registered and principal office is at London Diocesan House, 36 Causton Street, London SW1P 4AU. The LDF was incorporated in England & Wales on 29 June 1918.

All members of the Bishop's Council are directors of the company for the purposes of the Companies Act 2006 and are trustees under charity law.

Management and senior staff

The bishops and archdeacons exercise day to day oversight of the Diocese. The General Secretary acts as secretary to the Bishop's Council.

Some Senior Management Group (SMG) members have the title Director in their job titles, but they are not directors of the LDF for the purposes of company law nor are they trustees of the charity. The SMG comprises:

General Secretary:	Mr Richard Gough (resigned 31 July 2023) Mr Oliver Home (appointed 1 September 2023)
Director of Housing and Investment Property:	Mr William Hagger (resigned 31 March 2023) Mr Jeremy Lock (appointed 6 March 2023 in interim, and 1 January 2024 permanently)
Director of Human Resources and Safeguarding:	Mrs Suzanne Long (resigned 28 February 2023)
Director of People:	Mrs Poli Shajko (appointed 1 September 2023)
Director of Finance and Operations:	Mr Christopher Harris
Director of Parish Property and Fundraising	Mr Kevin Rogers
Director of Strategy and Communications:	Mr Angus Stephenson

Remuneration

The HR Committee (formerly named the Remuneration Committee) meets at least annually to provide assurance to the Diocesan Finance Committee (DFC) that the LDF has appropriate remuneration procedures in place and to oversee issues relating to the remuneration of all LDF clergy and staff. It makes recommendations to the DFC regarding the LDF's remuneration policy and pay increases.

Statutory functions

The LDF has a statutory responsibility for management of glebe assets (historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF), to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts, and also discharges the responsibilities of the Diocesan Parsonages Board.

Charity Governance Code

The LDF has incorporated the 'Charity Governance Code' as a key tool in its governance management framework. At each meeting of the charity's Audit and Risk Committee a section of the Code is reviewed and the LDF's application of it assessed. The aim is to develop and embed the Code's principles and practices in the organisation's operations.

Principal activities

The principal activity of the LDF is to serve and support the parishes and people within the Diocese of London in their mission of proclaiming the Gospel of Jesus Christ.

It does this operationally through the provision of stipend and housing to parish clergy and chaplains and supporting their ministry as well as that of the parishes and other worshipping communities.

Ministry and associated costs, including property, account for the majority of the LDF's expenditure. This is financed principally by the collection of voluntary income from the parishes, termed 'Common Fund', supplemented by rental and investment income.

Grants are awarded to parishes by the Area Councils and to mission initiatives by the Bishop of London's Mission Fund (BLMF), which is a designated fund within the LDF.

The LDF also acts as custodian trustee and as agent to other boards, committees and trusts within the London Diocese.

Fundraising

The LDF fundraising plan incorporates three streams:

- To provide parishes with advice and guidance to encourage them to adhere to best practise in their fundraising activities.
- To drive campaigns around specific and strategic fundraising needs.
- To support and enable strategic relationship management.

The LDF does not engage with any direct marketing activities, nor does it share or purchase any donor data with or from third parties. The LDF occasionally engages with independent professional fundraisers and if so will always ensure there is an appropriate contract in place. The LDF has signed up to the regulation scheme established by the Fundraising Regulator. No complaints regarding fundraising have been received.

Public benefit of activities

The trustees have a statutory duty under the Charities Act 2011 to have regard to the public benefit guidance issued from time to time by the Charity Commission. The trustees have noted the Charity Commission's guidance *Charities and Public Benefit* and have regard to this in making relevant decisions. Guidance was included in the Trustee Induction material distributed to the Diocesan Bishop's Council in Spring 2022. The trustees believe that this report, taken as a whole, provides evidence of the public benefit of the charity's work in 2022.

The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the LDF helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. The principal public benefits of the LDF are the advancement of the Christian religion by supporting ministers of religion and others who lead, encourage and support members of the various and diverse communities of the world city of London by and in:

- the provision of public worship and ceremonies
- the moral and spiritual improvement of the public
- the provision of comfort to the bereaved and distressed
- contributing towards a better society, by promoting social cohesion and social capital
- contributing to the spiritual and moral education of children
- carrying out, as a practical expression of religious belief, other activities to meet needs
- contributing to good mental and physical health
- the provision and maintenance of sacred spaces, principally churches (many of which are listed buildings) and churchyards, open to the public and
- the provision of public spaces, such as church halls, as an expression of faith.

Parishes are independent registered charities, and therefore legally distinct from the LDF. However, the support provided to parishes by the LDF directly contributes towards their mission and ministry, and therefore how they provide public benefit. Parishes across the Diocese carry out diverse activities, including provision of night shelter work, debt advice, specialised ministries and numerous community projects.

Committees

The Diocesan Synod has appointed the Bishop's Council as the Diocesan Mission and Pastoral Committee. The Council has delegated certain powers to Area Councils and to the Diocesan Finance Committee (DFC). Additional members may be co-opted by these committees and councils or nominated by the Diocesan Bishop.

Diocesan Finance Committee (DFC)

The DFC is a committee of the Bishop's Council. Its membership comprises laity and clergy. The committee meets at least six times each year. The Bishop of London, the archdeacons, and the clerical and lay vice chairs of the Bishop's Council are ex officio members.

The DFC makes recommendations to the Bishop's Council on matters in connection with finance, property and staff business of the LDF.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is a committee of the Bishop's Council. Members are appointed by the Bishop's Council for three years. Its membership is drawn from the Council, the Diocesan Synod, the DFC, and from outside bodies. The ARC meets four times a year.

The ARC ensures that the LDF's financial control and regulatory and statutory reporting are effective, that their accounts are appropriately audited; that risks are appropriately identified, assessed and managed; and that incidences of actual or alleged malpractice and fraud are reported, and necessary action taken on them.

Trustee training

The trustees periodically review their knowledge, skills and experience. Appropriate training sessions are designed to address any gaps in skills and knowledge.

New trustees are provided with documentation outlining their main responsibilities and new trustee induction sessions are conducted each triennium.

Disclosure of information to auditors

Each trustee who held office at the date of approval of this trustees' report confirms that, so far as he or she is aware, there is no relevant audit information of which the LDF's auditors are unaware, and that he or she has

taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the LDF's auditors are aware of that information.

'Relevant audit information' means information needed by the LDF's auditors in connection with the preparation of their report.

In doing so, the trustees have made enquiries of their fellow directors and of the LDF's auditors and have taken such other steps (if any) for that purpose, as are required by their duty as directors of the LDF to exercise reasonable care, skill and diligence.

Statement of trustees' and directors' responsibilities in respect of the Trustees' Report and the Financial Statements

The trustees are responsible for preparing the Directors' and Trustees' Report, incorporating the Strategic Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for that financial year. In preparing these financial statements, the trustees are required to:

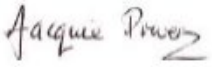
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

In approving this trustees' report, the trustees are also approving the Strategic Report included here, in their capacity as company directors.



Jacquie Driver
Chair of the Diocesan Finance Committee
14 May 2024

Appendices – committee membership and administrative details

Directors, Trustees and Members of the Diocesan Bishop's Council

All members of the Bishop's Council are directors and members of the company for the purposes of the Companies Acts and are trustees under charity law. The following members served during the period from 1 January 2023 until 14 May 2024, the date of approval of this report:

Chair
The Rt Revd and Rt Hon Dame Sarah E Mullally DBE BSc MSc DSc (Hon) Bishop of London

Lay & Clerical Vice Chairs
Mr Ade Adebajo
Diocesan Synod House of Laity
The Revd Christopher Trundle
Diocesan Synod House of Clergy

Ex Officio
The Bishop of Stepney,
the Rt Revd Joanne Woolway Grenfell
The Bishop of Kensington,
the Rt Revd Dr Emma Ineson
The Bishop of Edmonton,
the Rt Revd Robert J Wickham (until 09/07/23)
the Rt Revd Dr Anderson Jeremiah (from 25/04/2024)
The Bishop of Willesden,
the Rt Revd Lusa Nsenga-Ngoy
The Bishop of Fulham,
the Rt Revd Jonathan M R Baker
The Bishop of Islington,
the Rt Revd Ric C Thorpe
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Peter Farley-Moore
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford
The Archdeacon of Charing Cross,
the Ven Adam Atkinson (until 29/09/23)
the Ven Katherine Hedderly (from 15/04/24)
The Dean of St Paul's Cathedral,
the Very Revd Andrew Tremlett

Elected by the House of Laity, Diocesan Synod
Dr Phillip Rice
Mr Stephen Garside
Mr Jonathan Wolstenholme
Mr Toby Partridge

Nominated by the Bishop of London
Mr Richard N Perry
Ms Jacquie Driver
Mr Paul Nicholas

The following members were elected by the Diocesan Synod members of the respective areas:

Two Cities
The Revd Luke Ijaz (until 30/11/23)
Mr Brian O'Donoghue
Mr Jeremy Thomas
Mrs Sarah Finch
Mr Zi Ken Toh

Stepney
The Revd Graham Hunter
Mrs Christina T Sosanya
Ms Josile Munro
Mr Peter Sinclair

Kensington
The Revd Samuel Cross
The Revd Samuel Follett
Mr David Hurst
Mrs Sarah Tett

Edmonton
The Revd Thomas Watts
Mr Inigo R M Woolf
Dr Christopher R M Ward
Miss Amanda McIntyre
Mrs Margarita Barr-Hamilton

Willesden
The Revd Christopher Phillips
The Revd Matthew Cashmore (until 08/04/24)
Mr John R Dolling
Mr Clive R Scowen

Members are shown in the categories in which they are currently elected. They may previously have served as members in a different capacity.

Members of the Diocesan Finance Committee as at 14 May 2024

(also Members of the Bishop's Council)

The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Peter Farley-Moore (from 10/4/22)
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford
The Archdeacon of Charing Cross,
the Ven Adam Atkinson (until 29/09/23)
the Ven Katherine Hedderly (from 15/04/24)
The Revd Christopher Trundle
The Revd Matthew Cashmore (until 08/04/24)
The Revd Graham Hunter (from 14/05/2024)
Mr Ade Adebajo
Ms Jacquie Driver (Chair)
Mr Paul Nicholas
Mr Inigo R M Woolf
Mr David Hurst
Ms Josile Munro
Mr Clive Scowen
Mr Stephen Garside

(not Members of the Bishop's Council)

Mr Andrew Garwood-Watkins
Mr Anthony Dixon
Mr Julian Desborough
Mr Michael Bithell
Mr Noel Manns
Mr Rich Spens
Mr Richard Myers
Ms Juliet Maggs

Members of the Audit and Risk Committee as at 14 May 2024

(also Members of the Bishop's Council)

Mr Richard N Perry (Chair)
Dr Phillip Rice
Stephen Garside

(not Members of the Bishop's Council)

Mr Don Bawtree
Mrs Elizabeth Marshall
Mr Mohan Yogendran
The Revd Owen Higgs
Mr Christopher Longden
Mr Gerard Hargreaves (from 25/01/24)

The Bishop of London's Fund

Patron: The Most Revd and Rt Hon the Lord Archbishop of Canterbury, Justin Welby
President: The Rt Revd and Rt Hon the Lord Bishop of London Dame Sarah E Mullally DBE BSc MSc DSc

Treasurer: Mr Inigo R M Woolf
The president and treasurer are ex officio trustees.

Other trustees of the Bishop of London's Fund
The Ven Luke J Miller
Mr David Roberts
Secretary: Mr Oliver Home

The Bishop of London's Fund (BLF) was established in 1863 and was incorporated by the Board of the Charity Commissioners for England and Wales under the Charitable Trustees Incorporation Act 1872 (since replaced by other legislation) on 7 July 1882.

The BLF is a registered charity (249021). The Finance Committee of the LDF constitutes its Executive Committee. Certain title and trust deeds are in the name of the BLF.

For day to day purposes and in accordance with a special resolution of 29 October 1918, its activities are subsumed into the LDF, with which it shares common objectives. The majority of the BLF's assets were transferred to the LDF in the last century.

The London Diocesan Board of Finance

President and Chair: The Rt Revd and Rt Hon the Lord Bishop of London
The Rt Revd and Rt Hon Dame Sarah E Mullally DBE BSc MSc DSc

Trustees: The Trustees of the LDF
Secretary: Mr Oliver Home

The London Diocesan Board of Finance (LDBF) was registered in England as a company limited by guarantee on 30 April 1914. The Diocesan Boards of Finance Measure 1925 provides that every Diocese in the Church of England should have a DBF. It stipulates however that those Dioceses with existing trust bodies (provided they are incorporated under the Companies Acts) are allowed to use these bodies to carry out the functions of the DBF.

Clause 3(c) of the Memorandum of Association of the LDF (company number 150856) formed in 1918 specifically empowers the LDF to carry out (inter alia) all of the functions of the LDBF. The Articles of Association of the LDBF were amended on 7 June 1926 to amalgamate the functions of the DBF into the LDF, except anything which was unable to be amalgamated because of statutory provisions.

The LDBF is a registered charity (249022) and a company limited by guarantee (135519).

Professional Advisers

Auditors
Moore Kingston Smith LLP
6th Floor,
9 Appold Street,
London EC2A 2AP

Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

Insurers
Ecclesiastical Insurance Group PLC
Beaufort House
Brunswick Road
Gloucester GL1 1JZ

Solicitors
Birketts LLP
106 Leadenhall Street
London EC3A 4AA

Communications Consultants
Luther Pendragon Limited
3 Priory Court
Pilgrim Street
London EC4V 6DR

Independent Auditors' Report to the Members of the London Diocesan Fund

Opinion

We have audited the financial statements of The London Diocesan Fund ('the company') for the year ended 31 December 2023 which comprise of the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and 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 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 charitable company's affairs as at 31 December 2023 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 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 there is 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 [strategic report and the] trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

- 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 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, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

James Cross (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

9 Appold Street
London
EC2A 2AP

Date: 4 July 2024

Statement of Financial Activities – for the year to 31 December 2023

		Unrestricted Funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2023	2022 Restated
		£m	£m	£m	£m	£m	£m
Income and endowments from	Notes						
Donations, legacies & grants							
Common Fund		22.3	-	-	-	**22.3**	**22.7**
Parish reimbursements for clergy costs		4.2	-	-	-	**4.2**	**4.1**
Donations and legacies		0.8	0.5	1.6	-	**2.9**	**3.1**
Church Commissioners'		-	-	4.4	-	**4.4**	**6.4**
City Church Fund		2.6	-	-	-	**2.6**	**2.6**
Charitable activities							
Operational property rental income		3.4	-	0.1	-	**3.5**	**4**
Parochial fees		0.4	-	-	-	**0.4**	**0.4**
Investment Income							
Dividends and interest receivable	11a	1.9	-	0.3	-	**2.2**	**2.6**
Investment property rentals	11b	5.0	-	0.5	-	**5.5**	**5.2**
Other income		1.6	-	0.3	-	**1.9**	**0.9**
Total income		**42.2**	**0.5**	**7.2**	**-**	**49.9**	**52.0**
Expenditure on							
Raising funds							
Investment management costs							
Rental portfolio costs-agent fees	5a	0.1	-	-	-	**0.1**	0.1
Investment property repairs and maintenance	5a	0.6	0.1	0.5	0.1	**1.3**	0.9
Charitable activities							
Contributions to Archbishop's Council	5b	1.5	-	-	-	**1.5**	1.8
Resourcing Ministry and Mission	5c	34.6	0.5	0.9	-	**36.0**	33.8
Cost of Operational Property Rentals	5d	2.0	0.1	-	-	**2.1**	2.3
Support for Parish ministry	5e	5.4	1.5	8.5	-	**15.4**	14.9
Expenditure on Education	5f	0.2	-	-	-	**0.2**	0.2
Other expenditure		-	-	-	-	**-**	-
Total expenditure	5	**44.4**	**2.2**	**9.9**	**0.1**	**56.6**	**54.0**
Net income/(expenditure) before investment gains		(2.2)	(1.7)	(2.7)	(0.1)	**(6.7)**	**(2.1)**
Realised gains on tangible fixed assets		-	7.1	-	0.6	**7.7**	**3.0**
Net gains/(losses) on investments	8	-	-	0.2	2.4	**2.6**	**(5.0)**
Net incoming resources for the year		**(2.2)**	**5.4**	**(2.5)**	**2.9**	**3.6**	**(4.1)**
Transfers between funds	13d	2.8	(2.2)	0.5	(1.1)	**-**	-
Other recognised (losses)/gains							
Pension deficit movement		-	-	-	-	**-**	**0.4**
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	(5.4)	(1.0)	(0.4)	**(6.8)**	**(5.3)**
Net movement in funds for the year		**0.6**	**(2.2)**	**(3.0)**	**1.4**	**(3.2)**	**(9.0)**
Reconciliation of funds:							
Funds at 1 January 2023		7.5	143.9	31.0	324.6	**507.0**	**516**
Funds at 31 December 2023		**8.1**	**141.7**	**28.0**	**326.0**	**503.8**	**507.0**

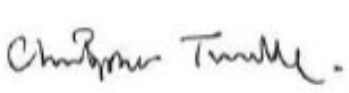
Balance Sheet – as at 31 December 2023 **Company number: 150856**

	Notes	Unrestricted Funds General £m	Unrestricted Funds Designated £m	Restricted Funds £m	Endowment Funds £m	Total 2023 £m	Total 2022 £m
Fixed Assets							
Operational property	7a	-	90.2	2.3	252.7	**345.2**	**335.2**
Investment property	7b	-	72.7	8.4	29.7	**110.8**	**121.8**
Non-property investments	8	-	0.2	3.7	34.2	**38.1**	**46.2**
Fixtures and fittings		0.2	-	-	-	**0.2**	**0.1**
		0.2	**163.1**	**14.4**	**316.6**	**494.3**	**503.3**
Current Assets							
Debtors	10a	6.6	1.1	1.3	-	**9.0**	**7.2**
Cash at bank		7.3	(13.2)	13.3	10.0	**17.4**	**12.4**
		13.9	(12.1)	14.6	10.0	**26.4**	**19.6**
Creditors							
Amounts falling due within one year	12	(6.1)	(0.6)	(0.9)	(0.5)	**(8.1)**	**(6.5)**
Net Current Assets		7.8	(12.7)	13.7	9.5	**18.3**	**13.1**
Total assets less current liabilities		**8.0**	**150.4**	**28.1**	**326.1**	**512.6**	**516.4**
Creditors – amounts falling due after one year							
Pension scheme liabilities	15	-	-	-	-	**-**	**-**
Other creditors	12	-	(8.8)	-	-	**(8.8)**	**(9.4)**
Net Assets		8.0	141.6	28.1	326.1	**503.8**	**507.0**
Funds							
General		8.0	-	-	-	**8.0**	**7.5**
Designated	13a	-	141.7	-	-	**141.7**	**143.9**
Restricted	13b	-	-	28.1	-	**28.1**	**31**
Endowment	13c	-	-	-	326.0	**326.0**	**324.6**
Total Funds		**8.0**	**141.7**	**28.1**	**326.0**	**503.8**	**507.0**

The financial statements on pages 30 to 56 were approved, and authorised for issue, by the Diocesan Bishop's Council on 14 May 2024.



Jacquie Driver
Chair of the Diocesan Finance Committee



The Revd Christopher Trundle
Clerical Vice-Chair of Bishop's Council

Summary income and expenditure account – for the year to 31 December 2023

	2023 £m	2022 £m
Income	**49.9**	**52.0**
Expenditure	**(56.5)**	**(53.7)**
Net (expenditure) before investment gains	**(6.6)**	**(1.7)**
Net gains on investments	**0.2**	**(0.7)**
Realised gains on property assets	**7.1**	**1.4**
Net income /(expenditure) for the year	**0.7**	**(1.1)**
Other comprehensive income:		
Unrealised gains on property assets	**(6.4)**	**(12.1)**
Net movement on defined benefit pension schemes	**-**	**0.4**
Total comprehensive income	**(5.7)**	**(12.7)**

All incoming and expended resources relate to continuing operations.

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 30 with movements in endowment funds excluded to comply with company law.

Cash flow statement – for the year 31 December 2023

	Notes	2023 £m	2022 £m
Net cash (outflow) from operating activities	14a	**(14.4)**	**(16.7)**
Net cash inflows from investing activities	14b	**19.5**	**7.6**
(Reduction)/increase in cash in the year		**5.1**	**(9.1)**
Cash and cash equivalents			
As at 1 January		**12.3**	**21.4**
As at 31 December		**17.4**	**12.3**

The notes on pages 33 to 56 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies
The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2015) (Second Edition, effective 1 January 2019) and with regard to the Diocesan Annual Report and Financial Statements Guide (v5. 2015).

The accounts comply with the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

1.1 Basis of preparation
The LDF prepares its annual financial statements on the historical cost basis of accounting as adjusted for the revaluation of investments and investment properties. The financial statements are prepared on a going concern basis (see page 16).

1.2 Key judgements
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- non-depreciation of fixed assets as per accounting policy (see note 1.7)
- pension scheme liabilities (see note 15)

1.3 Funds
The LDF has various types of fund for which it is responsible and which require separate disclosure. Note 13 shows the balances and movements on each fund together with details of their uses. The directors' and trustees' report gives an overview of the LDF's Reserves Policy.

Unrestricted Funds
Unrestricted funds arise from all the accumulated surpluses and deficits in the provision of general charitable activities:

- General Funds
- Designated Funds (note 13a)

The latter are funds earmarked by the LDF trustees for a specific purpose. The trustees have discretion over the purpose and use of the funds. They can be re-allocated or otherwise undesignated without reference to outside agencies.

Restricted Funds (note 13b)
These are funds subject to specific conditions imposed by the donor or by the specific terms of a trust deed or other legal measure. Income and expenditure on restricted funds are taken directly to those in the Statement of Financial Activities except to the extent that income is freely available for the general purpose of the LDF.

Endowment Funds (note 13c)
Permanent endowment capital must be held permanently, whereas expendable endowment capital can be used in certain circumstances. Income arising is included in general or restricted funds depending on the terms of the trust instrument.

1.4 Taxation status
The LDF is a registered charity and as such is able to take advantage of exemptions granted under the relevant tax legislation including the Corporation Taxes Act 2010. It is not liable to corporation tax on charitable income or income from charitable activities.

1.5 Pensions

The LDF participates in two defined benefit pension schemes: the Church of England Defined Benefit Scheme (DBS), for some of its lay employees but now closed to new joiners and future accrual, and the Church of England Pensions Scheme, for clergy. The schemes are considered to be multi-employer schemes as described in Section 28 of FRS 102. This means that it is not possible to attribute the schemes' assets and liabilities to specific employers and that contributions are accounted for as if the schemes were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability.

1.6 Statement of Financial Activities

All material income and expenditure is accounted for on an accruals basis.

Income	**Explanation**
Donations, legacies and grants	
Common Fund	Contributions paid by the churches in the Diocese of London to the LDF
Parish reimbursements for clergy costs	Amounts received in respect of clergy involved in largely local initiatives, financed directly by parishes or other institutions
Donations	Gifts from external organisations and individuals
Church Commissioners	Grant income from the Church Commissioners
City Church Fund	Grant income from the City Church Fund
Charitable Activities	
Operational property rental income	Operational property is usually held to house clergy. Where property is not used for this purpose in the short-term, it is let out at market rates to generate additional income. Designated and glebe operational rental income is receivable within general funds.
Parochial fees	Parochial fees are statutory charges for weddings and funerals, of which part is due to the local PCC, and part is due to the LDF. The LDF element is used to help fund the overall stipends bill.
Investment Income	
Dividends and interest receivable	Income arising is credited to the relevant funds on a receipts basis for dividends, and on an accruals basis for interest income.
Investment property rental income	Investment property is let out at the market rate. Designated and glebe investment rental income is receivable within general funds.
Raising funds – investment management costs	
Rental portfolio costs: agent fees	Agent fees paid in relation to the management of the property portfolio.
Investment property repairs and maintenance	Repairs and maintenance relating to the investment property portfolio.

Charitable activities	
National Church	The LDF's contribution to the National Church's costs.
Resourcing ministry and mission	This cost of clergy stipends, national insurance, and pension contributions for both parish and other clergy, their housing costs, clergy grants and other non-stipendiary expenditure
Cost of functional property rentals	Repairs and maintenance relating to the functional let property portfolio.
Support for Parish Ministry	This represents costs of supporting the parishes in delivery of their mission through area and deanery activities, supporting activities in children's ministry, community ministry and social justice, selection and education of future clergy, support in maintaining the fabric of church buildings and safeguarding.
Expenditure on education	Annual cash grant to the London Diocesan Board for Schools

1.7 Tangible Fixed Assets

Property

Operational property is generally held at deemed historic cost and investment property at market value. Assets in the course of construction are held at cost.

(a) Benefice Houses

The LDF has adhered to the requirements of FRS 102 in its accounting treatment of benefice houses in following the substance of arrangements rather than their strict legal form. Although the LDF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over future use, the legal title and right to beneficial occupation is vested in the incumbent. The trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and, in line with the transitional arrangements under FRS 102, value such properties at deemed historic cost being the net book value as at 1 January 2015.

Depreciation

In accordance with the implementation of FRS 102, annual depreciation is not charged on benefice and operational, freehold properties. Until 2015, fixed assets were depreciated over their useful economic life as follows:

Benefice Houses	150 years
Other freehold properties	50 years
Leasehold properties	Lease term

(b) Burial Grounds

Burial grounds owned by the LDF are held at £nil value as the trustees believe that the cost of a practical valuation is onerous compared to any additional benefits to be gained. The LDF is unable to sell or change the use of any of these assets without reference to external organisations such as the Church Commissioners. These restrictions, together with the inherent difficulties of applying conventional property valuation methods, are all significant factors in the adoption of the valuation approach for this class of assets.

(c) Closed Church Buildings

Church buildings closed for regular public worship (referred to as 'Closed Church Buildings', and formerly known as 'Redundant Churches') are valued at suitable multiples of annual rental income where this is significant. Where this approach is not applicable, the asset is held at £nil value.

(d) Properties purchased using Church Commissioners' value linked loans

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value.

(e) Assets in the course of construction and major capital projects

Property costs over £10,000 are capitalised where there has been significant enhancement to the underlying assets. This means in practice that all major capital projects are capitalised.

(f) Fixtures, fittings and equipment
Fixtures, fittings and equipment additions under £10,000 are written off fully in the year of purchase. Items over £10,000 are capitalised.

Depreciation
Depreciation is charged on fixtures, fittings and equipment over four years, being their expected useful life.

1.8 Financial instruments
Financial assets measured at fair value comprise listed investments. Financial assets measured at amortised cost comprise contributions to the Common Fund, rent receivable, loans to parishes, loans to individuals and other debtors. Financial liabilities measured at amortised cost comprise parish loans payable, grants payable and other creditors. Financial liabilities measured at fair value comprise Church Commissioners' value linked loans.

1.9 Investments
Investment Property
The trustees' policy is that freehold and long leasehold properties held for investment purposes have been included at the trustees' best estimate of market value. In 2022 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Valuations were conducted by Cluttons LLP. Future external valuations will take place as required, in accordance with relevant accounting standards. Interim valuations for the top 30 value properties are undertaken in intervening years by external valuers, the rest of the portfolio is to be valued by a suitably qualified officer of the LDF.

Investment property is not depreciated. Realised gains and losses on investment property are taken to the Statement of Financial Activities under the heading of realised gains/(losses) on tangible fixed assets.

Other Investments
Non-property investments are stated at fair value calculated by reference to the bid market value at 31 December. Realised gains or losses on disposal are calculated as the difference between disposal proceeds and carrying value.

1.10 Custodian Trusts
Trusts where the LDF acts as custodian trustee with no control over the management or use of the funds are not included in the Balance sheet or Statement of Financial Activities of the LDF. A separate Balance sheet and Statement of Financial Activities is set out on page 64 with supporting notes on pages 65 to 67. The custodian trustee funds have been subject to a non-statutory audit and the audit report thereon covering pages 64 to 67 is to be found on page 68.

2. Post balance sheet events
There have been no material events to report since 31 December 2023 which affect the values stated in these accounts.

3. Net incoming resources for the financial year

The net incoming resources for the financial year is stated after charging	2023	2022
	£'000	£'000
Depreciation – fixtures, fittings and equipment	64	106
	64	106
Auditors' Remuneration (including VAT)		
Statutory audit	38	34
Non-Audit Services:		
Tax advice	1	4
Non-statutory review of Custodian Trusts	3	2
	42	40

4. Clergy and Staff Costs

Clergy costs

Clergy holding parochial or archidiaconal posts (including Common Fund clergy, off-Common Fund clergy and chaplains.)	2023	2022 Restated
	£'000	£'000
Gross stipends	15,988	15,604
Employer's National Insurance contributions	1,370	1,130
Employer's pension contributions	3,866	5,174
	21,224	21,908
Average number of total stipendiary clergy posts	516	514
Number of total stipendiary clergy posts at 31 December	516	515

Church measures state that income from Glebe assets, both property and investments, should be applied to the cost of stipends. The value of this income in 2023 was £1,876k (2022: £1,956k).

As at 31 December 2023 there were no individuals (2022: 2) who (following the implementation of the Ecclesiastical Offices (Terms of Service) Measure 2009 in February 2011) are legally employees of the LDF, despite being on the clergy payroll. Where their costs fall to the LDF, they are included in the clergy disclosure note below. In total for 2023, costs for those individuals who were included on the clergy payroll at any point in the year included gross stipends of £NIL (2021: £56,056), employer's NI of £NIL (2022: £4,660) and employer's pension contributions of £NIL (2022: £18,683).

Costs of lay staff	2023	2022 Restated
	£'000	£'000
Wages and Salaries	5,039	4,685
Employer's National Insurance	522	489
Employer's Pension contributions	713	699
	6,274	5,873

The Full Time Equivalent average number of lay people employed on diocesan business, and funded out of unrestricted general funds, was 85 (2022: 80). A further 27 Full Time Equivalent lay employees (2022: 29 were funded from restricted or designated funds. Therefore, the Full Time Equivalent average number of people employed was 112 (2022: 109).

4. Clergy and Staff Costs (continued)

The number of employees whose emoluments for the year exceeded £60,000 are as follows

	2023	2022
	No	No
£120,001 - £130,000	-	1
£110,001 - £120,000	-	1
£100,001 - £110,000	-	-
£90,001 - £100,000	2	1
£80,001 - £90,000	-	1
£70,001 - £80,000	4	2
£60,001 - £70,000	2	2

Emoluments, above, is defined as gross salary.

Aggregate employer normal pension contributions for all the higher-paid employees were £98,711 (2022: £99,472) payable to various pension schemes, of which £98,711 (2022 £99,472) was payable to defined contribution pension schemes. There were 0 (2022: 0) higher-paid employees who were members of the defined benefit pension scheme.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees for planning, directing and controlling the activities of the diocese. For these purposes, key management are deemed to be the senior management group (see page 18) and the trustees.

Remuneration for the Senior Management Group amounted to salary of £594,120 (2022: £558,449), Employer's NI £66,857 (2022: £66,749), and Employer's pension contributions of £91,832 (2022: £80,017). Expenses reimbursed amounted to £9,594 (2022: £4,113)

5. Governance costs and the allocation of Support Costs between Charitable Activities

	2023	2022 Restated
	£'000	£'000
Support costs *(allocated below)*		
Salary and employment costs	1,979	1,772
Office costs	1,045	991
Governance costs	371	416
	3,395	3,179

A change in presentation of expenditure on charitable activities means that Safeguarding costs, which previously were forming part of the support costs, are now presented separately to better inform a reader of these accounts about the cost of the LDF activities supporting the parishes. This means that total support costs in 2022 have been restated with a reduction of £682k from £3,711k to £3,179k.

5. Governance costs and the allocation of Support Costs between Charitable Activities (continued)

Resources Expended		Before allocation of support costs	Support costs	Total 2023	Total 2022 Restated
		£'000	£'000	£'000	£'000
Raising funds					
Investment management costs					
Rental portfolio costs - agent fees		145	-	**145**	**119**
Investment Property repairs & maintenance		1,212	47	**1,259**	**939**
	5a	1,357	47	**1,404**	**1,058**
Charitable activities					
National Church					
Training for Ministry		1,382	-	**1,382**	**1,382**
National Church Responsibilities		951	-	**951**	**963**
Mission agency pension costs		44	-	**44**	**58**
Retired clergy housing		548	-	**548**	**521**
Pooling of ordinands maintenance grants		(1,376)	-	**(1,376)**	**(1,118)**
	5b	1,549	-	**1,549**	**1,806**
Resourcing Ministry and Mission					
Parish Ministry Stipends, NI and associated costs		16,566	1,371	**17,937**	**17,732**
Parish Ministry pension contributions		3,680	305	**3,985**	**4,364**
Other Clergy Stipends, NI and associated costs		792	55	**847**	**822**
Other Clergy pension Contributions		186	13	**199**	**260**
Clergy Housing costs		10,420	883	**11,303**	**9,101**
Removal, resettlement and grants		502	43	**545**	**353**
Other non- stipendiary costs		985	80	**1,065**	**1,122**
	5c	33,131	2,750	**35,881**	**33,754**
Cost of Functional Property Rentals	*5d*	1,904	156	**2,060**	**2,340**
Support for Parish Ministry					
Parish and area support services incl. Vision 2030		3,670	120	**3,790**	**3,999**
Resourcing ministerial education		3,424	154	**3,578**	**5,259**
Grants to Parishes & Overseas		3,504	6	**3,510**	**3,025**
Care of churches		3,750	87	**3,837**	**1,999**
Safeguarding		682	59	**741**	**594**
	5e	15,030	426	**15,456**	**14,876**
Expenditure on Education					
Support for Schools and parishes	5f	171	15	**186**	**186**
Total Charitable Activities		**51,785**	**3,347**	**55,132**	**52,963**
Total Resources Expended		**53,142**	**3,394**	**56,536**	**54,022**

The change in a layout in charitable activity expenditure, prompted an adoption of a new support costs apportionment method. All support costs are being allocated based on resources expended on directly on the

activities. In accordance with SORP 2015 governance costs of £371,000 (2022: £448,000) have been allocated on the same basis.
We have opted for a new presentation of our charitable activity in the SOFA to better describe how the LDF delivers its mission. The reasons for the biggest variances between the cost reported in 2022 and 2023 are:

- Investment Property repairs & maintenance – Higher costs arose in the year due to more lease extensions, rent reviews, and development investigation works compared to the prior year.
- Clergy Housing costs – the increase in costs was primarily due to inflationary increases in both the materials and contractors' costs, also an increased amount of compliance work undertaken in the year.
- Resourcing ministerial education – a significant drop in ministerial education expenditure was due to a lower number of new ordinands commencing their clergy training in 2023, as well as a change in the National Church funding model, meaning from September 2023, they are paying college fees directly – a cost previously incurred by the Diocese.
- Grants to Parishes & Overseas – the higher amount in 2023 was due to large grants to Angola and Mozambique Dioceses from the ALMA legacy fund for setting up a Pension Fund for Clergy in Angola as well as new diocese set up and general running costs for both Angola and Mozambique.
- Care of churches – the three main factors behind the increase in the amount of resources spent on this activity were an increase of £1.2m in the amount of grants to parishes to help them with their building needs, more was also spent on the maintenance of closed churches, as well as in investment into staff working in Parish Property Team.

6. Grants to Parishes and Overseas

Funding source:	General funds	Designated funds	Restricted funds	Endowment funds	Total 2023	Total 2022 Restated
Grants to Parishes from:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Archbishops' Council	-	-	981	-	**981**	**1,527**
Core funds	-	470	162	-	**632**	**388**
Area pastoral funds	53	302	27	-	**382**	**450**
Bishop of London's Mission Fund	-	19	-	-	**19**	**12**
Funds held for parish benefit	-	93	395	-	**488**	**424**
	53	**884**	**1,565**	**-**	**2,502**	**2,801**
Overseas:						
Angola and Mozambique (ALMA) and Lent projects	10	-	991	-	**1,001**	**217**
Grant administration allocation	6	-	-	-	**6**	**6**
	69	**884**	**2,556**	**-**	**3,509**	**3,024**

Grants from core funds represent funds awarded from primarily general fund sources such as Archdeacons Discretionary funds and other monies held to support parishes. The above monies funded grant awards to 184 institutions (2022: 289).

7a. Tangible Fixed Assets – Operational Property

Properties are valued in accordance with the accounting policies set out in note 1.

In accordance with transitional arrangements upon the implementation of FRS 102, first adopted in 2015, the LDF took advantage of the concession whereby benefice and operational houses, previously valued under UK GAAP at depreciated insurance value, are carried forward at deemed historical cost being the book value of these assets at 1 January 2015, with the exception of properties purchased using value linked loans (see page 41).

7a. Tangible Fixed Assets – Operational Property (continued)

	Designated Funds			Restricted Funds	Endowment Funds				
	Freehold Property £'000	Long Leasehold Property £'000	Sub-total £'000	Closed Churches £'000	Leasehold Benefice Houses £'000	Freehold Benefice Houses £'000	Glebe Property £'000	Sub-total £'000	Grand Total £'000
At cost or valuation									
At 1 January 2023	90,610	5,157	95,766	2,351	2,890	233,241	29,718	265,849	363,966
Additions	437	-	437	-	-	9,371	150	9,520	9,957
Transfers	5,065	-	5,065	-	-	(1,065)	-	(1,065)	4,000
Disposals	(1,683)	-	(1,683)	-	-	(1,894)	(39)	(1,933)	(3,616)
Revaluation	(625)	-	(625)	-	-	-	-	-	(625)
At 31st December 2023	93,803	5,157	98,960	2,351	2,890	239,653	29,829	272,372	373,683
Depreciation									
At 1 January 2023	8,528	349	8,877	-	426	17,024	2,474	19,924	28,801
Charge for the year	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Transfers	70	-	70	-	-	(70)	-	(70)	-
Disposals	(173)	-	(173)	-	-	(152)	-	(152)	(325)
Revaluation	-	-	-	-	-	-	-	-	-
At 31st December 2023	8,425	349	8,774	-	426	16,800	2,474	19,700	28,474
Net Book Value									
At 31st December 2023	**85,378**	**4,808**	**90,186**	**2,351**	**2,464**	**222,853**	**27,355**	**252,672**	**345,209**
Net Book Value									
At 31 December 2022	**82,081**	**4,808**	**86,889**	**2,351**	**2,464**	**216,218**	**27,244**	**245,925**	**335,165**

7a. Tangible Fixed Assets – Operational Property (continued)

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value. As at 31 December 2023, the value of these properties was £8,770,000 (2022: £9,394,000). The valuation as at 31 December 2023 was undertaken by a suitably qualified officer of the LDF, based on knowledge of the properties (such as refurbishment levels and general condition) with reference to available market data for similar properties in similar locations. Future external valuations will take place as required. The carrying amount on a cost basis of the revalued properties is £3,627,000.

Capital Commitments
As at 31 December 2023, the LDF had £530k of capital commitments (2022: £nil) in relation to capital work on major developments planned for 2024 and onwards.

7b. Fixed Assets – Investment Property

	Designated Funds			Restricted Funds	Expendable Endowment Funds	
	Freehold Property £'000	Long Leasehold Property £'000	Sub-Total £'000	Closed Churches £'000	Glebe Property £'000	Grand Total £'000
At cost or valuation						
At 1 January 2023	75,534	6,425	81,959	9,331	30,519	**121,809**
Additions	177	-	177	-	-	**177**
Transfers	(4,000)	-	(4,000)	-	-	**(4,000)**
Disposals	-	-	-	-	-	**-**
Revaluation	(4,618)	(825)	(5,443)	(975)	(840)	**(7,258)**
At 31st December 2023	**67,093**	**5,600**	**72,693**	**8,356**	**29,679**	**110,728**
Fair Value						
At 31 December 2022	**75,534**	**6,425**	**81,959**	**9,331**	**30,519**	**121,809**

The trustees' policy is that freehold properties held for investment purposes are included at the trustees' best estimate of market value. In 2022 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Future external valuations will take place as required, in accordance with relevant accounting standards. Valuations were conducted by Cluttons LLP, Savills Plc and Strutt & Parker. In interim years the top 30 properties by NBV are being valued externally, while the rest are reviewed by a suitably qualified officer of the LDF.

8. Non-Property Investments

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Market value at 1 January 2023	-	**388**	**8,076**	**37,734**	**46,198**	**51,441**
Additions (at cost)	-	-	29	10,000	**10,029**	**7**
Transfers	-	-	-	-	**-**	**-**
Disposals	-	(164)	(4,729)	(16,771)	**(21,664)**	**(196)**
Net gains/(losses) on revaluation	-	21	359	3,187	**3,567**	**(5,053)**
Market value at 31 December 2023	-	**245**	**3,735**	**34,150**	**38,130**	**46,199**

Non-property investments are represented by:

	2023	2022
	£'000	£'000
M&G Charifund	**-**	**20,643**
CBF Global Equity Income Fund	**19,030**	**16,561**
CBF Investment Fund	**8,796**	**8,995**
Newton BNY Mellon Fund	**10,305**	**-**
	38,131	**46,199**

CBF investments are valued by the CCLA.

The historic cost of the investments held at 31 December 2023 was £25,211,000 (2022: £31,931,000).

Following a change in the Ethical Investment Policy, the LDF proceeded with disinvestment from M&G Charifund. Some of the funds were already reinvested into Newton Fund during 2023, the remaining £6.6m was held as cash at bank as at 31 December 2023, but reinvested in Sarasin Fund in February 2024.

9. Investments in subsidiary undertakings

The LDF owns 100% of the issued share capital of a subsidiary undertaking, Causton Street Farms Limited (registered company number 2768104). The company has been dormant since 1 January 2005. The subsidiary is excluded from consolidation because it is not material to the financial statements of the LDF.

10a. Debtors

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Contributions to the Common Fund						
Rent receivable	1,169	4	660	-	**1,833**	**1,519**
Prepayments and accrued income	2,595	2	579	-	**3,176**	**1,223**
	3,764	6	1,239	-	**5,009**	**2,742**
Loans to Parishes						
Diocesan Bishop's Council awarded	1,093	-	-	-	**1,093**	**716**
Area Council awarded	-	888	-	-	**888**	**687**
	1,093	888	-	-	**1,981**	**1,403**
Loans to individuals	95	190	-	-	**285**	**301**
Other debtors	1,565	15	117	-	**1,697**	**2,749**
	6,517	**1,099**	**1,356**	**-**	**8,972**	**7,195**

Movements in Loans to Parishes	2023	2022
	£'000	£'000
As at 1 January 2023	**1,403**	**1,531**
Additions (new loans and interest)	**741**	**431**
Repayments	**(163)**	**(559)**
As at 31 December 2023	**1,981**	**1,403**

During the year, interest on Diocesan Bishop's Council (Finance Committee) loans to parishes was charged, depending upon the rules in force when the loan was awarded, at rates of 1% above the Central Board of Finance (CBF) rate, or 2% above the Bank of England base rate depending on the balance of an individual loan. No interest was charged on other loans.

Certain loans to parishes and individuals fall due after more than one year, and the total of these at 31 December 2023 was £1,502,000 (2022: £1,330,600).

10b. Related Parties

London Diocesan Board for Schools (LDBS)
The LDBS is a charitable company (charity registration no. 313000, company registration no. 00198131). The LDF and the LDBS are separate charities but the members of various Diocesan bodies appoint or elect the majority of the trustees/directors of the two organisations. The Bishop of Edmonton, Rt Revd Robert J Wickham was a trustee of both the LDF and of LDBS until 9 July 2023.

10b. Related Parties (continued)
The LDF makes an annual grant to the work of the LDBS accounting to £171,000 (2022: £171,000) and a contribution towards the cost of staff time of £NIL (£2022: £NIL). At 31 December 2023 other creditors included £1,811 for payroll items relating to the LDBS (2022: £NIL).

In addition to the grant described above, the LDF makes the following donations in kind to the LDBS. These relate to office space and provision of house services including reception, cleaning, utilities, IT and payroll support. The estimated value of such services is:

	2023	2022
	£'000	£'000
Accommodation - rent	**131**	**131**
House services and meeting rooms	**256**	**236**
	387	**367**

The Gregory Centre for Church Multiplication (CCX)
The CCX is a charitable company (charity registration no. 1201506, company registration no. 14429617). The CCX working on the Church growth and multiplication in London and beyond was part of the LDF undertakings until 31 March 2023, when they started operating as a new, independent charity. The move out of the LDF much better reflects the geographical reach of their activities. The LDF continues the pursuit of some of its Church growth ambitions through the programmes run by CCX. A number of members are trustees/directors of both charities:

- The Bishop of Islington, the Rt Revd Ric C Thorpe, trustee of the LDF became a trustee of CCX on 1 April 2023.
- Ms Jacquie Driver, trustee of the LDF became a trustee of CCX on 1 April 2023.

The balance of funds as at 31 March paid to CCX as a transfer out of the LDF totalled £721,571. In addition, £331,828 was paid to CCX towards the operational cost of LDF Vision2030 programmes. There was no material balance outstanding at year end.

Trustees' expenses and remuneration
In 2022 the LDF reimbursed a total of £22,233 to 6 members of the Bishop's Council (2022: £19,806 to 8 members). The vast majority of these expenses related to working expenses, for example as Archdeacons, Area Dean or other ecclesiastical roles, rather than as expenses reimbursed in their role as trustees. In 2023, a further £41,491 (2022: £29,007) was paid to 11 (2022: 11) trustees, representing removal grants for clergy and other clergy grants. These amounts are in line with the LDF's usual practice regarding clergy expenses and are not related to their roles as trustees.
The LDF is responsible for a substantial part of the stipend of the clerical members of the Bishop's Council by virtue of their clerical office, along with National Insurance and costs associated with housing. The stipends, National Insurance and pensions of Bishops are borne and funded by the Church Commissioners.

The following was paid to 12 (full time equivalent: 12) other members of the clergy in 2023 who were members of the Bishop's Council (2022: 13 members; full time equivalent: 13).

	2023	2022
	£'000	£'000
Gross Stipends	**413**	**421**
Employer's National Insurance contributions	**35**	**35**
Employer's pension contribution	**95**	**132**
	543	**588**

Under the Repair of Benefice Buildings Measure 1972 the Diocese is responsible for the upkeep of parsonages. 7 members of Bishop's Council during the year (2022: 8) were housed in parsonages by virtue of their clerical office. 2 employees (2022: none) were housed in a parsonage.

A further 9 members of Bishop's Council and Diocesan Finance Committee (2022: 8) and 12 employees who are also clergy, including chaplains (2022: 8), were housed in properties owned by the London Diocesan Fund.

For the purpose of this disclosure note transactions with Parochial Church Councils, where there may be a relationship because members of Bishop's Council are also trustees of those bodies, have not been included.

Other

- the Archbishops' Council (Charity No 1074857), from which the LDF receives grants and to which the LDF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, including General Synod. The Archdeacon of London is a trustee.
- the Church Commissioners for England (Charity No 1140097), from which the LDF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDF pays for clergy stipends through the Church Commissioners.
- the Church of England Pensions Board (Charity No 236627), to which the LDF pays contributions for clergy and employees and makes contributions towards the provision of housing for clergy in retirement.
- Trust for London (Charity No 205629). The Bishop of London has control over part of the City Church Fund which is held by Trust for London. The Bishop of London receives recommendations on the allocation of the fund by the City Churches Grants Committee, comprising the Archdeacon of London, the General Secretary and the Chair of the Finance Committee of the LDF, the Area Dean and the Lay Chair of the City Deanery. The fund can only be used to support churches within the City of London.
- The cost of academic training of the LDF ordinands is incurred at multiple colleges. The LDF members are the trustees/directors at some of them. In 2023 there were transactions with Wycliff Hall College and The Society of St Stephen's House – Mrs Sarah Finch and The Bishop of Fulham, the Rt Revd Jonathan M R Baker were respectively trustees for these organisations.
- PCCs and deaneries where the Diocese of London holds a custodian responsibility. The LDF is required to be a custodian trustee in relation to PCC property, but the LDF has no control over PCCs, which are independent charities. PCCs and deaneries are able to influence the decision-making within the LDF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

11a. Dividends and Interest Receivable

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends	1,505	10	253	-	**1,768**	**1,912**
Cash and deposit interest	256	2	59	3	**320**	**233**
Loan interest	89	-	-	-	**89**	**438**
	1,850	**12**	**312**	**3**	2,177	2,583

11b. Investment Property Rentals

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Investment Property Rentals	**4,991**	**-**	**516**	**-**	5,507	5,217

12. Creditors

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due within one year:						
Parish Loans Payable	232	232	-	-	**464**	**262**
Grants Payable	-	280	496	-	**776**	**769**
Other Creditors	2,643	6	311	(6)	**2,954**	**1,460**
Accruals and deferred income	3,186	107	78	550	**3,921**	**3,986**
	6,061	**625**	**885**	**544**	**8,115**	**6,477**
Amounts falling due after one year:						
Church Commissioners Value Linked Loans	**-**	**8,770**	**-**	**-**	**8,770**	**9,394**

13a(i).Designated Funds	**At 1 January 2023**	**Income***	**Expenditure**	**Unrealised Gains/(Losses)**	**Transfers**	**At 31 December 2023**
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Vision 2020	**(1)**	-	-	-	1	**-**
Richard Chartres Fund for London	**5**	-	-	-	(5)	**-**
Capital Strategy Fund	**1,194**	2,351	(318)	-	3,573	**6,801**
LDF Property	**136,853**	4,734	(67)	(5,443)	(3,441)	**132,636**
Inspection and Maintenance Funds	**336**	-	-	-	(336)	**-**
Designated Trusts	**426**	9	(93)	21	-	**363**
Mission Opportunity	**345**	-	(160)	-	-	**185**
Bishop of London's Mission Fund	**100**	33	(102)	-	70	**101**
Clergy Training and Support	**340**	20	(113)	-	4	**251**
Area Pastoral Funds	**1,431**	-	(342)	-	185	**1,274**
Area Bank Accounts	**102**	-	(10)	-	(93)	**-**
Diocesan Loan Capital	**2,154**	-	-	-	(2,154)	**-**
Strategic Development Reserve	**177**	-	(12)	-	-	**165**
St Edmunds Course (Lay Ministry)	**19**	-	(12)	-	-	**7**
PPF Capital Strategy Funds	**380**	-	(465)	-	-	**(85)**
Compensation Trust for London	**-**	470	(470)	-	-	**-**
Total Designated Funds	**143,861**	**7,617**	**(2,163)**	**(5,422)**	**(2,196)**	**141,699**

**Income includes realised gains/(losses)* *Note 13d*

13a(ii).Designated Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Capital Strategy Fund	-	-	6,801	-	**6,801**
LDF Property	162,925	-	(21,489)	(8,799)	**132,636**
Designated Trusts	-	245	119	-	**364**
Mission Opportunity	-	-	264	(80)	**184**
Bishop of London's Mission Fund	-	-	105	(5)	**100**
Clergy Training and Support	-	-	251	-	**251**
Area Pastoral Funds	-	-	1,781	(507)	**1,274**
Strategic Development Reserve	-	-	166	-	**166**
St Edmunds Course (Lay Ministry)	-	-	7	-	**7**
PPF Capital Strategy Funds	-	-	(82)	(3)	**(85)**
Total Designated Funds	**162,925**	**245**	**(12,077)**	**(9,394)**	**141,699**

Housing Capital Strategy Fund
The Capital Strategy Fund holds the net capital proceeds from the sale of assets that have been identified as appropriate sites for development. The proceeds from such developments release capital to be redeployed elsewhere in the Diocese, as part of the LDF's Capital Strategy.

LDF Property
This fund represents both operational and investment property that are not covered by Measures that govern Stipends Capital and Parsonages. Operational property includes the Diocesan offices and over 100 units of property generally used to house clergy who are not housed in parsonages. Investment property comprises over 50 freehold and leasehold properties, held to generate income and capital growth, which helps fund stipends and other charitable activities.

Inspection and Maintenance Funds
This fund comprises the Quinquennial Fund and the Ingoing Works Fund with a year-end fund value of £nil (2022: £366k). We carry out planned maintenance on an average of one-sixth of our operational properties each year (88 of approximately 540), but the actual number varies from year to year. This fund smooths the impact of these works on the General Fund from year to year, and thus aids budgeting and financial planning. A net transfer of £366k was made from the Funds in 2023 to the General Fund to help pay for current year works. All necessary works in accordance with the Repair of Benefice Buildings Measure 1972 are undertaken, and the funds support this strategy.

Designated Trusts
These funds represent proceeds arising from the sale of parish-based properties that were in use by those parishes but were legally owned by the Diocese. Each sale of such property is assessed on a case-by-case basis and where there is a compelling reason the sale proceeds may be designated for parish purposes, usually to fund a parish-based development or replacement facility. These funds are expected to be held on an on-going basis.

Mission Opportunity
This fund was established to meet a range of specific clergy and related costs that are necessary in implementing Diocesan mission and ministry policy.

Bishop of London's Mission Fund (BLMF)
This fund is used for new local mission initiatives (not capital projects) throughout the Diocese. The balance remaining in this fund is supporting the Apprenticeship Schemes which are due to finish in 2025.

Clergy Training and Support
This fund is for providing general clergy training and support leadership courses and individual coaching and mentoring sessions. The designated budget holder for the fund is the Director of Ministry.

13a. Designated Funds (continued)

Area Pastoral Funds

These are funds for each of the five episcopal areas which can be used for loans and grants for specific projects in each area. Decisions on the use of the funds are taken by Area Councils. Loans and grants are awarded each year and the fund is replenished from general funds to ensure the fund is not depleted. It is anticipated that this will continue into the foreseeable future.

Diocesan Loan Capital

This fund provides loans to parishes, with individual loans not normally exceeding £200,000. Requests from parishes are first considered by the Loans Monitoring Group (LMG), a sub-committee of the DFC, and the decision is made by the DFC. In 2023 the funds were undesignated to allow the unused cash to be directed in furthering the mission of the LDF. The activity will continue in the general fund.

Strategic Development Reserve

This reserve funds the remainder of the 2020 Vision Strategic Development team work, which supported our work in several major areas of regeneration. This includes the Genesis Barge project. Previously funded from the designated Capital Strategy Fund and a contribution from the general fund, expenditure is now for direct project costs only.

St Edmunds Course (Lay Ministry)

This fund has been set up to receive a balance of funds held externally and to charge expenses relating to administrating the St Edmunds Lay Ministry Course which supports our 2030 Vision of Creating Confident Disciples.

PPF Capital Strategy

Similar to the Capital Strategy Fund, the Churches Capital Strategy holds the net capital proceeds from the sale of assets, specifically closed churches. The proceeds are to be redeployed for use to benefit other church buildings.

Fraud Compensation - Trust for London

Funds received following the closure of the fraud case, paid in full to the Trust for London for the future benefit of the City of London parishes.

13b(i). Restricted Funds	**At 1 January 2023**	**Income***	**Expenditure**	**Unrealised Gains/(Losses)**	**Transfers**	**At 31 December 2023**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Sole Trust Expendable Funds (inc. ALMA)	**7,582**	478	(1,385)	248	-	**6,923**
Closed Church Buildings Fund	**19,866**	1,055	(1,063)	(864)	269	**19,262**
Area Church Building Funds	**1,580**	-	(704)	-	-	**876**
Diocesan Church Building Fund	**275**	-	(494)	-	318	**99**
Strategic Development funds	**(2)**	1,124	(1,062)	-	(60)	**-**
Strategic Capacity Funding	**17**	211	(212)	-	(10)	**6**
Ordinands Training Fund	**625**	1,701	(1,613)	-	-	**713**
Strategic Ministry Fund	**57**	983	(943)	-	(18)	**79**
The Gregory Centre for Church Multiplication (CCX)	**871**	315	(1,190)	-	5	**1**
Projects restricted fund	**132**	1,069	(1,025)	-	(27)	**149**
Bishops' secretaries fund	**(2)**	245	(243)	-	-	**-**
Total Restricted Funds	**31,001**	**7,181**	**(9,934)**	**(616)**	**477**	**28,108**

**Income includes realised gains/(losses)* *Note 13d*

13b(ii). Restricted Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Sole Trust Expendable Funds (inc. ALMA)	-	2,447	4,482	(6)	**6,923**
Closed Church Buildings Fund	10,699	1,289	7,677	(403)	**19,262**
Area Church Building Fund	-	-	1,372	(496)	**876**
Diocesan Church Building Fund	-	-	99	-	**99**
Strategic Capacity Funding	-	-	6	-	**6**
Ordinands Training Fund	-	-	701	12	**713**
Strategic Ministry Fund	-	-	79	-	**79**
The Gregory Centre for Church Multiplication (CCX)	-	-	1	-	**1**
Projects restricted fund	-	-	141	8	**149**
Total Restricted Funds	**10,699**	**3,736**	**14,558**	**(885)**	**28,108**

Sole Trust Expendable Funds
This fund comprises over 30 restricted trusts which are held for specific parish or Diocesan purposes. These trusts are consolidated with the main LDF accounts as the LDF acts as sole trustee and therefore has control. The permanent endowment element is disclosed in note 13c. Each Trust is governed by its own trust instrument which may be in the form of a Charity Commission scheme. The activity of the Angola, London and Mozambique Association (ALMA) is consolidated under this heading, comprising funds of £1.1m at 31 December 2023 (2022: £1.9m).

Closed Church Building Funds
These funds primarily represent closed church buildings and also include the Diocesan Pastoral Account (DPA), which is principally governed by the Mission and Pastoral Measure 2011. Decisions on the use of the fund are taken in accordance with the Measure and with target estimates of future maintenance of those buildings. Income from the rental of churches no longer used for Anglican public worship, that is not required for the maintenance of those buildings, may be used for the payment of stipends and maintenance of property for the housing of clergy.

Area Church Building Funds
This reserve comprises net funds released after the sales of closed churches, having been set up in 2019. The fund will be used to reinvest in open or new church buildings to help repair, develop and create church buildings that support mission and ministry across the Diocese. Within this fund, funds are allocated to specific Episcopal areas.

Diocesan Church Building Fund
This fund comprises net funds released after the sale of closed churches. It was set up in 2022. The fund is used to reinvest in open or new church buildings, to help repair, develop and create church buildings that support mission and ministry across the Diocese.

Strategic Development Funds
This fund comprises the income and expenditure relating to the restricted funding received from the Church Commissioners towards Church Planting, Church Growth and Youth Strategies and Transforming Tower Hamlets, Southall & Hounslow. Each grant has been awarded for six years, the earliest awarded in 2015, with the final project due to end in 2028.

Strategic Capacity Fund
The fund comprises of income and expenditure relating to restricted funding received from Church Commissioners towards Growing Younger Apprentice Scheme and the Ministry Development Team. These grants were awarded in 2023 and are for 5 years.

13b. Restricted Funds (continued)

Ordinands Training Fund

This fund is for training Ordinands covering college and some grants to Ordinands received from Church Commissioners. From September 2023 Church Commissioner pay Colleges directly. The unused funds will be repaid to the National Church over a period to be agreed.

Strategic Ministry Fund

This fund is used to cover 50% of costs of additional Curacy placements across the Diocese. The programme has been running since 2021 and each cohort lasts for 3 years. It is anticipated that a further cohort will be placed in summer 2024.

The Gregory Centre for Church Multiplication (CCX)

These funds are grants that were raised by CCX and the fund balances have transferred to them as they now operate as a separate charity.

Projects Restricted Fund

This fund comprises a small number of projects for which the LDF receives restricted funding. Income sometimes relates to the aggregate match funding received in relation to a number of projects.

Bishops' Secretaries Fund

This shows the restricted funding received from the Church Commissioners as a contribution towards the cost of the Bishops' secretaries.

13c(i).Endowment Funds	**At 1 January 2023**	**Income***	**Expenditure**	**Unrealised Gains/(Losses)**	**Transfers**	**At 31 December 2023**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Expendable Endowment						
Glebe property	**85,826**	127	(102)	2,617	-	**88,468**
Parsonage House Fund	**233,061**	(140)	-	0	(1,108)	**231,813**
Permanent Endowment						
Sole Trust Permanent Endowment	**5,711**	(231)	-	189	-	**5,669**
Total Endowment Funds	**324,598**	**(244)**	**(102)**	**2,807**	**(1,108)**	**325,950**

**Income includes realised gains.* *Note 13d*

13c(ii). Endowment Funds	**Fixed Asset Tangible**	**Investments**	**Current Assets**	**Creditors**	**Net Assets**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Expendable Endowment					
Glebe property	57,891	31,949	(1,376)	4	**88,468**
Parsonage House Fund	224,459	-	7,902	(548)	**231,813**
Permanent Endowment					
Sole Trust Permanent Endowment	-	2,202	3,467	-	**5,669**
Total Endowment Funds	**282,350**	**34,151**	**9,994**	**(544)**	**325,950**

13c. Endowment Funds (continued)

Glebe Property Funds

This represents the net book value of glebe property with movements shown in note 7. Rental income from glebe property is credited to general funds where it is used to fund clergy stipend payments. This fund also represents the carrying value of glebe investments and cash, which is used for the purchase and refurbishment of glebe operational and investment properties. When a property is sold, the sale proceeds are credited to these funds. Income from glebe property is credited to general funds where it is used only to fund clergy stipend payments. The use of glebe assets is governed by the Diocesan Stipends Funds Measure 1953 and the Endowments and Glebe Measure 1976.

Parsonage House Fund

These funds are used for the purchase and refurbishment of freehold and leasehold benefice houses (see note 7), as well as cash and investments used for the purchase and refurbishment of houses that form part of this fund.

Sole Trust Permanent Endowment

This fund represents those amounts held under the LDF's sole trusteeship where the capital is not expendable.

13d. Transfer between funds – detailed breakdown of movements

	General	**Designated**	**Restricted**	**Endowment**	**Total**	***Reference***
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	
Transfer of budgeted items in the General Fund from various designated funds	1,320	(1,320)			-	i
Diocesan Loan Capital Fund undesignation	2,154	(2,154)			-	ii
Net transfers (to)/from designated funds at year-end	(184)	184			-	iii
Net transfers (to)/from restricted funds at year-end	(463)	(14)	477		-	iv
Net transfers (to)/from endowment funds at year-end		1,108		(1,108)	-	v
	2,827	**(2,195)**	**477**	**(1,108)**	**-**	
			Note 13a	*Note 13b* *Note 13c*		

i. These transfers relate to budgeted items set aside from the General Fund for various designated funds.

ii. Undesignation of Diocesan Loan Capital Fund - all activity to be continued in the General Fund

iii. These relate to transfers agreed at the year-end between the General Fund and specific designated funds.

iv. These relate to transfers agreed at the year-end between the General Fund and specific restricted funds.

v. These relate to transfers agreed at the year-end between the designated funds, restricted funds and specific endowment funds.

14. Notes to the cash flow statement

Notes to the cash flow statement

	2023 Total £'000	2022 Total £'000
14a. Reconciliation of operating (deficit) to operating cash flows		
Operating (deficit)	**(6,595)**	**(2,062)**
Depreciation release	**64**	**106**
(Increase) in debtors	**(1,775)**	**(2,380)**
Increase/(decrease) in creditors	**1,638**	**(971)**
Non-cash movement in pension liability	**0**	**387**
Investment and rental income	**(7,684)**	**(11,800)**
Net cash (outflow) from operating activities	**(14,352)**	**(16,720)**

14b. Gross cash flows	2023 Total £'000	2022 Total £'000
Cash flows from investing activities		
Dividends and interest received	**2,177**	**2,583**
Rental Income	**5,507**	**9,217**
Sale of property	**10,008**	**17,013**
Purchase of property	**(10,134)**	**(21,413)**
Other fixed asset purchases	**(143)**	**(22)**
Sale of investments	**22,066**	**196**
Purchase of investments	**(10,029)**	**(7)**
Net cash inflow from investing activities	**19,452**	**7,567**
Increase/(Reduction) in cash in the year	**5,100**	**(9,153)**

14c. Analysis of changes in net funds

Funds	At 01 January 2023 £'000	Cash flows £'000	Other £'000	At 31 December 2023 £'000
Cash at bank and in hand	**12,327**	**5,099**		17,426
Value linked loans due after one year	**(9,394)**	**-**	**625**	(8,769)
	2,933	**5,099**	**625**	**8,657**

15. Pensions

	2023	2022
Pension liabilities	Total £'000	Total £'000
Lay staff pensions (*see note a below*)	-	-
Clergy pensions (*see note b below*)	-	-
	-	-

15(a). Lay staff pensions

The LDF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
    a. a deferred annuity section known as Pension Builder Classic, and,
    b. a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. No pensions costs relating to this scheme were charged to the SoFA in the year, and the contributions payable was NIL (2022: NIL).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019.

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

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

15(b). Clergy pensions

From 1 January 1998, Diocesan clergy became members of the Church of England Pensions Scheme (CEFPS). This non-contributory Scheme provides benefits based on national minimum stipends. The Church of England Pensions Board is the trustee and administers the Pension Scheme. The Scheme provides pensions that relate to pensionable service from 1 January 1998. The Scheme's assets are held separately from those of the LDF. Past service clergy pensions for service before 1 January 1998 are paid by the Church Commissioners at no cost to the LDF.

The LDF is the sponsoring employer for 566 members (2022: 575) of the Scheme out of a total membership of approximately 7,561 active members. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £0 in 2023 (2022: £0), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022: £581k).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards.
- Increase in pensionable stipends of CPIH.
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.
The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.
Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2023 £'000	**2022 £'000**
Balance sheet liability at 1 January	**-**	**968**
Deficit contribution paid	**-**	**(581)**
Interest cost (recognised in SOFA)	**-**	**-**
Remaining charge to the balance sheet liability*	**-**	**(387)**
Balance sheet liability at 31 December	**-**	**-**

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2023	**December 2022**	**December 2021**
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total pensionable payroll	n/a	n/a	-1.5% pa

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

16. Members' Liability

The London Diocesan Fund is a company registered in England as a company limited by guarantee, having no share capital. At 31 December 2023 there were 42 members (2022: 45) who were liable to contribute £1 each in the event of the company being wound up.

Custodian Trusts – Custodian Trustee Report and Non-Statutory Financial Statements for the year ended 31 December 2023

The following pages do not form part of the statutory financial statements of the London Diocesan Fund for the year ended 31 December 2023

Contents	Page
Report of the Custodian Trustee	**61**
Non-Statutory Financial Statements	**62**
Notes to the Custodian Trusts Financial Statements	**63**
Independent Auditors' Report to the Custodian Trustee of the Funds	**66**

Report of the Custodian Trustee

The council of the London Diocesan Fund, usually acting as Custodian Trustee under ecclesiastical and UK law, presents the report and non-statutory financial statements for the year ended 31 December 2023.

Legal Status
Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as Diocesan Authority (in effect, custodian trustee) of parish buildings and land. It also acts as custodian trustee for monies held on specific trust. These pages report the specific trust holdings only and provide an aggregation of the financial assets of some 92 separate trusts (99 in 2022). Land and building assets held by the London Diocesan Fund as Diocesan Authority are not shown.

Certain title and trust deeds are held in the name of the Bishop of London's Fund. This is a corporate body that pre-dated the formation of the London Diocesan Fund in 1918 and in which some property and capital were vested. For day-to-day purposes, its activities have been subsumed into the London Diocesan Fund since 1 January 1918.

Review of the Year
Total incoming resources from interest and dividends for the period was £0.6m (2022: £0.5m)

Funds continue to be expended in line with the purposes for which they were intended, with £1.1m expended for charitable purposes during 2023 (2022: £1.5m). The funds expended vary year on year in line with the specific needs of the managing trustee bodies.

The overall value of funds held by the London Diocesan Fund as custodian trustee at 31 December 2023 was £18.7m (2022: £18m). The increase of £0.7m from the prior year is primarily attributable to unrealised gains on investments of £1.1m and net expenditure of funds of £0.5m.

Statement of Custodian Trustee's responsibilities
The Charities Act 2022 requires managing trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the funds and of their incoming resources and application of resources, including their income and expenditure.

The Custodian Trustee has chosen to prepare these statements in accordance with the Charities Act 2022. In preparing these financial statements in accordance with the Charities Act 2022, the Custodian Trustee is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

The Custodian Trustee is responsible for keeping proper accounting records with respect to the transactions and the financial position of the funds and to enable them to ensure that the financial statements comply with the Charities Act 2022. The Custodian Trustee has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the funds and to prevent and detect fraud and other irregularities.



Jacquie Driver
Chair of the Diocesan Finance Committee and Lay Vice-Chair of Bishop's Council
14 May 2024

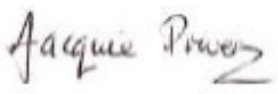
Non-Statutory Financial Statements of the Custodian Trusts
Statement of Financial Activities – for the year ended 31 December 2023

	Permanent Endowment Fund £m	Restricted Capital Fund £m	Restricted Unexpended Income £m	Total 2023 £m	Total 2022 £m
Income and endowments from:					
Investment income	-	-	0.2	**0.2**	**0.1**
Income direct to beneficiaries	-	-	0.4	**0.4**	**0.4**
Total income	**-**	**-**	**0.6**	**0.6**	**0.5**
Expenditure on:					
Income paid to beneficiaries	-	-	(0.4)	**(0.4)**	**(0.4)**
Objects of the trusts	(0.3)	(0.2)	(0.2)	**(0.7)**	**(1.1)**
Total expenditure	**(0.3)**	**(0.2)**	**(0.6)**	**(1.1)**	**(1.5)**
Net (expenditure) before investment gains	**(0.3)**	**(0.2)**	**-**	**(0.5)**	**(1.0)**
Net (losses)/gains on investment assets	0.9	0.2	-	**1.1**	**(1.7)**
Net (resources expended)/incoming resources for the year	0.6	-	-	**0.6**	**(2.7)**
Transfers between funds	(0.4)	0.4	-	**-**	**-**
Additional new resources	-	0.1	-	**0.1**	**-**
Net movement in funds for the year	0.2	0.5	-	**0.7**	**(2.7)**
Reconciliation of funds:					
Funds at 1 January 2023	**14.7**	**2.4**	**0.9**	**18.0**	**20.7**
Funds at 31 December 2023	**14.9**	**2.9**	**0.9**	**18.7**	**18.0**

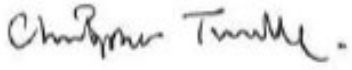
Custodian Trusts Balance Sheet – as at 31 December 2023

	Notes	Total 2023 £m	Total 2022 £m
Assets			
Fixed Asset Investments	2	**17.8**	**17.1**
Current Asset Investments	3	**0.9**	**0.9**
Net Assets		**18.7**	**18.0**
Funds			
Permanent Endowment	2	**14.9**	**14.7**
Restricted - Capital	2	**2.9**	**2.4**
Restricted – Unexpended Income	3	**0.9**	**0.9**
		18.7	**18.0**

The notes on pages 60-62 form part of these non-statutory financial statements. The non-statutory financial statements of the custodian trustee were approved by the Diocesan Bishop's Council acting as custodian trustee on 14 May 2024.



Jacquie Driver
Chair of the Diocesan Finance Committee
and Lay Vice-Chair of Bishop's Council



The Revd Christopher Trundle
Clerical Vice-Chair of Bishop's Council

Notes to the Custodian Trusts Financial Statements – for the year ended 31 December 2023

1. Accounting policies

These non-statutory financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice, 'Accounting and Reporting by Charities'. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

a. Basis of Preparation

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as custodian trustee of parish buildings and land. The London Diocesan Fund also acts as custodian trustee for monies held on trust. These pages report the specific trust holdings only and provide an aggregation of the transactions and balances of the financial assets of some 92 trusts (99 in 2022).

The Balance Sheet as at 31 December 2023 has been prepared, together with a Statement of Financial Activities, which analyses the movement in funds. Comparative figures for 2022 have been provided.

The non-statutory financial statements have been prepared on a basis consistent with figures included in the LDF's Balance Sheet. As custodian trustee, the LDF prepares these non-statutory financial statements on the historical cost basis of accounting, adjusted for the revaluation of investment.

As the LDF has no day to day control over their disposition, custodian trusts are not included within the LDF's main figures.

A cash flow statement has not been prepared as the custodian trustee considers that each custodian trust meets the criterion of a 'small' company for this purpose.

A specific trust bank account is maintained for trust transactions. Each trust has its own designated investment ledger and account codes.

It is the LDF's policy that where possible all income should go directly to the beneficiaries.

b. Fund Balances

All funds are subject to the specific conditions imposed by the donor or by the terms of the trust deed or other applicable legal instrument. The expendable capital funds and unexpended income are classified as restricted funds. Endowment funds are funds subject to the condition that they be held as permanent capital.

Income and expenditure on restricted funds are taken directly to the appropriate fund except to the extent that income is freely available to the managing trustees; and unexpended income from endowment assets is carried forward as a restricted fund.

c. Investment Income

Dividend and interest income is accounted for on a receipts basis. Rental income is accounted for on an accruals basis.

d. Other Income and Expenditure

Additional capital represents capital introduced to an existing custodian trust, or the creation of a new trust. Expenditure on objects of the trusts represents the spending of capital and income in line with the terms of the trust deed or other applicable governing instrument.

e. Investments

Investments are stated at market value, calculated by reference to the mid-market value at 31 December. Realised and unrealised gains or losses on investments in the year are credited to the appropriate funds.

2. Fixed Asset Investments represented by Permanent Endowment Capital

	1 January 2023	Additions	Disposals	Unrealised Gains/(Losses)	Other Asset/ Liability Movements and Transfers	31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
M&G Charifund	**3,364**	-	(238)	(57)	(683)	**2,386**
Investments held by CCLA:						
CBF Fixed Interest	**16**	-	-	1	-	**17**
CBF Investment Fund	**9,478**	229	-	874	(411)	**10,170**
COIF Investment Fund	**-**	-	(54)	60	682	**688**
CBF Property Fund	**116**	-	-	(7)	-	**109**
Deposits held by CCLA:						
CBF Deposit Fund	**1,778**	-	(196)	-	(3)	**1,579**
	14,752	**229**	**(488)**	**871**	**(415)**	**14,949**

Fixed Asset Investments represented by Expendable Capital

M&G Charifund	**235**	-	(1)	(6)	1	**229**
Investments held by CCLA:						
CBF Fixed Interest	**136**	-	-	8	-	**144**
CBF Investment Fund	**1,413**	-	(136)	159	411	**1,847**
Deposits held by CCLA:						
CBF Deposit Fund	**564**	100	(63)	-	3	**604**
	2,348	**100**	**(200)**	**161**	**415**	**2,824**
Total Fixed Assets	**17,100**	**329**	**(688)**	**1,032**	**-**	**17,773**

3. Current Asset Investments represented by Unexpended Income from Permanent Endowment Assets

	1 January 2023 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2024 £'000
Investments held by CCLA:						
CBF Investment Fund	**248**	4	-	24	-	**276**
Deposits held by CCLA:						
CBF Deposit Fund	**624**	175	(231)	-	(16)	**552**
COIF Deposit Fund	-	3	(19)	-	16	-
	872	**182**	**(250)**	**24**	**-**	**828**

Current Asset Investments represented by Unexpended Income from Expendable Capital Assets

	1 January 2023 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2023 £'000
Investments held by CCLA:						
CBF Investment Fund	**2**	-	-	-	-	**2**
Deposits held by CCLA:						
CBF Deposit Fund	**28**	27	(13)	-	-	**42**
	30	**27**	**(13)**	**-**	**-**	**44**
Other Assets/(Liabilities)	**2**	-	-	-	30	**32**
Total Current Assets	**904**	**209**	**(263)**	**24**	**30**	**904**
TOTAL	**18,004**	**538**	**(951)**	**1,056**	**30**	**18,677**

Independent Auditors' Report to the Custodian Trustee of the Funds

We have audited the non-statutory financial statements of Custodian Funds for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Custodian Trustee as a body. Our audit work has been undertaken so that we might state to the Custodian Trustee 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 Custodian Trustee as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors
As explained more fully in the Statement of Custodian Trustee's Responsibilities set out on page 61, the Custodian Trustee is responsible for the preparation of the non-statutory financial statements which give a true and fair view.

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

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

Opinion on the non-statutory financial statements
In our opinion the non-statutory financial statements give a true and fair view of the financial position of the Custodian Funds as at 31 December 2023 and of their incoming resources and application of resources for the year then ended.



Moore Kingston Smith LLP
Statutory Auditor
6th Floor, 9 Appold Street,
London EC2A 2AP

Date: 4 July 2024

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE LONDON DIOCESAN FUND

England & Wales - Charity number 241083

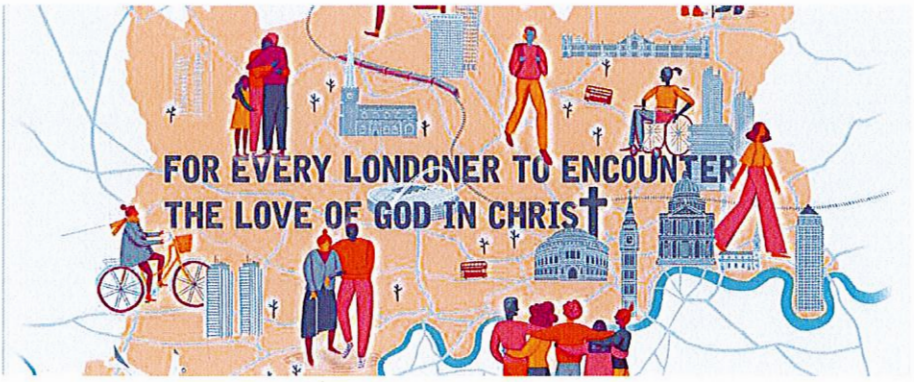
Accounts

DIOCESE OF
LONDON

THE LONDON DIOCESAN FUND

Trustees' report
and financial statements
for the year ended
31 December 2022

The purpose of the London Diocesan Fund is
to do everything that we can to support the mission and growth of the Church in London



Company number: 150856
Registered Charity number: 241083
www.london.anglican.org

Contents

Trustees' Annual Report

Financial Summary 2022	page 3
Strategic report	page 4
Achievements and performance	page 4
Financial review	page 12
Governance, structure & management	page 17
Statement of trustees' responsibilities	page 21
Appendices: committee membership and administrative details	page 22
Independent Auditors' Report to the Members of the London Diocesan Fund	page 25

Financial statements

Statement of financial activities	page 28
Balance sheet	page 29
Summary income and expenditure account	page 30
Cash flow statement	page 30
Notes to the financial statements	page 31

Financial Summary 2022

London saw recovery from the global pandemic in the first half of 2022 but also the cost-of-living crisis and fuel cost increases due to the war in Ukraine. The London Diocesan Fund (LDF) has continued to support the parishes within the Diocese over the year. We are extremely grateful to all the parishes who continued to contribute Common Fund during 2022 which has enabled ministry and mission to continue in London, offering support and comfort to many in our city.

Across all funds the LDF is reporting an operating deficit of £2.1m before transfers and gains in 2022. Total income increased by £4.2m and total resources expended increased by £4.6m, increasing the operating deficit by £0.4m.

During the year the LDF recognised £3.0m of realised gains (2021: £8.8m) on tangible fixed assets, resulting from the reshaping of the property portfolio. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over time. Property and investment values dropped in 2022, with £10.4m in unrealised losses and revaluations (2021: gain of £21.1m). Therefore, the accounts show an overall decrease in the value of all funds of £9.1m for the year to £507.3m (2021: £516.0m). The following table summarises the overall financial position:

All Funds	**2022 £m**	**2021 £m**
Operating Deficit	(2.1)	(1.7)
Pension deficit movements	0.4	0.6
Sub-total	**(1.7)**	**(1.1)**
Other recognised gains and losses:		
Net gains/(losses) on investments	(5.0)	6.5
Unrealised gains on tangible fixed assets	(5.3)	14.6
Realised gains on tangible fixed assets	3.0	8.8
Net movement in funds for the year	**(9.0)**	**28.8**

General Fund

The LDF has normally achieved a balanced position for its general fund but in 2022 there was a deficit before year- end adjustments of £1.0m (2021: £1.0m surplus).

Income increased by £1.1m from £40.3m to £41.4m.

Donations from parishes through the Common Fund increased by 5% to £22.7m (2021: £21.6m). This is partly due to timing, as some of 2021 contributions did not arrive until 2022, but also due to parishes seeing an improvement in their local circumstances post covid. We are grateful to Trust for London who continue to provide distributions that help bridge the gap in general fund income. This was in total £2.6m, (2021: £4.7m) a return to trend after one off additional funding in 2021. Other sources of income, including rental and investment income showed an increase of 15% to reach £16.1m (2021: £14.0m)

Expenditure increased by £3.1m from £39.3m to £42.4m.

Significant expenditure streams continue to be ministry costs of £26.5m (2021: £25.1m) and clergy housing and property costs of £9.9m (2021: £7.3m). 2022 saw a higher number of refurbishment projects for Clergy Housing. After a period of less work being carried out due to Covid restriction, some of the projects were more complex and expensive than what normally would have been expected. There was a drawdown of £1.1m from the designated Maintenance Fund in 2022.

Strategic Report

The Church of England in London is vibrant and at the heart of communities within our Diocese. The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the London Diocesan Fund (LDF) helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. In doing so it provides a benefit to the public throughout the LDF's activities. These activities are set out in more detail in the following report, and public benefit is considered in more detail on page 18.

Purpose of the London Diocesan Fund (LDF)

The purpose of the LDF is to do everything we can to support the mission and growth of the church in London.

In common with other Dioceses the LDF has responsibility for paying and housing parish clergy and providing training and support services. Parishes contribute to the cost of these services through the Common Fund.

Our activities are guided by the 2030 Vision – **'for every Londoner to encounter the love of God in Christ'.** The key themes of the 2030 Vision are:

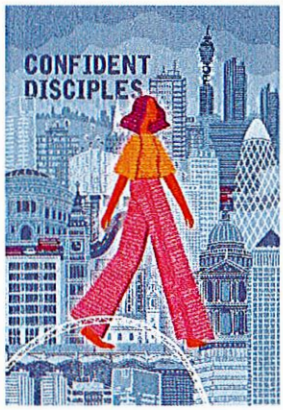
Ambitions:
- Confident Disciples
- Compassionate Communities
- Creative Growth

Priorities:
- Growing Younger
- Safer Churches (Safeguarding)
- Racial Justice

These ambitions and priorities are underpinned by running an effective organisation and the wise stewardship of our resources, namely people, buildings and finances.

Achievements and Performance

Three Ambitions:



1) Confident Disciples

Since getting into post on a part-time basis (3 days a week) at the end of April, the Discipleship Enabler has engaged with each of the five areas, involving 138 engagements with those on Area Teams, Deaneries and 11 individual Parishes. This has included a day long lay Stepney Area Conference with 70 lay leaders.

The initial focus has been on developing a framework to help churches explore how a shared Way of Life might deepen their discipleship. This resource was presented to the College of Bishops (LCB) and Senior Staff meeting in September. The format of meetings of LCB, Senior Staff and some Area Staff is already being informed by this work, with the inclusion of intentional prayer practices.

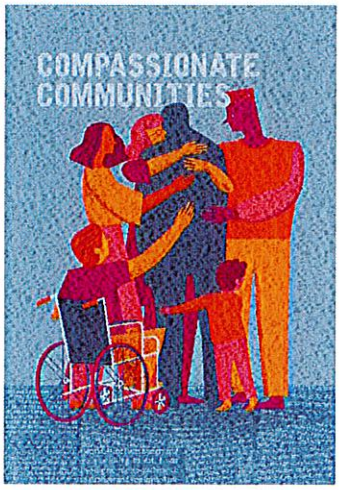
A process of familiarising churches with the draft resource has begun through the offer of Quiet Days. Three have been delivered so far: one to a Deanery, one to a PPC and Leadership team and one to a Diocesan team, involving a total of 10 clergy and 16 lay leaders. Another five are planned for the early part of 2023. The resource has also been presented through an hour-long seminar to 14 church leaders at a discipleship conference. Work

has been started to draw in our area Spirituality Advisors to help champion and deliver some of this work in their areas.

Aided by our Communications assistant (1 day a week with the Confident Disciples ambition), an online campaign introduced the Way of Life framework to the wider diocese. Bi-weekly videos on social media focused on practices that help us connect with God in our daily lives. Through Lent 2023, the London College of Bishops, together with lay leaders, presented prayer practices to enable us to Stay with God (the first of three movements in our Discipleship). Resources were provided to be used in churches alongside these online sessions. 563 individuals signed up to join the prayer sessions.

The Diocesan website is being developed to make it easier for churches to find resources that will help deepen discipleship within their specific context. Regular stories of everyday faith are being shared.

2) Compassionate Communities

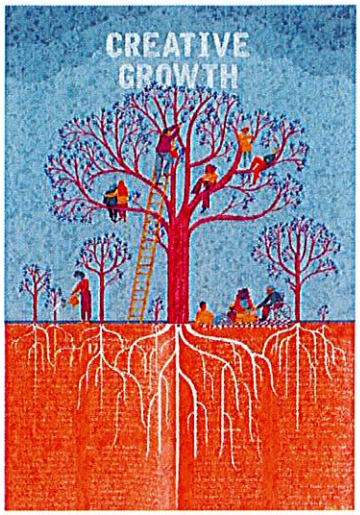


The Compassionate Communities team equip churches by offering training and resources around their six themes of work - caring for God's creation; mental health & isolation; refugees, modern slavery & asylum seekers; money, debt & food insecurity; housing & homelessness; and safer communities for all young people. They held 11 training events in 2022.
The team also set up schemes that churches can participate in. Examples from 2022 include their clergy hosting scheme, which was in partnership with Housing Justice for hosting destitute asylum seekers, and coordinating support for those who wanted to host Ukrainian refugees. They supported, guided and matched 19 of our clergy to host Ukrainian families, at short notice.

The Compassionate Communities website has a wealth of resources for churches, and in 2022 the team recorded and uploaded 27 films to their YouTube channel. The films were a mix of inspiring stories and testimony from churches, interviews with charity partners about what they offer for churches, and online recordings of training and events for people to use as a resource. These received 2225 views from the channel and approx. 1400 views where they have been posted on other channels. For every 1 person coming to the events, there were 7 online hits on the film link.

The Compassionate Communities team built or maintained partnerships with 60 external charities/organisations across London as well as continuing to develop cross working within the LDF. They offer consultancy and advice directly to parishes: visiting, listening and where necessary following up with advice and introductions to organisations or resources.
The work of the team is communicated in a monthly e-newsletter, with 456 subscribers, and their social media channels are used to share resources and events. In 2022 they published 41 blogs on their website covering all of their themes of work, including from 29 guest authors/experts.

3) Creative Growth



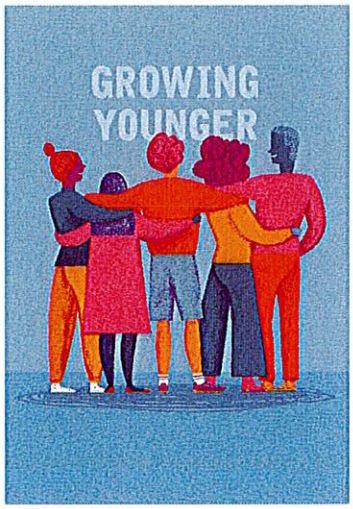
Our Creative Growth Team supports the growth and multiplication of every parish in the Diocese to reach new people, in new places, in new ways.
The Grow Course invites every parish to a journey of health, renewal, and multiplication, forming practices to grow in depth, breadth and impact. 78 London churches have completed the course. Introductory days continue to promote the course.

The Creative Growth team provide consultation, training and coaching for individuals and parishes interested in starting new worshipping communities. Digital stories and learning for planting are available online through CCX.org.uk. Eight new congregations have been supported over the year.
The Creative Growth Team consults, trains, and provides learning circles and digital resources for individuals interested in pioneering ministry. Pioneer School, a partnership with CMS, is a year-long course to equip pioneers from which 21 people have now graduated. Pioneer advocates in each episcopal area encourage and assist in pioneering ministry.

Part of Creative Growth is championing the Church across estates; planting and supporting estate church communities. The Team provides training courses, online stories, digital learning and resources to start new congregations with Christian leaders who have rich contextual knowledge and experience. Estates advocates in each episcopal area champion the starting of new worshipping communities and support those interested in ministry on estates.
The Creative Growth team supports resource churches with planting curates and ongoing learning. Since 2018, 24 planting curates have been placed across 18 Resource Churches.

Three Priorities:

1) Growing Younger



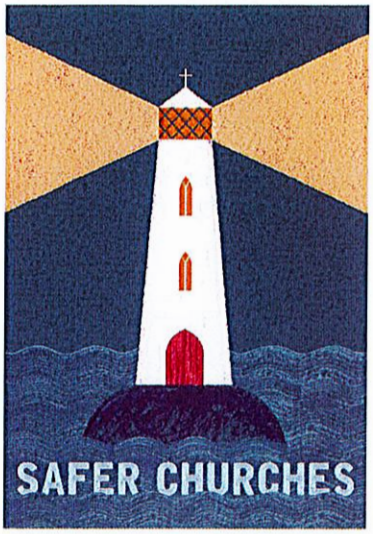
Our Growing Younger team offer training and development to raise standards of children and youth provision across the diocese. They now have seven courses available on their online learning platform, with over 290 subscribers.
17 clergy attended 'Launchpad' in-person training in 2022, to help them plan youth work in their parish. Of those who have attended Launchpad training, over 60% have launched new youth work. The team have also offered topical training events throughout the year, alongside 'Cultivate' - a year-long course for paid workers providing them with the foundations to thrive in their role.
Over 100 parishes a year are supported by the Growing Younger team with bespoke consultancy to develop their youth work. This has included visits to parishes to observe practice, helping with recruitment, management, and troubleshooting, and supporting parish youth workers in their roles and with career development.

The Growing Younger team continue to run two key programs (funded from National Church grants) –

- The three-year Apprenticeship scheme trains new workers in parishes. Nine apprentices are currently on placement in a parish. So far, 19 apprentices have graduated from the programme.
- The Spark Fund supports young people's missional ideas to share their faith with their own generation. In 2022, a mini-grant programme was introduced with a simpler process of application which has already seen six projects apply.

Each of the five Episcopal Areas has a member of the Growing Younger team assigned to them to ensure good support. Work has begun in planning Growing Younger training days in each Episcopal Area.

2) Safer Churches



The Safer Churches Team provides professional safeguarding advice and support to ensure a Safer Diocese.

Each Episcopal Area has a Diocese Safeguarding Advisor (DSA) visiting parishes, both as part of case work management and to develop local relationships and offer guidance. A Safer Churches Co-ordinator continues to develop a comprehensive programme of practice improvement. The team receive an average of 61 concerns or allegations per month. The live case load sits at around 80 open non PCR2 cases and around 35 Safeguarding Agreements are being managed at any one time.

The team provide communications to parishes. Webpages are kept up to date and a monthly safeguarding newsletter has an extensive readership (with an email opening rate of around 60%). The Head of Safeguarding and the DSAs regularly attend Deanery Synods, Area Councils, and diocesan meetings.

The Diocese has invested in Parish Safeguarding Dashboards and is encouraging – through liaison between Area offices and the Safer recruitment project coordinator - every parish to utilise it as a proactive tool to support their safeguarding responsibilities. The dashboard is proving useful for safeguarding audits and archdeacon's visitations and active use is increasing.

The safer churches team provide a portfolio of safeguarding training. 35 leadership training sessions (750 attendees) were delivered in 2022. The same provision is planned for 2023 with the intention to run extra courses if there is demand. The Diocese invests in an online learning platform for 2500 users enabling personal professional development.

The team support safer recruitment and DBS applications (now required every three years). 1,607 enhanced DBS checks were completed in the first nine months of 2022. 27 enhanced DBS checks in the 6 months to October 2022 were returned blemished for investigation to a satisfactory conclusion by a DSA.

A past case review of over 5,000 files has been delivered following recommendations from the independent scrutiny team in 2018 that were accepted by the Archbishops Council and House of Bishops. Work is underway to translate the findings of this review into overall practice development.

3) Racial Justice

Throughout 2022 a monthly racial justice prayer e-bulletin has been sent out. There are 149 people signed up to receive it. The bulletin is produced by members of the racial justice prayer group to support parishes efforts in understanding the significance of various cultural celebrations and how we might honour these in our local context. It also raises awareness of the historic legacy of those involved in racial justice and the work still needed so impact can be made.

The Racial Justice Priority Group requested that the 22nd of the month to be denoted as racial justice prayer day in the Diocesan Cycle of Prayer.

Each Episcopal Area has a Dean of Racial Justice, to support the area teams to provide support at Areas meetings of GMH/UKME clergy events, to support to parishes who wish to speak into issues of racial justice, and to be trusted for impartial advice for those experiencing issues who may need a 'safe space'.

The Racial Justice pages on the diocesan website provide resources for parishes to access a range of materials, including a 10-point action plan to facilitate engagement with racial justice, a sign-up form to receive the monthly racial justice prayer e-bulletin, and blogs, articles and research reports to educate and inform conversations.

Anti-racism training has been provided for parishes in vacancy to enable them to become a force for change. Anti-racism training has also been rolled out across parishes in the Edmonton Area. Edmonton and Kensington Area Conferences focussed on racial injustice for 2022.

LDF support services to resource and support the church in London:

Ministry

The Ministry Team has undergone extensive change over the past year with two new appointments and a new Diocesan Director of Ministry.

The Ministry Team work with the Bishops to discern with all those who may have a vocation to ordained ministry supporting them from first exploration, through the discernment process, to their training at a theological education institution and on to their ordination. 208 Ordinands are in training. The 'Towards Ordained Ministry' Course, vocations courses, discernment groups, recruitment programmes and support to vocations advisors continue to be run.

An induction programme for all new incumbents is provided during their first year in post. New incumbents (after six months in post) are expected to attend a one-week residential to assist them in establishing themselves in their new role. Every new incumbent is assigned a trained mentor to accompany them for their first year to 18 months. Scheduled meetings with their bishop, archdeacon and Area Director of Ministry (ADM) also take place.

The team provide the tools and support for the bi-annual Ministerial Development Review (MDR) with a trained consultant for all clergy. A summary of the review together with objectives and development needs is returned to the reviewee's bishop and ADM, both of whom will respond appropriately. A copy of the return is retained in the reviewee's Blue File. The MDR process directly feeds into the Continued Ministerial Development (CMD) programme for lay leaders and clergy.

Trained interim workers and mediators work with clergy and PCCs where there is a need to identify the future for a parish or where there is conflict or pastoral breakdown.

Courses are run for clergy in their 50s (Renewing Vision Renewing Ministry – one week residential); those moving posts (Your Next Move - one day session); and those preparing for retirement (a residential for clergy and their spouses over 58 years old).

The Ministry Team, in partnership with training and resources from the Confident Disciples team, St Mellitus College and the St Edmunds Centre, supports people (including 300 lay ministers) who are exploring lay discipleship in the world, in the workplace and in the Church. This includes taking people through the discernment and training process for Licensed Lay Ministry.

Communications

The Communications Team produce a bi-weekly e-newsletter - 'Diocesan News' - with links to stories, need-to-know information and support for clergy and office holders. The aim is to inform and inspire ministry.
In 2022 the diocesan newsletters were sent out to a mailing list of 4,900 people, with an average open rate of 58%.
16 LDF staff receive support from the communications team to use Mailchimp, allowing them to send Area mailings or team newsletters (eg. the safeguarding newsletter).

The communications team manage three active social media channels to signpost timely news, events and updates. This affords two-way engagement and a sense of 'being part of something bigger'.
The Diocese has nearly 12,000 Twitter followers, 4,400 Facebook followers, and the growing Instagram account has over 1,850 followers. Regular engagement and conversations happen across all three platforms.

Maintaining the diocesan website is an important aspect of the team's work, publishing news stories and making regular updates to resources/support pages where necessary. In 2022 the website had 865,000 views with 570,000 individual users.

Via the diocese's PR agency, Luther Pendragon, the communications team provides media support to clergy and their parishes, by phone and email, for both crisis communications and good news stories. Press releases are crafted for parishes and positive news stories sent out to the press.

The diocese and bishops gain regular coverage in Christian publications (e.g. The Church Times) alongside secular media (eg. the BBC, the Times etc) to showcase the Church in London at its best.
The communications team also handles negative PR and crisis communications.

The diocesan team works with the national CofE digital team to train and equip parishes to have a good online presence. Training events are signposted, enquiries answered and communications advice maintained on the diocesan website.

Environment

Work on the environment and climate change remains part of the Diocese's Compassionate Communities ambition, as the Diocese progresses towards its target of net zero carbon by 2030.

By end of 2022, 170 out of 470 churches were signed up with the national Eco Church scheme, including 73 award winners (2 Gold, 13 Silver & 58 Bronze awards).

Support for churches and congregations is delivered by the Head of Environment and Sustainability, the Fundraising Administrator, the Creation Care Advisory Group and 5 teams of Area Champions. This includes advice to churches on solar panels, heat pumps, energy saving, churchyard conservation and other environmental projects. A comprehensive suite of webpages offers information and advice for parishes and others. This includes information to help minimise the financial impact of the energy crisis.

The LDF makes voluntary public disclosures, though these are not required under Streamlined Energy and Carbon Reporting (SECR). GHG (greenhouse gas) emissions in 2021 from the Diocese's churches and church halls are estimated at 10,800 tonnes net carbon dioxide equivalent (CO_2e), a 34.6% improvement in efficiency (Covid-adjusted) since 2005. Annual energy use was 47 gigawatt hours (gWh), a 28.1% improvement. These figures are derived from entries in the national CoE Energy Footprint Tool by dedicated parish staff and volunteers.

Greenhouse gas (GHG) emissions from fuel and power in the LDF's Causton Street offices in 2022 totalled 39.2 tonnes gross CO_2e [1]– 32.4% below 2019. Emissions net of renewable electricity and gas and offsetting were 4.1 tonnes, down 62.2%. Since January 2022, Diocesan House has been fully supplied by a new 'net zero' supplier [2].

The LDF is working towards completion in second quarter of 2023 of its estate terrier of operational housing properties; including baseline energy performance assessments, and a costed net zero carbon strategy.

Governance

In 2022 The Governance Team facilitated three meetings of the Diocesan Synod; six meetings of the Diocesan Bishop's Council; and 22 Area Councils (averaging just over four per Area). Matters considered and decisions made by these key governance bodies promote the mission and ministry of the parishes across the diocese. The Team also runs the elections to these bodies.

Governance advice is provided to clergy and parish officers across the Diocese. Typically, around 400 emails and phone calls requesting advice on PCCs, sub committees and APCMs are responded to. Additional zoom calls are occasionally arranged.

The Head of Governance participates in Ministry Development Clergy Study Days by leading the session on running APCMs. 16 members of the clergy took part in this session in the March 2022.

An annual letter (1,000 copies) is sent to PCC Secretaries on key governance matters, and to highlight any changes in the rules affecting parishes. In the Autumn of 2022, the Scales of Representation (lay representation) on the 2023 deanery synods were produced for approval by the Diocesan Synod.

The Team offer support to parishes on Data Protection via: 'iHasco' online training available for all parishes; a dedicated Data Protection email address (400 concerns since 2018); a 'Toolkit for parishes'; and a roadshow of

[1] International GHG Protocol, Scopes 1 & 2 + Transition & Distribution & Well to Tank emissions, as per CoE policy

[2] Renewable electricity, Scope 2; 75% green gas, 25% natural gas with offsetting, Scope 1

Data Protection workshops attended by 200 clergy and laity. A film of one of the workshops, the 'Toolkit,' and a pack of over 100 FAQs continues to be available on the diocesan website.

Housing & Investment Property

The housing team maintain clergy housing across the Diocese. In 2020, the team managed approximately 3,000 reactive repairs, 80-100 quinquennial maintenance projects, and 50-60 ingoing works projects.

The team have launched a new reactive repair reporting tool, Fixflo, which will make reporting and tracking repairs easier while also providing a customer feedback function.

In 2022, a new principal reactive repairs contractor was appointed, receiving positive feedback from clergy so far.

The housing team continue to ensure our clergy housing is safe to occupy. They managed over 550 gas boiler safety tests, are currently reinspecting all our clergy housing for asbestos and have completed around 135 surveys. They are rescheduling fixed wiring electrical inspections and aim to complete over 100 tests per year from 2023.

The housing team also generate income from our housing estate to reduce pressure on Common Fund giving. In 2022 they generated circa £2.5 million of income for the diocese from letting operational housing. They are currently developing a carbon net zero strategy for the diocesan housing estate. To enable the development of this strategy, condition surveys and energy performance assessments were carried out on clergy housing.

Parish Property Support

The team has five primary workstreams:

- DAC and other Faculty process, including advice on the care of churches
- Administration linked with the Mission & Pastoral Measure
- Closed Church leases and disposals
- Property Management: advice on leases, licences and disposals for parishes, alongside direct oversight of LDF property
- Fundraising for parishes and for LDF projects

The ***Diocesan Advisory Committee***'s role relates to the legal process of Faculty Jurisdiction. This includes alteration, improvement and repair of our active places of worship. London is blessed with DAC volunteer members who are experts, including leading authorities on planning, repair and facilitating use. A further panel of 12 volunteer architects review proposals and give technical advice.

The officers, volunteer members and archdeacons work within the framework of the legislation to deliver change with respect to buildings and the provision of facilities. Licenses and leases which are within the Faculty Jurisdiction (such as a party wall agreement with a church or churchyard) are supported by the asset managers within the team. Ecclesiastical exemption enables the diocese to take advice and recommend proposals for the alteration of listed and non-listed buildings.

The DAC legal process is managed by 2 full time equivalent officers who review in the region of 300 applications for works each year. In the coming year, we wish to add a further 1 full time equivalent officer to support this function and help move proposals through the legal channels more swiftly.

We also administer processes which are linked to the ***Mission and Pastoral*** Measure (2011). The Measure oversees the method by which clergy vacancies are filled, sets out the legal procedure for parish reorganisation and for closing consecrated church buildings and settling their future.

Throughout the diocese, there is a new emphasis on strategic planning, and facing up to change. This is expressed in our collective missional response to new populations as well as diminishing engagement, which

often results in alterations of parish boundaries, and the merging of benefices. We also administer Bishop's Mission Orders, which are a means of experimenting with new types of missional outreach and groups in collaboration with others, often across parish boundaries.

There was a very long period without any church closures, and we have a small number of consecrated church buildings which have not been in Anglican use for many years. Through the closing of these buildings, and the sale or leasing of these properties, we are able to release capital, and to make significant funding available for our active parishes. Over the past 12 months we have sold one building which released £1.2m for reinvestment. The support for this role was increased from 0.5 to 1 full time equivalent role and both the quality and quantity of pastoral work has increased. In 2019, 5 schemes were actively being processed, whereas at present 16 are active, with another 20 in development.

The ***Closed Church portfolio*** includes 30 former parish churches which closed, largely during the late 1970s and 80s, and were retained on long leases with repairing obligations. From 2000, these leases were not managed and the tenants have fallen dramatically behind on the investment set out in their agreements. It takes considerable effort to break long leases (involving a breach of covenant) but we are now working through a prioritised list. The repair deficit for these 30 buildings is close to £150m.

Investing LDF staff resource in this workstream is about reducing liability, regaining relationships in the local community and demonstrating to national bodies that we are capable of looking after our designated assets, i.e. listed buildings. The income will be returned as re-investment in open churches which is estimated at £15m over the next five years. In addition to battling the vagaries of the property market, greater staff resource is essential in steering these transactions in the right direction.

The ***Property Management*** element of the team's work gives advice and support on all aspects of the administration of leases, licences, disposals of freehold and other property matters. The small team of three - equivalent to 1.9FT – need to deal with over 2000 pieces of property. During an average year we facilitate about 420 leases and respond to another 1000 property queries. We work with agents to help parishes market their property more effectively for a higher return, which is key if we are going to remain financially resilient.

The very small team will, we hope, be increased by an additional 2FT posts in the coming year.

Fundraising became part of the Directorate's responsibility two years ago. Over this period, staff and consultants have secured over £17m of external funding for 85 different parishes as well as for the LDF. This funding relates to key building repairs, delivering training and providing new facilities to enable mission, as well as social and community outcomes.

In the next year we will seek a new Head of Development (Fundraising), as well as a senior manager. These new recruits will work with consultants to continue the excellent work already underway.

Financial Review

Financial summary

Total income increased by £4.2m to £52.0m in 2022 from £47.8m in 2021. We are grateful for the continuing generosity of the thousands of people who give to their parish and in turn to parishes that contribute to the Common Fund. This, together with continued use of our capital assets to generate additional income, enables the work of the LDF in funding stipends and housing for clergy across the Diocese. During the year, £1.8m (2021: £2.7m) was drawn down from the restricted Strategic Development funding awarded by the Church Commissioners.

Total resources expended increased by £4.5m to £54.0m in 2022 from £49.5m in 2021, mainly due to cost of living and inflationary increases on expenditure.

The property team continued to manage the LDF's properties, providing the best possible service to clergy and parishes and maximising revenue from investment property and operational property temporarily not in use. Included in the activity were £3m of realised gains (2021: £8.8m) on tangible fixed assets, resulting from the reshaping of the property portfolio: a substantial part of this gain was reinvested in property as part of that reshaping. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over the time it has been owned by the LDF, which in some cases was several decades.

Net expenditure for the year before investment gains, and other recognised gains and losses, across all funds was £2.0m (2021: net expenditure of £1.7m).

The following table shows an overall decrease in net assets of £8.9m for the year to £507.1m (2021: £516.0m).

	2022 £m	**2021 £m**
Operating Deficit	(2.1)	(1.7)
Pension deficit movements	0.4	0.6
Sub-total	**(1.7)**	**(1.1)**
Other recognised gains and losses:		
Net gains/(losses) on investments	(5.0)	6.5
Unrealised gains on tangible fixed assets	(5.3)	14.6
Realised gains on tangible fixed assets	3.0	8.8
Net movement in funds for the year	**(9.0)**	**28.8**
Balances as at 1st January	**516.0**	**487.2**
Balances as at 31st December	**507.0**	**516.0**

Budget and outlook for 2023

The effect of the Covid-19 pandemic was still being felt in the first half of 2022, followed by the cost of living crisis. As the prime purpose of the LDF is to support the mission and growth of the church in London, it has been an important time for the LDF to be able to support the clergy and parishes in the Diocese.

A deficit budget for the general fund has been set for 2023. It remains the aim of the LDF to have objectives which are affordable and sustainable. While the budgets for the past decade have been balanced, it was already clear, pre-Covid, that significant challenges lay ahead. Costs were expected to increase with inflation while increases in Common Fund pledges were not keeping pace. This challenge has been exacerbated by the Covid-19 pandemic and cost of living crisis, as parishes are under increasing financial pressure. Due to wise stewardship in the past the LDF is fortunate to have reserves which are being used to fund the deficits in the short term. In spending these reserves to cover the general fund deficit, they are no longer available to generate investment income nor to fund some of the other proposed projects of the LDF.

While it is hoped to return to balanced budgets within the next couple of years, having reviewed cash reserves and financial projections, the Trustees are confident that the LDF finances are sufficiently robust to weather this ongoing uncertainty, and the Trustees have no doubts over the continued operation of the LDF.

At this time of challenge, we look to deepen trust and dependence on God and to encourage each other in prayer and faith.

Policies

Reserves policy and management

At the end of the year to 31 December 2022 the LDF held net assets of £507.1m (2021: £516.0m), split between the various funds as shown in the table below:

Fund categories	2022 £m	2021 £m
General	7.5	8.1
Designated	143.9	170.6
Restricted	31.0	30
Endowment	324.6	307.3

General reserves are held to finance working capital requirements (principally stipends, salaries and property costs) not matched by simultaneous receipt of Common Fund and investment income. The policy was revised in 2020 in response to the greater financial volatility and uncertainty caused by the Covid-19 pandemic. Previously the policy was that General Fund (or free) reserves (unrestricted and undesignated) equivalent to approximately one month's expenditure should be held in cash or near cash. The policy from July 2020 is to hold General Fund reserves of c.£5.1m, which was calculated by reference to the expected deficits and the need for greater resilience over the next few years.

General reserves at 31 December 2022 were £7.5m (2021: £8.1m). This level of reserves is considered to be appropriate for the time-being due to the ongoing economic uncertainty, the high levels of inflation, and the expected operating deficits. The level is kept under review.

Designated reserves to the value of £143.9m (2021: £170.6m) include the following key funds:

LDF Property Fund £136.9m (2021: £148m). This fund represents both operational and investment property that are not covered by Measures that govern Stipends Capital and Parsonages. Operational Property of £74.9m (2021: £74.1m) representing Diocesan offices, and over 100 units of property generally used to house clergy who are not housed in parsonages. Investment property fund of £61.9m (2021: £73.8m) used to generate income for the following purposes:

- To mitigate financial risk, such as significant changes in the environment in which the LDF operates and to protect the LDF from insolvency or serious disruption to its work.
- To aid an equitable balance of expenditure between generations. Many of the assets used by the LDF today were provided by past generations and there is a need to preserve these assets for future generations.
- To supplement the Common Fund in furtherance of the LDF's charitable objectives.

The clergy pension reserve is no longer in deficit. As at 31 December 2022, clergy pension plan assets cover future liabilities in full (2021: deficit of £1.0m). Further details can be found within note 15(b).

Other designated funds include the Diocesan Loan Capital fund of £2.2m (2021: £2.2m) used to provide loans to parishes, often to enable them to undertake major capital projects that would otherwise not be able to proceed. More information on other funds can be found in Note 13a.

Restricted reserves with a value of £31.0m (2021: £30.0m) are restricted in their application in accordance with conditions specified by the donors, the main reserves being Sole Trust Expendable Funds, Closed Church Buildings Operational Property and Closed Church Buildings Investment Property. The funds include those managed on behalf of the Angola, London and Mozambique Association (ALMA) of £1.9m (2021: £2.2m).

Endowment reserves with a value of £324.6m (2021: £307.3m) mainly comprise of restricted expendable endowment funds. These include glebe assets, consisting of historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF, and Parsonage House capital, representing the net book value of freehold and leasehold benefice houses.

Investment policy

Policy

The investments managed by the LDF are in two clear classes: a) Investment Property and b) Investment Funds (Equities and Bonds). The LDF regularly reviews its investment policy and receives periodic guidance from its Non-Property Investment Guidance Group and from the Property Guidance Group.

The LDF acts within its powers as a charity and is mindful of the approaches taken by the wider Church of England, and in particular the advice of the Ethical Investment Advisory Group (EIAG). The LDF believes that incorporating ethical considerations into our Investment Process is in the best interests of the organisation and consistent with both our Memorandum and Articles of Association and the values of our stakeholders. The LDF aims to be a responsible and ethical investor across all assets.

The following policy relates to investment funds. A complementary policy for property is due to be developed.

Investment Funds (Equities and Bonds)

a) The LDF invests in investment funds rather than directly in a segregated portfolio of shares, in order to achieve an acceptable level of risk and fees whilst achieving diversification with a relatively modest amount of funds invested (c£46m as at December 2022).
b) The LDF will choose funds that meet the returns target set and meet our Ethical, Social and Governance (ESG) criteria.
c) The LDF invests in Funds that sign-up to the UN-backed Principles for Responsible Investment (UNPRI) and/or the UK's Stewardship Code, and this informs discussions with fund managers. We therefore expect that fund managers will engage effectively to ensure companies are incentivised to act justly.
However, there are certain areas of activity in which we do not wish to invest. This is generally because to do so would be in conflict with the missional aims and objectives of the Church.

The LDF has an ethical investment policy that applies primarily to its non-property investments. The policy was reviewed and revised in 2022 and in January 2023 the Bishops Council agreed to the exclusion of Fossil Fuel Extraction. This change in policy is expected to be implemented in 2023.

The policy states that the LDF will invest only in investment funds that have exclusions as set out in the table below. In instances where fund managers have such exclusions by practice rather than by policy, the LDF will continue to engage regularly with the fund managers and review the portfolio.

LDF Exclusions and Requirements	*Investment type/requirement*
LDF excludes investment in the following sectors:	Arms
	Pornography
	Tobacco
	Gambling
	Fossil Fuel Extraction
	High Interest Lending
LDF requirement of Fund Managers	Be signatories to UNPRI and/or UK Stewardship Code

**Revenue exclusions prohibit individual underlying holdings which generate revenue in excess of 5% of the stated rate from the specified investment category.*

Investment returns

Investment property

The strategic work to reshape the investment property portfolio continues as we look to increase the level of income generated from the asset base. This work commenced in 2013, when net income of £1.3m was generated and by 2023 it will exceed £4.0m. A large site in Central London was sold in January 2022 with proceeds invested in a mixed retail site in Croydon. In total the investment property portfolio generated net income in excess of £3.8m in 2022 (2021: £3.6m).

The portfolio has seen significant capital growth since inception although property values decreased due to adverse market conditions in 2022, leaving a value of £121.8m (2021: £126.3m)

Equity Investments
Investments in equities, fixed interest securities and other quoted securities amounted to £46.2m (2021: £51.4m). Losses of £5.0m were sustained (2021: gain £6.5m) and investment income of £2.6m (2021: £1.7m) received.

The losses in the capital value of the above investments, of the order of 9.8% were higher than the movement in the value of the FTSE all-share index, which fell by 4.1% in 2022. As a result of the Covid-19 pandemic, as well as the more recent invasion of Ukraine, global markets have seen significant volatility in share value. LDF investments are held with a view to long term growth and income generation.

	2022 %	2021 %	2020 %	2019 %	2018 %	2017 %
Historical gains/(losses) on LDF investments	(9.8)	14.9	1.3	19.9	(11.2)	7.5
Historical gains/(losses) on FTSE all-share index	(4.1)	14.5	(12.5)	14.0	(12.3)	7.7

Valuation of operational property assets

The majority of the operational property assets are held for long-term use by the LDF rather than for re-sale, and are valued in the accounts at their deemed cost in accordance with the provisions of FRS 102.

Pension schemes

Church of England Funded Pension Scheme – Clergy: From January - March 2022, the overall pension contribution rate was 39.9%, with deficit recovery contributions of 7.1%. However, it was clear through valuation as at December 2021 that the scheme is now in surplus. From April 2022, the overall contribution rate was reduced to 36%. This has been reduced further to 28% from January 2023.

As of 31 Dec 2022, pensions liability was valued at NIL (2021: £1.0m), therefore, it has been agreed there will be no deficit contributions made towards the clergy pension scheme for the foreseeable future.

Lay Church Workers' Pension Fund:
The final salary section was closed to future accrual on 31 December 2021 with all members transferring to the PB14 section, a defined contribution scheme, from 1 January 2022.

Lay Defined Contribution Scheme:
Since the lay CWPF closed to new members in 2008, the LDF has a defined contribution pension scheme for lay staff which is currently managed by Aviva.

Risk management

The Senior Management Group and the Archdeacons regularly consider, evaluate and record the major areas of risk to which the LDF is exposed, assessing both the likelihood and impact of those risks crystallising, together with measures to manage and mitigate such risks.
The process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit and Risk Committee. The risk register is available for inspection by all directors and trustees. As part of new directors' and trustees' induction, details of the risk management process are provided. A formal report on risk management is considered by the Bishop's Council annually.

In March 2020, the effects of the Covid-19 virus pandemic started to be felt in the UK. In accordance with the government guidance, the LDF put measures in place to protect the welfare of its staff and stakeholders. The LDF has continued to adapt to changing restrictions and guidance during 2022. Staff have returned to the office on a hybrid basis when possible, and churches have reopened for worship, implementing local measures as appropriate.

The risks which are currently assessed as scoring highest, and the plans to address them, include:

- **We have recognised that nationally divisive issues**, such as the outworking of the Living in Love and Faith process may lead to loss of clergy and/or congregations and finances. *Mitigation* includes strong episcopal leadership and professional support in handling difficult issues.
- **Current abuse of a child or a vulnerable adult in the Diocese** results in reduced trust and negative impact on the victims. *Mitigation* includes having an independently audited safeguarding programme, which is professionally run. We aim to have safeguarding officers and children's champions in every relevant parish.
- **Historic abuse of a child or a vulnerable adult in the Diocese** results in reduced trust and negative impact on the victims. *Mitigation* includes regular reporting to the Diocesan Safeguarding Team, the ongoing Past Cases Review 2 and the support of an independently audited safeguarding programme.
- **Appointment of clergy** who weaken the missional and financial health of parishes.
  Mitigation includes seeking the fullest possible information about candidates for posts and ensuring that knowledge about parish opportunities is shared in a timely fashion.
- **Common Fund** system loses support from PCCs, or there is an inability to sustain sufficient incremental increases each year, resulting in insufficient income to cover committed LDF budget. *Mitigation* includes annual Common Fund presentations to engage parishes and provide support where necessary. Existing trends are reviewed regularly alongside consideration of parishes' future capacity to sustain Common Fund increases. Targeted interventions are carried out as necessary with concerned parishes.

Funds held as custodian trustee

The LDF is custodian trustee for trust assets of £18m (2021: £20.7m). Most of these trusts are held on behalf of parishes whose charitable purposes are broadly parallel to those of the LDF. Assets held under these trusts are held separately from those of the LDF. Detailed certificates of holdings as at 31 December 2022 have been sent to parishes and other managing trustees.

Other matters

The LDF also supports connected charities, one of which is the London Diocesan Board for Schools, to which we grant the use of facilities at London Diocesan House to the value of £367k (2021: £339k), and to whom a cash grant of £171k was made in 2022 (2021: £171k).

Other support is provided to parishes in the form of grants and loans. In 2022 grants to London parishes totalled £2.8m (2021: £1.6m). This includes funds from National Church Strategic Development Funds (SDF).

In December 2022, Martin Sergeant, a former Operations Manager to the Archdeaconry of London, pleaded guilty to the theft of £5.2m. The monies in question were not stolen from the LDF but associated parties. The LDF has been in close contact with Action Fraud and the Charity Commission during the investigation and has commissioned an independent enquiry into the circumstances surrounding the theft.

Plans for future periods

We believe that the effect of the Covid-19 pandemic will continue to be felt for months if not years to come and we will continue to support London parishes and worshipping communities through this time. However, our aim to support the mission and growth of the Church in London in the years ahead remains and is given new expression through our 2030 Vision. We will continue to work through the outworking of this Vision over future periods.

Going concern

The trustees have reviewed the charity's financial position, particularly in light of the recent Covid-19 pandemic and cost of living crisis. While it is expected that the LDF may experience a reduction in the level of income received, particularly in respect of Common Fund received from parishes, detailed reviews of the LDF cash flows and forecasts show that it is expected that the LDF has sufficient cash levels to operate successfully for the foreseeable future. Therefore, taking account of the satisfactory levels of reserves and cash, the annual plan and the five-year financial plan, and our systems of financial and risk management, it is the trustees' opinion that the charity is well placed to manage operational and financial risks successfully.

Accordingly, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and do not believe that there are any material uncertainties as to the going concern of the charity. Therefore, the trustees are content that the charity continues to adopt the going concern basis of accounting in preparing the annual accounts.

Governance, structure and management

The Diocese of London

The Diocese of London was founded in Roman times and was re-founded in 604 by St Mellitus. In its current form, it covers 18 boroughs in Greater London and Surrey, north of the River Thames and west of the River Lea. It serves over six million people in 277 square miles.

The Diocese is led by the Bishop of London, the Rt Revd and Rt Hon Dame Sarah Mullally. The Bishop of London has delegated certain powers to four area bishops, the Bishops of Edmonton, Kensington, Stepney and Willesden, and two Suffragan bishops, the Bishops of Fulham and Islington.

There is an archdeacon for each of the episcopal areas. There is also an Archdeacon of London and an Archdeacon of Charing Cross, for the Two Cities area which is led by the Bishop of London.

There are 21 deaneries within the Diocese. Each deanery consists of between 10 and 26 parishes; there are approximately 400 parishes in the Diocese, each of which is governed by a Parochial Church Council (PCC). The PCC is made up of the incumbent as chair, the churchwardens and a number of other ex officio, elected and possibly also, co-opted members. Each PCC is a corporate body and a separate charity. PCCs are responsible for, inter alia, the maintenance of churches and certain other buildings. Except where shown, the transactions of PCCs do not form part of these financial statements.

The statutory governing body of the Diocese is its Synod, which is a largely elected body with representation from all parts of the Diocese. The Diocese conducts its financial and operational affairs through a number of corporate bodies, the main ones being the London Diocesan Fund (LDF) – relating to churches - and the London Diocesan Board for Schools (LDBS), an independent registered charity – relating to schools.

The London Diocesan Fund

The LDF is a company limited by guarantee and registered in England & Wales (150856). It is also a registered charity (241083). Its registered and principal office is at London Diocesan House, 36 Causton Street, London SW1P 4AU. The LDF was incorporated in England & Wales on 29 June 1918.

All members of the Bishop's Council are directors of the company for the purposes of the Companies Act 2006 and are trustees under charity law.

Management and senior staff

The bishops and archdeacons exercise day to day oversight of the Diocese. Mr Richard Gough is the General Secretary and also acts as secretary to the Bishop's Council.

Some Senior Management Group (SMG) members have the title Director in their job titles but they are not directors of the LDF for the purposes of company law nor are they trustees of the charity. The SMG comprises:

General Secretary:	Mr Richard Gough
Director of Housing and Investment Property:	Mr William Hagger (resigned 31 March 2023)
Interim Director of Housing and Investment Property:	Mr Jeremy Lock (appointed 6 March 2023)
Director of Human Resources and Safeguarding:	Mrs Suzanne Long (resigned 28 February 2023)
Director of Finance and Operations:	Mr Christopher Harris
Director of Parish Property and Fundraising	Mr Kevin Rogers
Director of Strategy and Communications:	Mr Angus Stephenson

Remuneration

The HR Committee (formerly named the Remuneration Committee) meets at least annually to provide assurance to the Diocesan Finance Committee (DFC) that the LDF has appropriate remuneration procedures in place and to oversee issues relating to the remuneration of all LDF clergy and staff. It makes recommendations to the DFC regarding the LDF's remuneration policy and pay increases.

Statutory functions

The LDF has a statutory responsibility for management of glebe assets (historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF), to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts, and also discharges the responsibilities of the Diocesan Parsonages Board.

Charity Governance Code

The LDF has incorporated the 'Charity Governance Code' as a key tool in its governance management framework. At each meeting of the charity's Audit and Risk Committee a section of the Code is reviewed and the LDF's application of it assessed. The aim is to develop and embed the Code's principles and practices in the organisation's operations. During 2021, a Board Effectiveness Review was conducted by an external organisation.

Principal activities

The principal activity of the LDF is to serve and support the parishes and people within the Diocese of London in their mission of proclaiming the Gospel of Jesus Christ.

It does this operationally through the provision of stipend and housing to parish clergy and chaplains and supporting their ministry as well as that of the parishes and other worshipping communities .

Ministry and associated costs, including property, account for the majority of the LDF's expenditure. This is financed principally by the collection of voluntary income from the parishes, termed 'Common Fund', supplemented by rental and investment income.

Grants are awarded to parishes by the Area Councils and to mission initiatives by the Bishop of London's Mission Fund (BLMF), which is a designated fund within the LDF.

The LDF also acts as custodian trustee and as agent to other boards, committees and trusts within the London Diocese.

Fundraising

The LDF fundraising plan incorporates three streams:

- To provide parishes with advice and guidance to encourage them to adhere to best practise in their fundraising activities.
- To drive campaigns around specific and strategic fundraising needs.
- To support and enable strategic relationship management.

The LDF does not engage with any direct marketing activities, nor does it share or purchase any donor data with or from third parties. The LDF occasionally engages with independent professional fundraisers and if so will always ensure there is an appropriate contract in place. The LDF has signed up to the regulation scheme established by the Fundraising Regulator. No complaints regarding fundraising have been received.

Public benefit of activities

The trustees have a statutory duty under the Charities Act 2011 to have regard to the public benefit guidance issued from time to time by the Charity Commission. The trustees have noted the Charity Commission's guidance *Charities and Public Benefit* and have regard to this in making relevant decisions. Guidance was included in the

Trustee Induction material distributed to the Diocesan Bishop's Council in Spring 2022. The trustees believe that this report, taken as a whole, provides evidence of the public benefit of the charity's work in 2022.

The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the LDF helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. The principal public benefits of the LDF are the advancement of the Christian religion by supporting ministers of religion and others who lead, encourage and support members of the various and diverse communities of the world city of London by and in:

- the provision of public worship and ceremonies
- the moral and spiritual improvement of the public
- the provision of comfort to the bereaved and distressed
- contributing towards a better society, by promoting social cohesion and social capital
- contributing to the spiritual and moral education of children
- carrying out, as a practical expression of religious belief, other activities to meet needs
- contributing to good mental and physical health
- the provision and maintenance of sacred spaces, principally churches (many of which are listed buildings) and churchyards, open to the public and
- the provision of public spaces, such as church halls, as an expression of faith.

Parishes are independent registered charities, and therefore legally distinct from the LDF. However, the support provided to parishes by the LDF directly contributes towards their mission and ministry, and therefore how they provide public benefit. Parishes across the Diocese carry out diverse activities, including provision of night shelter work, debt advice, specialised ministries and numerous community projects.

Committees

The Diocesan Synod has appointed the Bishop's Council as the Diocesan Mission and Pastoral Committee. The Council has delegated certain powers to Area Councils and to the Diocesan Finance Committee (DFC). Additional members may be co-opted by these committees and councils or nominated by the Diocesan Bishop.

Diocesan Finance Committee

The DFC is a committee of the Bishop's Council. Its membership comprises laity and clergy. The DFC meets at least six times each year. The Bishop of London, the archdeacons, and the clerical and lay vice chairs of the Bishop's Council are ex officio members.

The DFC makes recommendations to the Bishop's Council on matters in connection with finance, property and staff business of the LDF.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is a committee of the Bishop's Council. Members are appointed by the Bishop's Council for three years. Its membership is drawn from the Council, the Diocesan Synod, the DFC, and from outside bodies. The ARC meets four times a year.

The ARC ensures that the LDF's financial control and regulatory and statutory reporting are effective, that their accounts are appropriately audited; that risks are appropriately identified, assessed and managed; and that incidences of actual or alleged malpractice and fraud are reported, and necessary action taken on them.

Trustee training

The trustees periodically review their knowledge, skills and experience. Appropriate training sessions are designed to address any gaps in skills and knowledge.

New trustees are provided with documentation outlining their main responsibilities and new trustee induction sessions are conducted each triennium.

Disclosure of information to auditors

Each trustee who held office at the date of approval of this trustees' report confirms that, so far as he or she is aware, there is no relevant audit information of which the LDF's auditors are unaware, and that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the LDF's auditors are aware of that information.

'Relevant audit information' means information needed by the LDF's auditors in connection with the preparation of their report.

In doing so, the trustees have made enquiries of their fellow directors and of the LDF's auditors and have taken such other steps (if any) for that purpose, as are required by their duty as directors of the LDF to exercise reasonable care, skill and diligence.

Statement of trustees' and directors' responsibilities in respect of the Trustees' Report and the Financial Statements

The trustees are responsible for preparing the Directors' and Trustees' Report, incorporating the Strategic Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for that financial year. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

In approving this trustees' report, the trustees are also approving the Strategic Report included here, in their capacity as company directors.

Jacquie Driver
Chair of the Diocesan Finance Committee
10 May 2023

Appendices – committee membership and administrative details

Directors, Trustees and Members of the Diocesan Bishop's Council

All members of the Bishop's Council are directors and members of the company for the purposes of the Companies Acts and are trustees under charity law. The following members served during the period from 1 January 2022 until 10 May 2023, the date of approval of this report:

Chair

The Rt Revd and Rt Hon Dame Sarah E Mullally DBE BSc MSc DSc (Hon) Bishop of London

Lay & Clerical Vice Chairs

Mr Ade Adebajo
Diocesan Synod House of Laity

The Revd Christopher Trundle
Diocesan Synod House of Clergy

Ex Officio

The Bishop of Stepney,
the Rt Revd Joanne Woolway Grenfell

The Bishop of Kensington,
the Rt Revd Dr Graham S Tomlin (until 31/08/22)

The Bishop of Kensington,
the Rt Revd Dr Emma Ineson (from 19/02/23)

The Bishop of Edmonton,
the Rt Revd Robert J Wickham

The Bishop of Willesden,
the Rt Revd Lusa Nsenga-Ngoy (from 06/02/22)

The Bishop of Fulham,
the Rt Revd Jonathan M R Baker

The Bishop of Islington,
the Rt Revd Ric C Thorpe

The Archdeacon of London,
the Ven Luke J Miller

The Archdeacon of Hackney,
the Ven Peter Farley-Moore (from 10/04/22)

The Archdeacon of Middlesex,
the Ven Richard Frank

The Archdeacon of Hampstead,
the Ven John E I Hawkins

The Archdeacon of Northolt,
the Ven Catherine R Pickford

The Archdeacon of Charing Cross,
the Ven Adam Atkinson

The Dean of St Paul's Cathedral,
the Very Revd Dr David J Ison (until 15/09/22)

The Dean of St Paul's Cathedral,
the Very Revd Andrew Tremlett (from 21/09/22)

Elected by the House of Laity, Diocesan Synod

Miss Susan Cooper (until 25/01/23)
Dr Phillip Rice
Mr Stephen Garside
Mr Jonathan Wolstenholme
Mr Toby Partridge

Nominated by the Bishop of London

Mr Richard N Perry
Ms Jacquie Driver (from 1/01/22)
Mr Paul Nicholas (from 13/02/22)

The following members were elected by the Diocesan Synod members of the respective areas:

Two Cities

The Revd Luke Ijaz (from 04/01/22)
Mr Brian O'Donoghue
Mr Jeremy Thomas
Mrs Sarah Finch
Mr Zi Ken Toh

Stepney

The Revd Graham Hunter
Mrs Christina T Sosanya
Ms Josile Munro
Mr Peter Sinclair (from 04/01/22)

Kensington

The Revd Samuel Cross
The Revd Samuel Follett
Mr David Hurst
Mrs Sarah Tett
Mr Kenneth Riley (until 16/07/22)

Edmonton

The Revd Thomas Watts
Mr Inigo R M Woolf
Dr Christopher R M Ward
Miss Amanda McIntyre
Mrs Margarita Barr-Hamilton

Willesden
The Revd Christopher Phillips
The Revd Matthew Cashmore
Mr John R Dolling
Mr Clive R Scowen

Members are shown in the categories in which they are currently elected. They may previously have served as members in a different capacity.

Members of the Diocesan Finance Committee as at 10 May 2023

(also Members of the Bishop's Council)
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Peter Farley-Moore (from 10/4/22)
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford
The Archdeacon of Charing Cross,
the Ven Adam Atkinson
The Revd Christopher Trundle
The Revd Matthew Cashmore (from 23/05/22)
Mr Ade Adebajo
Ms Jacquie Driver (Chair) (from 01/01/22)
Mr Paul Nicholas
Mr Inigo R M Woolf
Mr David Hurst
Ms Josile Munro
Mr Clive Scowen
Mr Stephen Garside (from 23/05/22)

(not Members of the Bishop's Council)
Mr Andrew Garwood-Watkins
Mr Antonio Joseph (until 12/09/22)
Mr Anthony Dixon
Mr Julian Desborough
Mr Michael Bithell
Mr Noel Manns
Mr Rich Spens
Mr Richard Myers
Ms Juliet Maggs

Members of the Audit and Risk Committee as at 10 May 2023

(also Members of the Bishop's Council)
Mr Richard N Perry (Chair)
Dr Phillip Rice
Stephen Garside (from 05/05/22)

(not Members of the Bishop's Council)
Mr Don Bawtree
Mrs Elizabeth Marshall
Mr Mohan Yogendran
The Revd Owen Higgs
Mr Christopher Longden

The Bishop of London's Fund

Patron: The Most Revd and Rt Hon the Lord Archbishop of Canterbury, Justin Welby
President: The Rt Revd and Rt Hon the Lord Bishop of London Dame Sarah E Mullally DBE BSc MSc DSc

Treasurer: Mr Inigo R M Woolf
The president and treasurer are ex officio trustees.

Other trustees of the Bishop of London's Fund
The Ven Luke J Miller
Mr David Roberts
Secretary: Mr Richard Gough

The Bishop of London's Fund (BLF) was established in 1863 and was incorporated by the Board of the Charity Commissioners for England and Wales under the Charitable Trustees Incorporation Act 1872 (since replaced by other legislation) on 7 July 1882.

The BLF is a registered charity (249021). The Finance Committee of the LDF constitutes its Executive Committee. Certain title and trust deeds are in the name of the BLF.

For day to day purposes and in accordance with a special resolution of 29 October 1918, its activities are subsumed into the LDF, with which it shares common objectives. The majority of the BLF's assets were transferred to the LDF in the last century.

The London Diocesan Board of Finance

President and Chair: The Rt Revd and Rt Hon the Lord Bishop of London
The Rt Revd and Rt Hon Dame Sarah E Mullally DBE BSc MSc DSc

Trustees: The Trustees of the LDF
Secretary: Mr Richard Gough

The London Diocesan Board of Finance (LDBF) was registered in England as a company limited by guarantee on 30 April 1914. The Diocesan Boards of Finance Measure 1925 provides that every Diocese in the Church of England should have a DBF. It stipulates however that those Dioceses with existing trust bodies (provided they are incorporated under the Companies Acts) are allowed to use these bodies to carry out the functions of the DBF.

Clause 3(c) of the Memorandum of Association of the LDF (company number 150856) formed in 1918 specifically empowers the LDF to carry out (inter alia) all of the functions of the LDBF. The Articles of Association of the LDBF were amended on 7 June 1926 to amalgamate the functions of the DBF into the LDF, except anything which was unable to be amalgamated because of statutory provisions.

The LDBF is a registered charity (249022) and a company limited by guarantee (135519).

Professional Advisers

Auditors
Haysmacintyre LLP
10 Queen Street Place,
London EC4R 1AG

Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

Insurers
Ecclesiastical Insurance
Group PLC
Beaufort House
Brunswick Road
Gloucester GL1 1JZ

Solicitors
Birketts LLP
106 Leadenhall Street
London EC3A 4AA

Communications Consultants
Luther Pendragon Limited
3 Priory Court
Pilgrim Street
London EC4V 6DR

Independent Auditors' Report to the Members of the London Diocesan Fund

Opinion

We have audited the financial statements of London Diocesan Fund for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Summary Income and Expenditure Account, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement set out on page 21, 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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and concluded that the risk was low. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a 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 involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 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.

Haysmacintyre LLP

Adam Halsey
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 3 July 2023

10 Queen Street Place
London EC4R 1AG

Statement of Financial Activities – for the year to 31 December 2022

		Unrestricted Funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2022	2021
		£m	£m	£m	£m	£m	£m
Income and endowments from	Notes						
Donations, legacies & grants							
Common Fund		22.7	-	-	-	**22.7**	**21.6**
Parish reimbursements for clergy costs		3.8	-	0.3	-	**4.1**	**4.1**
Donations and legacies		0.8	0.1	2.2	-	**3.1**	**1.5**
Church Commissioners		-	-	6.4	-	**6.4**	**5.6**
City Church Fund		2.6	-	-	-	**2.6**	**4.7**
Charitable activities							
Operational property rental income		3.9	-	0.1	-	**4.0**	**3.2**
Parochial fees		0.4	-	-	-	**0.4**	**0.4**
Investment Income						-	
Dividends and interest receivable	11a	2.3	-	0.3	-	**2.6**	**1.7**
Investment property rentals	11b	4.8	-	0.4	-	**5.2**	**4.3**
Other income		0.1	0.5	0.3	-	**0.9**	**0.7**
Total income		**41.4**	**0.6**	**10.0**	**-**	**52.0**	**47.8**
Expenditure on							
Raising funds							
Investment management costs							
Rental portfolio costs-agent fees		0.5	-	-	-	**0.5**	**0.4**
Investment property repairs and maintenance		0.5	0.2	0.1	0.1	**0.9**	**1.8**
Charitable activities							
Ministry		26.5	0.3	5.3	-	**32.1**	**31.0**
Education and outreach		1.1	-	-	-	**1.1**	**0.8**
Parish and Area support services		1.9	-	0.4	-	**2.3**	**2.2**
Clergy housing and property costs		9.9	1.0	0.6	0.2	**11.7**	**7.9**
National Church		1.8	-	-	-	**1.8**	**3.0**
Grants to parishes and overseas		0.2	0.6	2.4	-	**3.2**	**1.9**
Other expenditure		-	0.1	0.4	-	**0.5**	**0.5**
Total expenditure	5	**42.4**	**2.2**	**9.2**	**0.3**	**54.1**	**49.5**
Net income/(expenditure) before investment gains		(1.0)	(1.6)	0.8	(0.3)	**(2.1)**	**(1.7)**
Realised gains on tangible fixed assets		-	0.8	0.6	1.6	**3.0**	**8.8**
Net gains/(losses) on investments	8	-	-	(0.7)	(4.3)	**(5.0)**	**6.5**
Net incoming resources for the year		**(1.0)**	**(0.8)**	**0.7**	**(3.0)**	**(4.1)**	**13.6**
Transfers between funds	13d	0.4	(14.5)	0.6	13.5	-	-
Other recognised (losses)/gains							
Pension deficit movement		-	0.4	-	-	**0.4**	**0.6**
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	(11.8)	(0.3)	6.8	**(5.3)**	**14.6**
Net movement in funds for the year		**(0.6)**	**(26.7)**	**1.0**	**17.3**	**(9.0)**	**28.8**
Reconciliation of funds:							
Funds at 1 January 2022		8.1	170.6	30.0	307.3	**516.0**	**487.2**
Funds at 31 December 2022		**7.5**	**143.9**	**31.0**	**324.6**	**507.0**	**516.0**

Balance Sheet – as at 31 December 2022 **Company number: 150856**

	Notes	Unrestricted Funds General £m	Unrestricted Funds Designated £m	Restricted Funds £m	Endowment Funds £m	Total 2022 £m	Total 2021 £m
Fixed Assets							
Operational property	7a	-	86.9	2.4	245.9	**335.2**	**328.2**
Investment property	7b	-	82.0	9.3	30.5	**121.8**	**126.3**
Non-property investments	8	-	0.4	8.1	37.7	**46.2**	**51.4**
Fixtures and fittings		0.1	-	-	-	**0.1**	**0.2**
		0.1	**169.3**	**19.8**	**314.1**	**503.3**	**506.1**
Current Assets							
Debtors	10a	3.0	1.8	2.4	-	**7.2**	**4.8**
Cash at bank		9.0	(16.7)	9.6	10.5	**12.4**	**21.5**
		12.0	(14.9)	12.0	10.5	**19.6**	**26.3**
Creditors							
Amounts falling due within one year	12	(4.6)	(1.0)	(0.8)	(0.1)	**(6.5)**	**(6.5)**
Net Current Assets		7.4	(15.9)	11.2	10.4	**13.1**	**19.8**
Total assets less current liabilities		**7.5**	**153.3**	**31.0**	**324.6**	**516.4**	**525.9**
Creditors – amounts falling due after one year							
Pension scheme liabilities	15	-	-	-	-	-	**(1.0)**
Other creditors	12	-	(9.4)	-	-	**(9.4)**	**(8.9)**
Net Assets		7.5	143.9	31.0	324.6	**507.0**	**516.0**
Funds							
General		7.5	-	-	-	**7.5**	**8.1**
Designated	13a	-	143.9	-	-	**143.9**	**170.6**
Restricted	13b	-	-	31.0	-	**31.0**	**30**
Endowment	13c	-	-	-	324.6	**324.6**	**307.3**
Total Funds		**7.5**	**143.9**	**31.0**	**324.6**	**507.0**	**516.0**

The financial statements on pages 28 to 61 were approved, and authorised for issue, by the Diocesan Bishop's Council on 10 May 2023.

Jacquie Driver
Chair of the Diocesan Finance Committee

The Revd Christopher Trundle
Clerical Vice-Chair of Bishop's Council

Summary income and expenditure account – for the year to 31 December 2022

	2022 £m	2021 £m
Income	52.0	47.8
Expenditure	(54.1)	(49.5)
Net (expenditure) before investment gains	(2.1)	(1.7)
Net (losses)/gains on investments	(5.0)	6.5
Realised gains on property assets	3.0	8.8
Net (expenditure)/income for the year	(4.1)	13.6
Other comprehensive income:		
Unrealised (losses)/gains on property assets	(5.3)	14.6
Net movement on defined benefit pension schemes	0.4	0.6
Total comprehensive (expenditure)/income	(9.0)	28.8

All incoming and expended resources relate to continuing operations.

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 28 with movements in endowment funds excluded to comply with company law.

Cash flow statement – for the year 31 December 2022

	Notes	2022 £m	2021 £m
Net cash (outflow) from operating activities	14a	(16.7)	(0.5)
Net cash inflows from investing activities	14b	7.6	3.9
(Reduction)/increase in cash in the year		(9.1)	3.4
Cash and cash equivalents			
As at 1 January		21.4	18.0
As at 31 December		12.3	21.4

The notes on pages 31 to 61 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2015) (Second Edition, effective 1 January 2019) and with regard to the Diocesan Annual Report and Financial Statements Guide (v5. 2015).

The accounts comply with the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

1.1 Basis of preparation

The LDF prepares its annual financial statements on the historical cost basis of accounting as adjusted for the revaluation of investments and investment properties. The financial statements are prepared on a going concern basis (see page 16).

1.2 Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- non-depreciation of fixed assets as per accounting policy (see note 1.7)
- pension scheme liabilities (see note 15)

1.3 Funds

The LDF has various types of fund for which it is responsible and which require separate disclosure. Note 13 shows the balances and movements on each fund together with details of their uses. The directors' and trustees' report gives an overview of the LDF's Reserves Policy.

Unrestricted Funds

Unrestricted funds arise from all the accumulated surpluses and deficits in the provision of general charitable activities:

- General Funds
- Designated Funds (note 13a)

The latter are funds earmarked by the LDF trustees for a specific purpose. The trustees have discretion over the purpose and use of the funds. They can be re-allocated or otherwise undesignated without reference to outside agencies.

Restricted Funds (note 13b)

These are funds subject to specific conditions imposed by the donor or by the specific terms of a trust deed or other legal measure. Income and expenditure on restricted funds are taken directly to those in the Statement of Financial Activities except to the extent that income is freely available for the general purpose of the LDF.

Endowment Funds (note 13c)

Permanent endowment capital must be held permanently, whereas expendable endowment capital can be used in certain circumstances. Income arising is included in general or restricted funds depending on the terms of the trust instrument.

1.4 Taxation status

The LDF is a registered charity and as such is able to take advantage of exemptions granted under the relevant tax legislation including the Corporation Taxes Act 2010. It is not liable to corporation tax on charitable income or income from charitable activities.

1.5 Pensions

The LDF participates in two defined benefit pension schemes: the Church of England Defined Benefit Scheme (DBS), for some of its lay employees but now closed to new joiners and future accrual, and the Church of England Pensions Scheme, for clergy. The schemes are considered to be multi-employer schemes as described in Section 28 of FRS 102. This means that it is not possible to attribute the schemes' assets and liabilities to specific employers and that contributions are accounted for as if the schemes were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability.

1.6 Statement of Financial Activities

All material income and expenditure is accounted for on an accruals basis.

Income	Explanation
Donations, legacies and grants	
Common Fund	Contributions paid by the churches in the Diocese of London to the LDF
Parish reimbursements for clergy costs	Amounts received in respect of clergy involved in largely local initiatives, financed directly by parishes or other institutions
Donations	Gifts from external organisations and individuals
Church Commissioners	Grant income from the Church Commissioners
City Church Fund	Grant income from the City Church Fund
Charitable Activities	
Operational property rental income	Operational property is usually held to house clergy. Where property is not used for this purpose in the short-term, it is let out at market rates to generate additional income. Designated and glebe operational rental income is receivable within general funds.
Parochial fees	Parochial fees are statutory charges for weddings and funerals, of which part is due to the local PCC, and part is due to the LDF. The LDF element is used to help fund the overall stipends bill.
Investment Income	
Dividends and interest receivable	Income arising is credited to the relevant funds on a receipts basis for dividends, and on an accruals basis for interest income.
Investment property rental income	Investment property is let out at the market rate. Designated and glebe investment rental income is receivable within general funds.

Expenditure	Explanation
Raising funds – investment management costs	
Rental portfolio costs: agent fees	Agent fees paid in relation to the management of the property portfolio.
Investment property repairs and maintenance	Repairs and maintenance relating to the investment property portfolio.

Charitable activities

Ministry	Ministry primarily includes the payment of clergy stipends, national insurance and pension contributions.
Education and outreach	Annual cash grant to the London Diocesan Board for Schools plus direct costs related to children's ministry, community ministry and social justice.
Parish and area support services	Costs associated with the areas including office costs, senior clergy expenses and the costs of advisers.
Clergy housing and property costs	Clergy housing and property costs represents the repairs, maintenance, and other property costs associated with the operational property portfolio, and the relevant costs of the Diocesan Advisory Committee and property department. In accordance with the implementation of FRS 102, annual depreciation is no longer charged on benefice and operational freehold properties.
National Church	The LDF's contribution to the National Church's costs.
Grants to parishes and overseas	Grants made to London parishes and overseas Dioceses.

1.7 Tangible Fixed Assets

Property

Operational property is generally held at deemed historic cost and investment property at market value. Assets in the course of construction are held at cost.

(a) Benefice Houses

The LDF has adhered to the requirements of FRS 102 in its accounting treatment of benefice houses in following the substance of arrangements rather than their strict legal form. Although the LDF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over future use, the legal title and right to beneficial occupation is vested in the incumbent. The trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and, in line with the transitional arrangements under FRS 102, value such properties at deemed historic cost being the net book value as at 1 January 2015.

Depreciation

In accordance with the implementation of FRS 102, annual depreciation is not charged on benefice and operational, freehold properties. Until 2015, fixed assets were depreciated over their useful economic life as follows:

Benefice Houses	150 years
Other freehold properties	50 years
Leasehold properties	Lease term

(b) Burial Grounds

Burial grounds owned by the LDF are held at £nil value as the trustees believe that the cost of a practical valuation is onerous compared to any additional benefits to be gained. The LDF is unable to sell or change the use of any of these assets without reference to external organisations such as the Church Commissioners. These restrictions, together with the inherent difficulties of applying conventional property valuation methods, are all significant factors in the adoption of the valuation approach for this class of assets.

(c) Closed Church Buildings

Church buildings closed for regular public worship (referred to as 'Closed Church Buildings', and formerly known as 'Redundant Churches') are valued at suitable multiples of annual rental income where this is significant. Where this approach is not applicable, the asset is held at £nil value.

(d) Properties purchased using Church Commissioners' value linked loans

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value.

(e) Assets in the course of construction and major capital projects

Property costs over £10,000 are capitalised where there has been significant enhancement to the underlying assets. This means in practice that all major capital projects are capitalised.

(f) Fixtures, fittings and equipment

Fixtures, fittings and equipment additions under £10,000 are written off fully in the year of purchase. Items over £10,000 are capitalised.

Depreciation

Depreciation is charged on fixtures, fittings and equipment over four years, being their expected useful life.

1.8 Financial instruments

Financial assets measured at fair value comprise listed investments. Financial assets measured at amortised cost comprise contributions to the Common Fund, rent receivable, loans to parishes, loans to individuals and other debtors. Financial liabilities measured at amortised cost comprise parish loans payable, grants payable and other creditors. Financial liabilities measured at fair value comprise Church Commissioners' value linked loans.

1.9 Investments

Investment Property

The trustees' policy is that freehold and long leasehold properties held for investment purposes have been included at the trustees' best estimate of market value. In 2022 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Valuations were conducted by Cluttons LLP. Future external valuations will take place as required, in accordance with relevant accounting standards. Interim valuations for the top 30 value properties are undertaken in intervening years by external valuers, the rest of the portfolio is to be valued by a suitably qualified officer of the LDF.

Investment property is not depreciated. Realised gains and losses on investment property are taken to the Statement of Financial Activities under the heading of realised gains/(losses) on tangible fixed assets.

Other Investments

Non-property investments are stated at fair value calculated by reference to the bid market value at 31 December. Realised gains or losses on disposal are calculated as the difference between disposal proceeds and carrying value.

1.10 Custodian Trusts

Trusts where the LDF acts as custodian trustee with no control over the management or use of the funds are not included in the Balance sheet or Statement of Financial Activities of the LDF. A separate Balance sheet and Statement of Financial Activities is set out on page 64 with supporting notes on pages 65 to 67. The custodian trustee funds have been subject to a non-statutory audit and the audit report thereon covering pages 64 to 67 is to be found on page 68.

2. Post balance sheet events

There have been no material events to report since 31 December 2022 which affect the values stated in these accounts.

3. Net incoming resources for the financial year

The net incoming resources for the financial year is stated after charging	2022	2021
	£'000	£'000
Depreciation – fixtures, fittings and equipment	106	46
	106	46
Auditors' Remuneration (including VAT)		
Statutory audit	34	29
Non-Audit Services:		
▪ Tax advice	4	12
▪ Non-statutory review of Custodian Trusts	2	2
	40	43

4. Staff and Clergy Costs

Costs of lay staff	2022	2021
	£'000	£'000
Wages and Salaries	4,164	3,510
Employer's National Insurance	447	350
Employer's Pension contributions	923	822
	5,534	4,682
Charge to pension deficit (Lay staff pension scheme) *See note 15(a)*	-	609
	5,534	5,291

The Full Time Equivalent average number of lay people employed on diocesan business, and funded out of unrestricted general funds, was 74 (2021: 65). A further 27 Full Time Equivalent lay employees (2021: 23) were funded from restricted or designated funds. Therefore, the Full Time Equivalent average number of people employed was 101 (2021: 88).

The number of employees whose emoluments for the year exceeded £60,000 are as follows

	2022	2021
	No	No
£120,001 - £130,000	1	-
£110,001 - £120,000	1	-
£100,001 - £110,000	-	1
£90,001 - £100,000	1	1
£80,001 - £90,000	1	-
£70,001 - £80,000	2	3
£60,001 - £70,000	2	3

Emoluments, above, is defined as gross salary.

Aggregate employer normal pension contributions for all the higher-paid employees were £ 99,472 (2021: £146,424) payable to defined contribution pension schemes. There were 0 (2021: 0) higher-paid employees who were members of the defined benefit pension scheme.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees for planning, directing and controlling the activities of the diocese. For these purposes, key management are deemed to be the senior management group (see page 17) and the trustees.

Remuneration for the Senior Management Group amounted to salary of £558,449 (2021: £479,820), Employer's NI £66,749 (2021: £59,484), and Employer's pension contributions of £80,017 (2021: £122,724). Expenses reimbursed amounted to £4,113 (2021: £3,516).

Clergy costs

As at 31 December 2022 there were 2 individuals (2021: 2) who (following the implementation of the Ecclesiastical Offices (Terms of Service) Measure 2009 in February 2011) are legally employees of the LDF, despite being on the clergy payroll. Where their costs fall to the LDF, they are included in the clergy disclosure note below. In total for 2022, costs for those individuals who were included on the clergy payroll at any point in the year included gross stipends of £56,056 (2021: £72,258), employer's NI of £4,660 (2021: £7,236) and employer's pension contributions of £18,683 (2021: £20,063).

In addition, in 2022 there were 14 ordained clergy (2021: 22) who, whilst undertaking ministerial work, were required to be included in the LDF payroll. In total for 2022, their costs included gross stipends of £533,690 (2021: £682,823), employer's NI £59,225 (2021: £65,841) and employer's pension contributions of 144,231 (2021: £222,011). These costs are excluded from the cost of lay staff on page 35.

4. Staff and Clergy Costs (continued)

Clergy holding parochial or archidiaconal posts
(including Common Fund clergy, off-Common Fund clergy and chaplains.)

	2022	2021
	£'000	£'000
Gross stipends	15,369	14,919
Employer's National Insurance contributions	1,104	1,219
Employer's pension contributions	5,174	5,494
	21,647	21,632
Average number of total stipendiary clergy posts	533	539
Number of total stipendiary clergy posts at 31 December	533	538

5. Governance costs and the allocation of Support Costs between Charitable Activities

	2022	2021
	£'000	£'000
Support costs *(allocated below)*		
Salary and employment costs	**2,195**	**2,370**
Office costs	**1,063**	**419**
Governance costs	**448**	**594**
	3,706	**3,383**

Resources Expended	**Before allocation of support costs £'000**	**Support costs £'000**	**Total 2022 £'000**	**Total 2021 £'000**
Raising funds				
Investment management costs				
Rental portfolio costs – agents fees	476	-	**476**	**401**
Investment property repairs and maintenance	902	84	**986**	**1,696**
Fundraising	-	-	**-**	**-**
	1,378	84	**1,462**	**2,097**
Charitable activities				
Ministry	30,884	1,202	**32,086**	**30,893**
Education and outreach	773	297	**1,070**	**771**
Parish and area support services	1,089	1,214	**2,303**	**2,185**
Clergy housing and property costs	10,871	804	**11,675**	**7,883**
National Church	1,807	-	**1,807**	**3,037**
Grants to parishes and overseas	3,018	105	**3,123**	**1,900**
Other expenditure	495	-	**495**	**583**
	50,315	**3,706**	**54,021**	**49,349**

Support costs are allocated based on full time equivalent (FTE) staff numbers as administrative costs primarily consist of salary and employment costs, subject to a de minimis threshold. Office costs that are incurred are directly attributable to the staff employed and are also analysed on this basis. In accordance with SORP 2015 governance costs of £448,000 (2021: £593,000) have been allocated on the same basis. Finally, residual administration costs are apportioned in proportion to expenditure.

6. Grants to Parishes and Overseas

Funding source: *Grants to Parishes from:*	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2022 £'000	Total 2021 £'000
Archbishops' Council	-	-	1,527	-	**1,527**	**-**
Core funds	-	-	388	-	**388**	**315**
Area pastoral funds	74	375	-	-	**449**	**313**
Bishop of London's Mission Fund	-	12	-	-	**12**	**110**
Funds held for parish benefit	-	170	254	-	**424**	**905**
	74	**557**	**2,169**	**-**	**2,800**	**1,643**
Overseas:						
Angola and Mozambique (ALMA) and Lent projects	2	-	216	-	**218**	**162**
Grant administration allocation	105	-	-	-	**105**	**96**
	181	**557**	**2,385**	**-**	**3,123**	**1,901**

Grants from core funds represent funds awarded from primarily general fund sources such as Archdeacons Discretionary funds and other monies held to support parishes. The above monies funded grant awards to 289 institutions (2021: 91). This number included a distribution of cost of energy support grants to 259 parishes, some of those parishes received other grants in the year.

7a. Tangible Fixed Assets – Operational Property

Properties are valued in accordance with the accounting policies set out in note 1.

In accordance with transitional arrangements upon the implementation of FRS 102, first adopted in 2015, the LDF took advantage of the concession whereby benefice and operational houses, previously valued under UK GAAP at depreciated insurance value, are carried forward at deemed historical cost being the book value of these assets at 1 January 2015, with the exception of properties purchased using value linked loans (see page 41).

7a. Tangible Fixed Assets – Operational Property (continued)

	Designated Funds			Restricted Funds	Endowment Funds				
	Freehold Property £'000	Long Leasehold Property £'000	Sub-total £'000	Closed Churches £'000	Leasehold Benefice Houses £'000	Freehold Benefice Houses £'000	Glebe Property £'000	Sub-total £'000	Grand Total £'000
At cost or valuation									
At 1 January 2022	83,789	5,157	88,946	2,234	2,890	232,430	30,648	265,968	357,146
Additions	5,913	-	5,913	318	-	1,781	31	1,812	8,043
Transfers	863	-	863	-	-	(358)	(505)	(863)	-
Disposals	(406)	-	(406)	(201)	-	(610)	(456)	(1,066)	(1,673)
Revaluation	451	-	451	-	-	-	-	-	451
At 31st December 2022	90,610	5,157	95,766	2,351	2,890	233,243	29,718	265,850	363,968
Depreciation									
At 1 January 2022	8,534	349	8,883	-	426	17,031	2,595	20,052	28,935
Charge for the year	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Transfers	63	-	63	-	-	41	(104)	(63)	-
Disposals	(69)	-	(69)	-	-	(48)	(17)	(65)	(134)
Revaluation	-	-	-	-	-	-	-	-	-
At 31st December 2022	8,528	349	8,877	-	426	17,024	2,474	19,924	28,801
Net Book Value									
At 31st December 2022	**82,081**	**4,808**	**86,889**	**2,351**	**2,464**	**216,218**	**27,244**	**245,925**	**335,166**
Net Book Value									
At 31 December 2021	**75,254**	**4,808**	**80,062**	**2,234**	**2,464**	**215,399**	**28,053**	**245,915**	**328,211**

7a. Tangible Fixed Assets – Operational Property (continued)

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value. As at 31 December 2022, the value of these properties was £9,394,000 (2021: £8,943,000). The valuation as at 31 December 2022 was undertaken by a suitably qualified officer of the LDF, based on knowledge of the properties (such as refurbishment levels and general condition) with reference to available market data for similar properties in similar locations. Future external valuations will take place as required. The carrying amount on a cost basis of the revalued properties is £3,627,000.

Capital Commitments
As at 31 December 2022, the LDF had £nil of capital commitments (2021: £nil) in relation to capital work on major developments planned for 2022 and onwards.

7b. Fixed Assets – Investment Property

	Designated Funds			Restricted Funds	Expendable Endowment Funds	
	Freehold Property £'000	Long Leasehold Property £'000	Sub-Total £'000	Closed Churches £'000	Glebe Property £'000	Grand Total £'000
At cost or valuation						
At 1 January 2022	73,572	6,900	80,472	11,189	**34,566**	**126,227**
Additions	13,263	-	13,263	-	**107**	**13,370**
Transfers	-	-	-	-	**-**	**-**
Disposals	-	-	-	(1,550)	**(10,927)**	**(12,477)**
Revaluation	(11,301)	(475)	(11,776)	(308)	**6,772**	**(5,312)**
At 31st December 2022	75,534	6,425	81,959	9,331	**30,518**	**121,810**
Fair Value						
At 31st December 2022	**75,534**	**6,425**	**81,959**	**9,331**	**30,519**	**121,809**
Fair Value						
At 31 December 2021	**73,572**	**6,900**	**80,472**	**11,189**	**34,566**	**126,227**

The trustees' policy is that freehold properties held for investment purposes are included at the trustees' best estimate of market value. In 2019 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Future external valuations will take place as required, in accordance with relevant accounting standards. Valuations were conducted by Cluttons LLP, Savills Plc and Strutt & Parker. Interim valuations are performed in intervening years by a suitably qualified officer of the LDF.

8. Non-Property Investments

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Market value at 1 January 2022	**20,345**	**8,532**	**8,802**	**13,762**	**51,441**	**45,151**
Additions (at cost)	-	-	7	-	**7**	-
Transfers	(20,345)	(7,948)	41	28,252	-	-
Disposals	-	(154)	(42)	-	**(196)**	**(304)**
Net (losses) on revaluations	-	(42)	(731)	(4,280)	**(5,053)**	**6,594**
Market value at 31 December 2022	-	**388**	**8,077**	**37,734**	**46,199**	**51,441**

Non-property investments are represented by:

	2022	2021
	£'000	£'000
M&G Charifund	**20,643**	**21,815**
CBF Global Equity Income Fund	**16,561**	**19,265**
CBF Investment Fund	**8,995**	**10,361**
	46,199	**51,441**

CBF investments are valued by the CCLA.
The historic cost of the investments held at 31 December 2022 was £31,931,000 (2021: £32,012,000).

9. Investments in subsidiary undertakings

The LDF owns 100% of the issued share capital of a subsidiary undertaking, Causton Street Farms Limited (registered company number 2768104). The company has been dormant since 1 January 2005. The subsidiary is excluded from consolidation because it is not material to the financial statements of the LDF.

10a. Debtors

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Contributions to the Common Fund						-
Rent receivable	1,088	6	425	-	**1,519**	**704**
Prepayments and accrued income	288	79	856	-	**1,223**	**308**
	1,376	85	1,281	-	**2,741**	**1,012**
Loans to Parishes						
Diocesan Bishop's Council awarded	-	716	-	-	**716**	**843**
Area Council awarded	-	687	-	-	**687**	**688**
	-	1,403	-	-	**1,403**	**1,531**
Loans to individuals	-	301	-	-	**301**	**346**
Other debtors	1,610	3	1,136	-	**2,749**	**1,927**
	2,987	**1,792**	**2,417**	-	**7,196**	**4,816**

10a. Debtors (continued)

Movements in Loans to Parishes	2022	2021
	£'000	£'000
As at 1 January 2022	1,531	1,105
Additions (new loans and interest)	431	828
Repayments	(559)	(402)
As at 31 December 2022	1,403	1,531

During the year, interest on Diocesan Bishop's Council (Finance Committee) loans to parishes was charged, depending upon the rules in force when the loan was awarded, at rates of 1% above the Central Board of Finance (CBF) rate, or 2% above the Bank of England base rate depending on the balance of an individual loan. No interest was charged on other loans.

Certain loans to parishes and individuals fall due after more than one year, and the total of these at 31 December 2022 was £1,330,600 (2021: £1,314,200).

10b. Related Parties

London Diocesan Board for Schools (LDBS)
The LDBS is a charitable company (charity registration no. 313000, company registration no. 00198131). The LDF and the LDBS are separate charities but the members of various Diocesan bodies appoint or elect the majority of the trustees/directors of the two organisations. A number of members are trustees/directors of both charities:

- Mr I R M Woolf, a trustee of the LDF, was employed by the LDBS.
- The Bishop of Edmonton, Rt Revd Robert J Wickham, trustee of the LDF became a trustee of LDBS on 1 January 2022

The LDF makes an annual grant to the work of the LDBS amounting to £171,000 (2021: £171,000) and a contribution towards the cost of staff time of £NIL (2021: £15,000). At 31 December 2022 other creditors included £NIL for payroll items relating to the LDBS (2021: other creditors - £11,963).

In addition to the grant described above, the LDF makes the following donations in kind to the LDBS. These relate to office space and provision of house services including reception, cleaning, utilities, IT and payroll support. The estimated value of such services is:

	2022	2021
	£'000	£'000
Accommodation - rent	131	131
House services and meeting rooms	236	208
	367	339

Trustees' expenses and remuneration
In 2022 the LDF reimbursed a total of £19,806 to 8 members of the Bishop's Council (2021: £15,611 to 8 members). The vast majority of these expenses related to working expenses, for example as Archdeacons, Area Dean or other ecclesiastical roles, rather than as expenses reimbursed in their role as trustees. In 2022, a further £29,007 (2021: £1,766) was paid to 11 (2021: 4) trustees, representing removal grants for clergy and other clergy grants. These amounts are in line with the LDF's usual practice regarding clergy expenses and are not related to their roles as trustees.
The LDF is responsible for a substantial part of the stipend of the clerical members of the Bishop's Council by virtue of their clerical office, along with National Insurance and costs associated with housing. The stipends, National Insurance and pensions of Bishops are borne and funded by the Church Commissioners.

10b. Related Parties (continued)
The following was paid to 13 (full time equivalent: 13) other members of the clergy in 2022 who were members of the Bishop's Council (2021: 21 members; full time equivalent: 14).

	2022	2021
	£'000	£'000
Gross Stipends	421	446
Employer's National Insurance contributions	35	38
Employer's pension contribution	132	156
	588	640

Under the Repair of Benefice Buildings Measure 1972 the Diocese is responsible for the upkeep of parsonages. 8 members of Bishop's Council during the year (2021: 17) were housed in parsonages by virtue of their clerical office. No employees (2021: none) were housed in a parsonage.

A further 8 members of Bishop's Council and Diocesan Finance Committee (2021: 9) and 8 employees who are also clergy, including chaplains (2021: 12), were housed in properties owned by the London Diocesan Fund.

For the purpose of this disclosure note transactions with Parochial Church Councils, where there may be a relationship because members of Bishop's Council are also trustees of those bodies, have not been included.

Other

- the Archbishops' Council (Charity No 1074857), from which the LDF receives grants and to which the LDF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, including General Synod. The Archdeacon of London is a trustee.
- the Church Commissioners for England (Charity No 1140097), from which the LDF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDF pays for clergy stipends through the Church Commissioners
- the Church of England Pensions Board (Charity No 236627), to which the LDF pays contributions for clergy and employees and makes contributions towards the provision of housing for clergy in retirement.
- Trust for London. (Charity No 205629). The Bishop of London has control over part of the City Church Fund which is held by Trust for London. The Bishop of London receives recommendations on the allocation of the fund by the City Churches Grants Committee, comprising the Archdeacon of London, the General Secretary, the Chair of the Finance Committee, the Area Dean of City Deanery and the Lay Chair of City Deanery. The fund can only be used to support churches within the City of London.
- PCCs and deaneries within the Diocese of London. The LDF is required to be a custodian trustee in relation to PCC property, but the LDF has no control over PCCs, which are independent charities. PCCs and deaneries are able to influence the decision-making within the LDF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

11a. Dividends and Interest Receivable

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends	1,646	13	253	-	1,912	1,748
Cash and deposit interest	226	1	6	-	233	10
Loan interest	438	-	-	-	438	13
	2,310	14	259	-	2,583	1,771

11b. Investment Property Rentals

	General funds	Designated funds	Restricted funds	Endowment funds	Total	Total
					2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Investment property rentals	**4,796**	**7**	**414**	**-**	**5,217**	**4,319**

12. Creditors

	General funds	Designated funds	Restricted funds	Endowment funds	Total	Total
					2022	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due within one year:						
Parish Loans Payable	-	262	-	-	**262**	**575**
Grants Payable	-	649	120	-	**769**	**686**
Other Creditors	836	71	542	11	**1,460**	**635**
Accruals and deferred income	3,778	78	112	18	**3,986**	**4,585**
	4,614	**1,060**	**774**	**29**	**6,477**	**6,481**
Amounts falling due after one year:						
Church Commissioners Value Linked Loans	**-**	**9,394**	**-**	**-**	**9,394**	**8,943**

A Value Linked Loan due to the Church Commissioners becomes repayable when the house on which it is secured is sold. It is a concessionary loan made by the Church Commissioners for onward lending to a parish, usually for housing assistant clergy. The properties purchased with Value Linked Loans are held within Designated Operational Property. Value Linked Loans are shown at fair value, being the estimated market value of the property bought with the Value Linked Loan.

13a(i) Designated Funds	At 1 January 2022	Income*	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Vision 2020	**81**	-	(67)	-	(15)	**(1)**
Richard Chartres Fund for London	**5**	-	-	-	-	**5**
Housing Capital Strategy Fund	**2,162**	-	(893)	-	(75)	**1,194**
LDF Property	**148,007**	113	(291)	(11,776)	800	**136,853**
Parsonage Reserve	**14,333**	-	-	-	(14,333)	**-**
Inspection and Maintenance Funds	**1,147**	-	-	-	(811)	**336**
Designated Trusts	**634**	4	(170)	(42)	-	**426**
Mission Opportunity	**424**	-	(79)	-	-	**345**
Bishop of London's Mission Fund	**208**	60	(168)	-	-	**100**
Clergy Training and Support	**337**	2	(12)	-	13	**340**
Area Pastoral Funds	**1,725**	7	(301)	-	-	**1,431**
Area Bank Accounts	**93**	44	(35)	-	-	**102**
Diocesan Loan Capital	**2,154**	-	-	-	-	**2,154**
Strategic Development Reserve	**291**	-	(99)	-	(15)	**177**
Clergy Pension Deficit Reserve	**(968)**	-	-	387	581	**-**
St Edmunds Course (Lay Ministry)	**-**	27	(10)	-	2	**19**
Parish Property Capital Strategy Funds	**-**	1,129	(77)	-	(672)	**380**
Total Designated Funds	**170,633**	**1,386**	**(2,202)**	**(11,431)**	**(14,525)**	**143,861**
**Income includes realised gains/(losses)*				*Note 13d*		

13a(ii) Designated Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Capital Vision 2020	-	-	-	-	-
Richard Chartres Fund for London	-	-	5	-	**5**
Housing Capital Strategy Fund	-	-	1,233	(39)	**1,194**
LDF Property	168,848	-	(22,664)	(9,333)	**136,851**
Parsonage Reserve	-	-	-	-	-
Inspection and Maintenance Funds	-	-	336	-	**336**
Designated Trusts	-	388	38	-	**426**
Mission Opportunity	-	-	400	(55)	**345**
Bishop of London's Mission Fund	-	-	428	(329)	**99**
Clergy Training and Support	-	-	340	-	**340**
Area Pastoral Funds	-	-	1,951	(519)	**1,432**
Area Bank Accounts	-	-	102	-	**102**
Diocesan Loan Capital	-	-	2,217	(64)	**2,153**
Strategic Development Reserve	-	-	178	-	**178**
Clergy Pension Deficit Reserve	-	-	-	-	-
St Edmunds Course (Lay Ministry)	-	-	19	-	**19**
Parish Property Capital Strategy Funds	-	-	381	-	**381**
Total Designated Funds	**168,848**	**388**	**(15,036)**	**(10,339)**	**143,861**

Capital Vision 2020
The LDF's strategic plan was encompassed within Capital Vision 2020, a vision of a Church that is Christ-centred and outward looking. During 2013 the trustees approved the creation of a new Capital Vision 2020 designated reserve to fund the strategy. During 2022 the fund was used to provide initial funding for implementing Vision 2030.

Richard Chartres Fund for London
Funds have been raised to support a number of projects and activities which are in alignment with our CV2020 strategy. The fund will be utilised over the next 12 months.

Housing Capital Strategy Fund
The Capital Strategy Fund holds the net capital proceeds from the sale of assets that have been identified as appropriate sites for development. The proceeds from such developments release capital to be redeployed elsewhere in the Diocese, as part of the LDF's Capital Strategy. In particular the fund is used to support work to establish a Christian presence in major new housing development areas, in addition to releasing funds to carry out operational housing improvements.

Parsonage Reserve
The Parsonage fund cash had been shown separately from the property assets but was transferred to the Endowment Fund as of 1 January 2022 to bring all Parsonage Funds together (see Note 13d).

13a. Designated Funds (continued)

LDF Property

This fund represents both operational and investment property that are not covered by Measures that govern Stipends Capital and Parsonages. Operational property includes the Diocesan offices, and over 100 units of property generally used to house clergy who are not housed in parsonages. Investment property comprises over 50 freehold and leasehold properties, held to generate income and capital growth, which helps fund stipends and other charitable activities.

Inspection and Maintenance Funds

This fund comprises the Quinquennial Fund, with a year-end fund value of £336k (2021: £1,147k), and the Ingoing Works Fund with a year-end fund value of £nil (2020: £nil). We carry out planned maintenance on an average of one-sixth of our operational properties each year (88 of approximately 540), but the actual number varies from year to year. This fund smooths the impact of these works on the General Fund from year to year, and thus aids budgeting and financial planning. A net transfer of £811k was made from the Quinquennial Fund in 2022 to the General Fund to help pay for current year works. All necessary works in accordance with the Repair of Benefice Buildings Measure 1972 are undertaken, and the funds support this strategy.

Designated Trusts

These funds represent proceeds arising from the sale of parish-based properties that were in use by those parishes but were legally owned by the Diocese. Each sale of such property is assessed on a case-by-case basis and where there is a compelling reason the sale proceeds may be designated for parish purposes, usually to fund a parish-based development or replacement facility. These funds are expected to be held on an on-going basis.

Mission Opportunity

This fund was established to meet a range of specific clergy and related costs that are necessary in implementing Diocesan mission and ministry policy.

Bishop of London's Mission Fund (BLMF)

This fund is used for new local mission initiatives (not capital projects) throughout the Diocese. Each application is assessed on a case-by-case basis by the BLMF board, an internal committee chaired by the Bishop of London.

Clergy Training and Support

This fund is for providing general clergy training and support, such as unconscious bias training, leadership courses and individual coaching and mentoring sessions. The designated budget holder for the fund is the Bishop of Kensington, assisted by the Director of Ministry.

Area Pastoral Funds

These are funds for each of the five episcopal areas which can be used for loans and grants for specific projects in each area. Decisions on the use of the funds are taken by Area Councils. Loans and grants are awarded each year and the fund is replenished from general funds to ensure the fund is not depleted. It is anticipated that this will continue into the foreseeable future.

Area Bank Accounts

These are the Kensington and Willesden Area bank accounts which are used directly to support each of these areas.

Diocesan Loan Capital

This fund provides loans to parishes, with individual loans not normally exceeding £200,000. Requests from parishes are first considered by the Loans Monitoring Group (LMG), a sub-committee of the DFC, and the decision is made by the DFC.

Strategic Development Reserve

This reserve is the fund for enabling the expenditure within the five year plan for the Strategic Development team, supporting our work in several major areas of regeneration. Funded from the designated Capital Strategy Fund and a contribution from the general fund, expenditure consists of staff costs for the Strategic Development team and direct project costs.

Clergy Pension Deficit Reserve

The pension deficit reserve represents the present value of the agreed deficit contributions towards the Church of England funded pension scheme. See note 15(b) for more detail on the movement on this fund.

13a. Designated Funds (continued)

Lay Church Workers Pension Fund Deficit Reserve

The pension deficit reserve represents the value of the agreed deficit contributions towards the Lay Church Workers pension fund, less the amount fully committed and set aside to settle this creditor.

St Edmunds Course (Lay Ministry)

This fund has been set up to receive a balance of funds held externally and to charge expenses relating to administrating the St Edmunds Lay Ministry Course which supports our 2030 Vision of Creating Confident Disciples.

Parish Property Capital Strategy

Similar to the Capital Strategy Fund, the Churches Capital Strategy holds the net capital proceeds from the sale of assets, specifically closed churches. The proceeds are to be redeployed for use to benefit other church buildings.

13b(i). Restricted Funds	**At 1 January 2022**	**Income ***	**Expenditure**	**Unrealised Gains/(Losses)**	**Transfers**	**At 31 December 2022**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Sole Trust Expendable Funds (inc. ALMA)	**8,279**	305	(470)	(574)	42	**7,582**
Closed Church Buildings Fund	**20,020**	631	(398)	(465)	78	**19,866**
Area Church Building Fund	**1,180**	-	(193)	-	593	**1,580**
Diocesan Church Building Fund	**-**	414	(139)	-	-	**275**
Strategic Development funds	**90**	1,788	(1,784)	-	(78)	**16**
Projects restricted fund	**525**	7,066	(5,930)	-	23	**1,684**
Bishops' secretaries fund	**(126)**	349	(225)	-	-	**(2)**
Total Restricted Funds	**29,968**	**10,553**	**(9,139)**	**(1,039)**	**658**	**31,001**

**Income includes realised gains.* *Note 13d*

13b(ii). Restricted Funds	**Fixed Asset Tangible**	**Investments**	**Current Assets**	**Creditors**	**Net Assets**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Sole Trust Expendable Funds (inc. ALMA)	-	6,899	684	-	**7,583**
Closed Church Buildings Fund	11,682	1,178	7,470	(466)	**19,864**
Area Church Building Fund	-	-	1,701	(120)	**1,581**
Diocesan Church Building Fund	-	-	345	(69)	**276**
Strategic Development funds	-	-	15	-	**15**
Projects restricted fund	-	-	1,802	(118)	**1,684**
Bishops' secretaries fund	-	-	(2)	-	**(2)**
Total Restricted Funds	**11,682**	**8,077**	**12,015**	**(773)**	**31,001**

13b. Restricted Funds (continued)

Sole Trust Expendable Funds

This fund comprises over 40 restricted trusts which are held for specific parish or Diocesan purposes. These trusts are consolidated with the main LDF accounts as the LDF acts as sole trustee and therefore has control. The permanent endowment element is disclosed in note 13c. Each Trust is governed by its own trust instrument which may be in the form of a Charity Commission scheme. The activity of the Angola, London and Mozambique Association (ALMA) is consolidated under this heading, comprising funds of £2.0m at 31 December 2021 (2020: £1.8m).

Closed Church Building Funds

These funds represent the Diocesan Pastoral Account (DPA), which is principally governed by the Mission and Pastoral Measure 2011. Decisions on the use of the fund are taken in accordance with the Measure and with target estimates of future maintenance of those buildings. Income from the rental of churches no longer used for Anglican public worship, that is not required for the maintenance of those buildings, may be used for the payment of stipends and maintenance of property for the housing of clergy.

Area Church Building Fund

This reserve comprises net funds released after the sales of closed churches, having been set up in 2019. The fund will be used to reinvest in open or new church buildings to help repair, develop and create church buildings that support mission and ministry across the Diocese. Within this fund, funds are allocated to specific Episcopal areas.

Diocesan Church Building Fund

This fund comprises net funds released after the sale of closed churches. It was set up in 2022. The fund will be used to reinvest in open or new church buildings, to help repair, develop and create church buildings that support mission and ministry across the Diocese.

Strategic Development funds

This fund comprises the income and expenditure relating to the restricted funding received from the Church Commissioners towards Church Planting, Church Growth and Youth Strategies. Each grant has been awarded for six years, the earliest awarded in 2015, with the final project due to end in 2023.

Projects restricted fund

This fund comprises a small number of projects for which the LDF receives restricted funding. Income sometimes relates to the aggregate match funding received in relation to a number of projects.

Bishops' secretaries fund

This shows the restricted funding received from the Church Commissioners as a contribution towards the cost of the Bishops' secretaries.

13c(i). Endowment Funds	**At 1 January 2022**	**Income ***	**Expenditure**	**Unrealised Gains/(Losses)**	**Transfers**	**At 31 December 2022**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Expendable Endowment						
Glebe property	**83,169**	238	(157)	2,979	(401)	**85,828**
Parsonage House Fund	**217,862**	1,391	(126)	-	13,934	**233,061**
Permanent Endowment						
Sole Trust Permanent Endowment	**6,239**	-	-	(487)	(41)	**5,711**
Total Endowment Funds	**307,270**	**1,629**	**(283)**	**2,492**	**13,491**	**324,598**

**Income includes realised gains.* *Note 13d*

13c(ii). Endowment Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Expendable Endowment					
Glebe property	57,860	32,023	(4,028)	(30)	**85,825**
Parsonage House Fund	218,585	-	14,514	(38)	**233,061**
Permanent Endowment					
Sole Trust Permanent Endowment	-	5,711	-	-	**5,711**
Total Endowment Funds	**276,445**	**37,734**	**10,486**	**(68)**	**324,598**

Glebe Property Funds

This represents the net book value of glebe property with movements shown in note 7. Rental income from glebe property is credited to general funds where it is used to fund clergy stipend payments. This fund also represents the carrying value of glebe investments and cash, which is used for the purchase and refurbishment of glebe operational and investment properties. When a property is sold, the sale proceeds are credited to these funds. Income from glebe property is credited to general funds where it is used only to fund clergy stipend payments. The use of glebe assets is governed by the Diocesan Stipends Funds Measure 1953 and the Endowments and Glebe Measure 1976.

Parsonage House Fund

These funds are used for the purchase and refurbishment of freehold and leasehold benefice houses (see note 7), as well as cash and investments used for the purchase and refurbishment of houses that form part of this fund.

Sole Trust Permanent Endowment

This fund represents those amounts held under the LDF's sole trusteeship where the capital is not expendable.

13d. Transfer between funds – detailed breakdown of movements

	General	Designated	Restricted	Endowment	Total	*Reference*
	£'000	£'000	£'000	£'000	£'000	
Parsonage additions	-	735	-	(735)	-	i
Parsonage Reserve transfer from Designated to Endowment Fund	-	(14,333)	-	14,333	-	ii
Transfer of budgeted items in the General Fund from various designated funds	1,222	(1,222)	-	-	-	iii
Clergy Pension Deficit Repayment	(581)	581	-	-	-	iv
Distribution of proceeds from the sale of Christ Church Hayes	-	(672)	672	-	-	v
Net transfers (to)/from designated funds at year-end	(336)	336	-	-	-	vi
Net transfers (to)/from restricted funds at year-end	70	-	(70)	-	-	vii
Net transfers (to)/from endowment funds at year-end	-	50	56	(106)	-	viii
	375	**(14,525)**	**658**	**13,492**	**-**	
		Note 13a	*Note 13b*	*Note 13c*		

i. Transfers from or to the Parsonage reserve for the purchase or sale of parsonages respectively.
ii. Parsonage fund represented by cash was transferred to the Endowment Fund as of 1 January 2022 to allow full Parsonage to be recognised in one fund.
iii. These transfers relate to budgeted items set aside from the General Fund for various designated funds.
iv. These relate to transfers representing Clergy Pension Deficit Repayment
v. These relate to transfers of proceeds from the sale of Christ Church Hayes to restricted funds
vi. These relate to transfers agreed at the year-end between the General Fund and specific designated funds.
vii. These relate to transfers agreed at the year-end between the General Fund and specific restricted funds.
viii. These relate to transfers agreed at the year-end between the designated funds, restricted funds and specific endowment funds.

14. Notes to the cash flow statement

	2022 Total £'000	2021 Total £'000
14a. Reconciliation of operating (deficit) to operating cash flows		
Operating (deficit)	(2,062)	(1,705)
Depreciation release	106	46
(Increase)/decrease in debtors	(2,380)	8,284
(Decrease)/increase in creditors	(971)	1,791
Non-cash movement in pension liability	387	330
Investment and rental income	(11,800)	(9,210)
	(16,720)	(464)

14b. Gross cash flows	2022 Total £'000	2021 Total £'000
Cash flows from investing activities		
Dividends and interest received	2,583	1,735
Rental Income	9,217	7,476
Sale of property	17,013	9,610
Purchase of property	(21,413)	(15,233)
Other fixed asset purchases	(22)	(58)
Sale of investments	196	496
Purchase of investments	(7)	(156)
	7,567	3,870

14c. Analysis of changes in net funds

Funds	At 31 January 2022 £'000	Cash flows £'000	Other £'000	At 31 December 2022 £'000
Cash at bank and in hand	21,480	(9,153)		12,327
Value linked loans due after one year	(8,943)	-	(451)	(9,394)
	12,537	(9,153)	(451)	2,933

15. Pensions

Pension liabilities	2022 Total £'000	2021 Total £'000
Lay staff pensions (*see note a below*)	-	-
Clergy pensions (*see note b below*)	-	(968)
	-	(968)

15(a). Lay staff pensions

The LDF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
    a. a deferred annuity section known as Pension Builder Classic, and,
    b. a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. No pensions costs relating to this scheme were charged to the SoFA in the year, and the contributions payable was NIL (2021: £47k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

15(b). Clergy pensions

From 1 January 1998, Diocesan clergy became members of the Church of England Pensions Scheme (CEFPS). This non-contributory Scheme provides benefits based on national minimum stipends. The Church of England Pensions Board is the trustee and administers the Pension Scheme. The Scheme provides pensions that relate to pensionable service from 1 January 1998. The Scheme's assets are held separately from those of the LDF. Past service clergy pensions for service before 1 January 1998 are paid by the Church Commissioners at no cost to the LDF.

The LDF is the sponsoring employer for 575 members (2021: 573) of the Scheme out of a total membership of approximately 8,400 active members. The Scheme is considered to be a multi-employer Scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to specific employers and contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions (see below). Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

15(b). Clergy pensions (continued)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards.
- Increase in pensionable stipends of CPIH.
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £'000	**2021 £'000**
Balance sheet liability at 1 January	**968**	**1,941**
Deficit contribution paid	**(581)**	**(979)**
Interest cost (recognised in SOFA)	**-**	**3**
Remaining charge to the balance sheet liability*	**(387)**	**3**
Balance sheet liability at 31 December	**-**	**968**

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

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

16. Members' Liability

The London Diocesan Fund is a company registered in England as a company limited by guarantee, having no share capital. At 31 December 2022 there were 45 members (2021: 43) who were liable to contribute £1 each in the event of the company being wound up.

17. Prior year comparatives

Statement of Financial Activities – for the year to 31 December 2021

		Unrestricted Funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2021	2020
		£m	£m	£m	£m	£m	£m
Income and endowments from	Notes						
Donations, legacies & grants							
Common Fund		21.6	-	-	-	**21.6**	**22.6**
Parish reimbursements for clergy costs		4.1	-	-	-	**4.1**	**4.2**
Donations and legacies		0.6	0.1	0.8	-	**1.5**	**1.3**
Church Commissioners'				5.6	-	**5.6**	**5.1**
City Church Fund		4.7	-	-	-	**4.7**	**2.1**
Charitable activities							
Operational property rental income		3.1	-	0.1	-	**3.2**	**2.9**
Parochial fees		0.4	-	-	-	**0.4**	**0.3**
Investment Income							
Dividends and interest receivable	11a	1.5	-	0.2	-	**1.7**	**1.5**
Investment property rentals	11b	4.3	-	-	-	**4.3**	**3.9**
Other income		-	0.1	0.6	-	**0.7**	**0.7**
Total income		**40.3**	**0.2**	**7.3**	-	**47.8**	**44.4**
Expenditure on							
Raising funds							
Investment management costs							
Rental portfolio costs-agent fees		0.4	-	-	-	**0.4**	**0.4**
Investment property repairs and maintenance		0.6	0.1	1.0	0.1	**1.8**	**1.9**
Charitable activities							
Ministry		25.1	0.4	5.5	-	**31.0**	**29.4**
Education and outreach		0.8	-	-	-	**0.8**	**0.7**
Parish and Area support services		1.8	0.1	0.3	-	**2.2**	**1.9**
Clergy housing and property costs		7.3	0.2	0.4	-	**7.9**	**7.6**
National Church		3.0	-	-	-	**3.0**	**3.1**
Grants to parishes and overseas	6	0.3	0.8	0.8	-	**1.9**	**1.6**
Other expenditure		-	0.4	0.1	-	**0.5**	**0.6**
Total expenditure	5	**39.3**	**2.0**	**8.1**	**0.1**	**49.5**	**47.2**
Net income/(expenditure) before investment gains		1.0	(1.8)	(0.8)	(0.1)	**(1.7)**	**(2.8)**
Realised gains on tangible fixed assets		-	2.0	0.9	5.9	**8.8**	**16.7**
Net gains/(losses) on investments	8	2.7	1.1	1.1	1.6	**6.5**	**(0.5)**
Net incoming resources for the year		**3.7**	**1.3**	**1.2**	**7.4**	**13.6**	**13.4**
Transfers between funds	13d	(0.7)	0.6	(0.1)	0.2	-	-
Other recognised (losses)/gains							
Pension deficit movement		-	0.6	-	-	**0.6**	**(0.1)**
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	7.2	1.2	6.2	**14.6**	**1.1**
Net movement in funds for the year		**3.0**	**9.7**	**2.3**	**13.8**	**28.8**	**14.4**
Reconciliation of funds:							
Funds at 1 January 2021		**5.1**	**160.9**	**27.7**	**293.5**	**487.2**	**472.8**
Funds at 31 December 2021		**8.1**	**170.6**	**30.0**	**307.3**	**516.0**	**487.2**

The Cash Flow Statement and Notes on pages 29 to 63 form part of these financial statements.

17. Prior year comparatives (continued)

(b). Balance Sheet as at 31 December 2021

Balance Sheet – as at 31 December 2021 **Company number: 150856**

	Notes	Unrestricted Funds General £m	Unrestricted Funds Designated £m	Restricted Funds £m	Endowment Funds £m	Total 2021 £m	Total 2020 £m
Fixed Assets							
Operational property	7a	-	80.1	2.2	245.9	**328.2**	**323.7**
Investment property	7b	-	80.5	11.2	34.6	**126.3**	**104.2**
Non-property investments	8	20.3	8.5	8.8	13.8	**51.4**	**45.1**
Fixtures and fittings		0.2	-	-	-	**0.2**	**0.2**
		20.5	169.1	22.2	294.3	**506.1**	**473.2**
Current Assets							
Debtors	10a	2.6	2.0	0.2	-	**4.8**	**13.2**
Cash at bank		(10.4)	10.7	8.2	13.0	**21.5**	**18.0**
		(7.8)	12.7	8.4	13.0	**26.3**	**31.2**
Creditors							
Amounts falling due within one year	12	(4.6)	(1.3)	(0.6)	-	**(6.5)**	**(5.7)**
Net Current Assets		(12.4)	11.4	7.8	13.0	**19.8**	**25.5**
Total assets less current liabilities		8.1	180.5	30.0	307.3	**525.9**	**498.7**
Creditors – amounts falling due after one year							
Pension scheme liabilities	15	-	(1.0)	-	-	**(1.0)**	**(2.6)**
Other creditors	12	-	(8.9)	-	-	**(8.9)**	**(8.9)**
Net Assets		**8.1**	**170.6**	**30.0**	**307.3**	**516.0**	**487.2**
Funds							
General		8.1	-	-	-	**8.1**	**5.1**
Designated	13a	-	170.6	-	-	**170.6**	**160.9**
Restricted	13b	-	-	30.0	-	**30.0**	**27.7**
Endowment	13c	-	-	-	307.3	**307.3**	**293.5**
Total Funds		**8.1**	**170.6**	**30.0**	**307.3**	**516.0**	**487.2**

17. Prior year comparatives (continued)

(c). Governance Costs and the allocation of Support Costs between Charitable Activities

	2021	2020
	£'000	£'000
Support costs *(allocated below)*		
Salary and employment costs	**2,370**	**2,076**
Office costs	**419**	**519**
Governance costs	**594**	**367**
	3,383	**2,962**

Resources Expended	**Before allocation of support costs**	**Support costs**	**Total 2021**
	£'000	**£'000**	**£'000**
Raising funds			
Investment management costs			
Rental portfolio costs – agents fees	401	-	**401**
Investment property repairs and maintenance	1,620	76	**1,696**
Fundraising	-	-	**-**
	2,021	76	**2,097**
Charitable activities			
Ministry	29,797	1,096	**30,893**
Education and outreach	499	272	**771**
Parish and area support services	1,076	1,109	**2,185**
Clergy housing and property costs	7,149	734	**7,883**
National Church	3,037	-	**3,037**
Grants to parishes and overseas	1,804	96	**1,900**
Other expenditure	583	-	**583**
	45,966	**3,383**	**49,349**

(d). Grants to Parishes and Overseas

Funding source:	**General funds**	**Designated funds**	**Restricted funds**	**Endowment funds**	**Total 2021**
Grants to Parishes from:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Core funds	204	70	41	-	**315**
Area pastoral funds	-	313	-	-	**313**
Bishop of London's Mission Fund	-	110	-	-	**110**
Funds held for parish benefit	-	259	646	-	**905**
	204	752	687		**1,643**
Overseas:					
Angola and Mozambique (ALMA) and Lent projects	-	-	162	-	**162**
Grant administration allocation	95	-	-	-	**96**
	299	**752**	**849**	**-**	**1,901**

17. Prior year comparatives (continued)

(e). Debtors

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2021
	£'000	£'000	£'000	£'000	£'000
Contributions to the Common Fund	-	-	-	-	-
Rent receivable	588	-	116	-	**704**
Prepayments and accrued income	112	79	117	-	**308**
	700	79	233	-	**1,012**
Loans to Parishes					
Diocesan Bishop's Council awarded	-	843	-	-	**843**
Area Council awarded	-	688	-	-	**688**
	-	1,531	-	-	**1,531**
Loans to individuals	-	346	-	-	**346**
Other debtors	1,927	-	-	-	**1,927**
	2,627	**1,956**	**233**	**-**	**4,816**

(f). Dividends and Interest Receivable

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2021
	£'000	£'000	£'000	£'000	£'000
Dividends	1,462	19	267	-	**1,748**
Cash and deposit interest	2	5	3	-	**10**
Loan interest	13	-	-	-	**13**
	1,477	**24**	**270**	**-**	**1,771**

(g). Investment Property Rentals

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2021
	£'000	£'000	£'000	£'000	£'000
Investment property rentals	**4,309**	**-**	**10**	**-**	**4,319**

(h). Creditors

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2021
	£'000	£'000	£'000	£'000	£'000
Amounts falling due within one year:					
Parish Loans Payable	-	575	-	-	**575**
Grants Payable	-	686	-	-	**686**
Other Creditors	160	22	454	(1)	**635**
Accruals and deferred income	4,478	-	107	-	**4,585**
	4,638	**1,283**	**561**	**(1)**	**6,481**
Amounts falling due after one year:					
Church Commissioners Value Linked Loans	-	**8,943**	-	-	**8,943**

17. Prior year comparatives (continued)
(i). Designated funds

Designated Funds	At 1 January 2021 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2021 £'000
Capital Vision 2020	**421**	15	(355)	-	-	**81**
Richard Chartres Fund for London	**19**	56	(70)	-	-	**5**
Capital Strategy Fund	**1,420**	-	(303)	1,045	-	**2,162**
LDF Property Fund	**140,574**	354	(76)	7,154	-	**148,006**
Parsonage Reserve	**12,940**	1,622	(28)	-	(201)	**14,333**
Inspection and Maintenance Funds	**1,147**	-	-	-	-	**1,147**
Designated Trusts	**789**	30	(259)	74	-	**634**
Mission Opportunity	**500**	-	(76)	-	-	**424**
Bishop of London's Mission Fund	**266**	52	(110)	-	-	**208**
Clergy Training and Support	**374**	6	(43)	-	-	**337**
Area Pastoral Funds	**1,647**	11	(313)	-	380	**1,725**
Area Bank Accounts	**132**	41	(80)	-	-	**93**
Diocesan Loan Capital	**2,154**	-	-	-	-	**2,154**
Strategic Development Reserve	**500**	-	(216)	-	7	**291**
Clergy Pension Deficit Reserve	**(1,941)**	-	-	(6)	979	**(968)**
Lay Church Workers Pension Fund Deficit Reserve	**(23)**	-	-	609	(586)	**-**
Total Designated Funds	**160,919**	**2,187**	**(1,929)**	**8,876**	**579**	**170,632**

17. Prior year comparatives (continued)

Designated Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Capital Vision 2020	-	-	81	-	**81**
Richard Chartres Fund for London	-	-	5	-	**5**
Capital Strategy Fund	-	7,947	(5,785)	-	**2,162**
LDF Property Fund	**80,471**	-	(6,620)	-	**73,851**
Parsonage Reserve	-	-	14,333	-	**14,333**
Inspection and Maintenance Funds	-	-	1,147	-	**1,147**
Designated Trusts	-	584	50	-	**634**
Mission Opportunity	-	-	424	-	**424**
Bishop of London's Mission Fund	-	-	537	(329)	**208**
Clergy Training and Support	-	-	337	-	**337**
Area Pastoral Funds	-	-	2,280	(555)	**1,725**
Area Bank Accounts	-	-	93	-	**93**
Diocesan Loan Capital	-	-	2,531	(377)	**2,154**
Strategic Development Reserve	-	-	291	-	**291**
Clergy Pension Deficit Reserve	-	-	-	(968)	**(968)**
Lay Church Workers Pension Fund Deficit Reserve	-	-	-	-	-
Total Designated Funds	**160,533**	**8,531**	**12,762**	**(11,194)**	**170,632**

(j). Restricted Funds

Restricted Funds	At 1 January 2021	Income *	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Sole Trust Expendable Funds (inc. ALMA)	**7,605**	691	(847)	945	(115)	**8,279**
Closed Church Buildings Fund	**19,087**	1468	-1352	1407	(590)	**20,020**
Area Church Building Fund	**590**	-	-	-	590	**1,180**
Strategic Development funds	**101**	2,764	(2,775)	-	-	**90**
Projects restricted fund	**297**	3,099	(2,864)	-	(7)	**525**
Bishops' secretaries fund	-	138	(264)	-	-	**(126)**
Total Restricted Funds	**27,680**	**8,160**	**(8,102)**	**2,352**	**(122)**	**29,968**

Restricted Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Sole Trust Expendable Funds (inc. ALMA)	-	7,467	812	-	**8,279**
Closed Church Buildings Fund	**13,424**	0	3,540	0	**16,964**
Area Church Building Fund	-	-	1,180	-	**1,180**
Strategic Development funds	-	-	90	-	**90**
Projects restricted fund	-	-	525	-	**525**
Bishops' secretaries fund	-	-	(126)	-	**(126)**
Total Restricted Funds	**13,424**	**8,802**	**8,302**	**(560)**	**29,968**

17. Prior year comparatives (continued)
(k). Endowment Funds

	At 1 January 2021 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2021 £'000
Expendable Endowment						
Glebe Operational Property Fund	70,342	5,770	(57)	7,114	-	83,169
Parsonage House Capital	**217,661**	,	-	-	201	**217,862**
Permanent Endowment						
Sole Trust Permanent Endowment	**5,486**	,	-	753	-	**6,239**
Total Endowment Funds	**293,489**	**5,770**	**(57)**	**7,887**	**201**	**307,270**

	Fixed Asset Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Expendable Endowment					
Glebe Operational Property Fund	**62620**	7524	13,025	0	**83,169**
Parsonage House Capital	**217,862**	-	-	-	**217,862**
Permanent Endowment					
Sole Trust Permanent Endowment	**-**	6,239	-	-	**6,239**
Total Endowment Funds	**280,482**	**13,763**	**13,025**	**-**	**307,270**

Custodian Trusts – Custodian Trustee Report and Non-Statutory Financial Statements for the year ended 31 December 2022

The following pages do not form part of the statutory financial statements of the London Diocesan Fund for the year ended 31 December 2022

Contents	Page
Report of the Custodian Trustee	63
Non-Statutory Financial Statements	64
Notes to the Custodian Trusts Financial Statements	65
Independent Auditors' Report to the Custodian Trustee of the Funds	68

Report of the Custodian Trustee

The council of the London Diocesan Fund, usually acting as Custodian Trustee under ecclesiastical and UK law, presents the report and non-statutory financial statements for the year ended 31 December 2022.

Legal Status
Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as Diocesan Authority (in effect, custodian trustee) of parish buildings and land. It also acts as custodian trustee for monies held on specific trust. These pages report the specific trust holdings only and provide an aggregation of the financial assets of some 99 separate trusts (103 in 2021). Land and building assets held by the London Diocesan Fund as Diocesan Authority are not shown.

Certain title and trust deeds are held in the name of the Bishop of London's Fund. This is a corporate body that pre-dated the formation of the London Diocesan Fund in 1918 and in which some property and capital were vested. For day to day purposes, its activities have been subsumed into the London Diocesan Fund since 1 January 1918.

Review of the Year
Total incoming resources from interest and dividends for the period was £0.5m (2021: £0.5m)

Funds continue to be expended in line with the purposes for which they were intended, with £1.5m expended for charitable purposes during 2022 (2021: £1.1m). The funds expended vary year on year in line with the specific needs of the managing trustee bodies.

The overall value of funds held by the London Diocesan Fund as custodian trustee at 31 December 2022 was £18m (2021: £20.7m). The decrease of £2.7m from the prior year is attributable to unrealised losses on investments of £1.7m and net expenditure of funds of £1m.

Statement of Custodian Trustee's responsibilities
The Charities Act 2011 requires managing trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the funds and of their incoming resources and application of resources, including their income and expenditure.

The Custodian Trustee has chosen to prepare these statements in accordance with the Charities Act 2011. In preparing these financial statements in accordance with the Charities Act 2011, the Custodian Trustee is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

The Custodian Trustee is responsible for keeping proper accounting records with respect to the transactions and the financial position of the funds and to enable them to ensure that the financial statements comply with the Charities Act 2011. The Custodian Trustee has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the funds and to prevent and detect fraud and other irregularities.

Jacquie Driver
Chair of the Diocesan Finance Committee and Lay Vice-Chair of Bishop's Council
10 May 2023

Non-Statutory Financial Statements of the Custodian Trusts
Statement of Financial Activities – for the year ended 31 December 2022

	Permanent Endowment Fund £m	Restricted Capital Fund £m	Restricted Unexpended Income £m	Total 2022 £m	Total 2021 £m
Income and endowments from:					
Investment income	-	-	0.1	**0.1**	**0.1**
Income direct to beneficiaries	-	-	0.4	**0.4**	**0.4**
Total income	-	-	**0.5**	**0.5**	**0.5**
Expenditure on:					
Income paid to beneficiaries	-	-	(0.4)	**(0.4)**	**(0.4)**
Objects of the trusts	(0.9)	(0.1)	(0.1)	**(1.1)**	**(0.7)**
Total expenditure	**(0.9)**	**(0.1)**	**(0.5)**	**(1.5)**	**(1.1)**
Net (expenditure) before investment gains	**(0.9)**	**(0.1)**	-	**(1.0)**	**(0.6)**
Net (losses)/gains on investment assets	(1.5)	(0.2)	-	**(1.7)**	**2.1**
Net (resources expended)/incoming resources for the year	(2.4)	(0.3)	-	**(2.7)**	**1.5**
Transfers between funds	-	-	-	-	-
Additional new resources	-	-	-	-	0.1
Net movement in funds for the year	(2.4)	(0.3)	-	**(2.7)**	**1.6**
Reconciliation of funds:					
Funds at 1 January 2022	**17.1**	**2.7**	**0.9**	**20.7**	**19.1**
Funds at 31 December 2022	**14.7**	**2.4**	**0.9**	**18.0**	**20.7**

Custodian Trusts Balance Sheet – as at 31 December 2022

	Notes	Total 2022 £m	Total 2021 £m
Assets			
Fixed Asset Investments	2	**17.1**	**19.8**
Current Asset Investments	3	**0.9**	**0.9**
Net Assets		**18.0**	**20.7**
Funds			
Permanent Endowment	2	**14.7**	**17.1**
Restricted - Capital	2	**2.4**	**2.7**
Restricted – Unexpended Income	3	**0.9**	**0.9**
		18.0	**20.7**

The notes on pages 65 to 67 form part of these non-statutory financial statements. The non-statutory financial statements of the custodian trustee were approved by the Diocesan Bishop's Council acting as custodian trustee on 10 May 2023.

Jacquie Driver
Chair of the Diocesan Finance Committee
and Lay Vice-Chair of Bishop's Council

The Revd Christopher Trundle
Clerical Vice-Chair of Bishop's Council

Notes to the Custodian Trusts Financial Statements – for the year ended 31 December 2022

1. Accounting policies

These non-statutory financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice, 'Accounting and Reporting by Charities'. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

a. Basis of Preparation

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as custodian trustee of parish buildings and land. The London Diocesan Fund also acts as custodian trustee for monies held on trust. These pages report the specific trust holdings only and provide an aggregation of the transactions and balances of the financial assets of some 99 trusts (103 in 2021).

The Balance Sheet as at 31 December 2022 has been prepared, together with a Statement of Financial Activities, which analyses the movement in funds. Comparative figures for 2021 have been provided.

The non-statutory financial statements have been prepared on a basis consistent with figures included in the LDF's Balance Sheet. As custodian trustee, the LDF prepares these non-statutory financial statements on the historical cost basis of accounting, adjusted for the revaluation of investment.

As the LDF has no day to day control over their disposition, custodian trusts are not included within the LDF's main figures.

A cash flow statement has not been prepared as the custodian trustee considers that each custodian trust meets the criterion of a 'small' company for this purpose.

A specific trust bank account is maintained for trust transactions. Each trust has its own designated investment ledger and account codes.

It is the LDF's policy that where possible all income should go directly to the beneficiaries.

b. Fund Balances

All funds are subject to the specific conditions imposed by the donor or by the terms of the trust deed or other applicable legal instrument. The expendable capital funds and unexpended income are classified as restricted funds. Endowment funds are funds subject to the condition that they be held as permanent capital.

Income and expenditure on restricted funds are taken directly to the appropriate fund except to the extent that income is freely available to the managing trustees; and unexpended income from endowment assets is carried forward as a restricted fund.

c. Investment Income

Dividend and interest income is accounted for on a receipts basis. Rental income is accounted for on an accruals basis.

d. Other Income and Expenditure

Additional capital represents capital introduced to an existing custodian trust, or the creation of a new trust. Expenditure on objects of the trusts represents the spending of capital and income in line with the terms of the trust deed or other applicable governing instrument.

e. Investments

Investments are stated at market value, calculated by reference to the mid-market value at 31 December. Realised and unrealised gains or losses on investments in the year are credited to the appropriate funds.

2. Fixed Asset Investments represented by Permanent Endowment Capital

	1 January 2022	Additions	Disposals	Unrealised Gains/(Losses)	Other Asset/ Liability Movements and Transfers	31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
M&G Charifund	**4,078**	-	(468)	(246)	-	**3,364**
Investments held by CCLA:						
CBF Fixed Interest	**18**	-	-	(2)	-	**16**
CBF Investment Fund	**10,743**	-	-	(1,265)	-	**9,478**
CBF Property Fund	**131**	-	-	(15)	-	**116**
CBF Deposit Fund	**2,158**	-	(380)	-	-	**1,778**
Other Assets/(Liabilities)	-	-	-	-	-	-
	17,128	**-**	**(848)**	**(1,528)**	**-**	**14,752**
Fixed Asset Investments represented by Expendable Capital						
M&G Charifund	**249**	-	-	(14)	-	**235**
Investments held by CCLA:						
CBF Fixed Interest	**157**	-	-	(21)	-	**136**
CBF Investment Fund	**1,613**	-	(11)	(189)	-	**1,413**
CBF Deposit Fund	**654**	-	(90)	-	-	**564**
	2,673	**-**	**(101)**	**(224)**	**-**	**2,348**
Total Fixed Assets	**19,801**	**-**	**(949)**	**(1,752)**	**-**	**17,100**

3. Current Asset Investments represented by Unexpended Income from Permanent Endowment Assets

	1 January 2022 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2022 £'000
Investments held by CCLA:						
CBF Investment Fund	**277**	4	-	(33)	-	**248**
CBF Deposit Fund	**621**	130	(125)	-	(2)	**624**
	898	**134**	**(125)**	**(33)**	**-**	**872**

Current Asset Investments represented by Unexpended Income from Expendable Capital Assets

	1 January 2022 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2022 £'000
Investments held by CCLA:						
CBF Investment Fund	**2**	-	-	-	-	**2**
CBF Deposit Fund	26	14	(14)	-	2	**28**
	28	**14**	**(14)**	**-**	**2**	**30**
Other Assets/(Liabilities)	**2**	-	-	-	-	**2**
Total Current Assets	**928**	**148**	**(139)**	**(33)**	**-**	**904**
TOTAL	**20,729**	**148**	**(1,088)**	**(1,785)**	**-**	**18,004**

Independent Auditors' Report to the Custodian Trustee of the Funds

We have audited the non-statutory financial statements of Custodian Funds for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Custodian Trustee as a body. Our audit work has been undertaken so that we might state to the Custodian Trustee 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 Custodian Trustee as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors
As explained more fully in the Statement of Custodian Trustee's Responsibilities set out on page 63, the Custodian Trustee is responsible for the preparation of the non-statutory financial statements which give a true and fair view.

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

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

Opinion on the non-statutory financial statements
In our opinion the non-statutory financial statements give a true and fair view of the financial position of the Custodian Funds as at 31 December 2022 and of their incoming resources and application of resources for the year then ended.

Haysmacintyre LLP
Statutory Auditor
10 Queen Street Place, EC4R 1AG

Date: 3 July 2023

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE LONDON DIOCESAN FUND

England & Wales - Charity number 241083

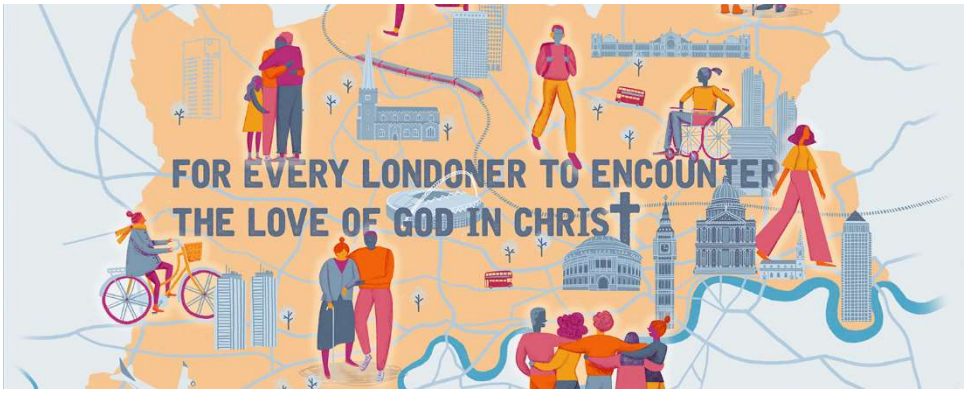
Accounts

DIOCESE OF
LONDON

THE LONDON DIOCESAN FUND

Trustees' report
and financial statements
for the year ended
31 December 2021

The purpose of the London Diocesan Fund is
to do everything that we can to support the mission and growth of the Church in London



Company number: 150856
Registered Charity number: 241083
www.london.anglican.org

Contents

Trustees' Annual Report

Financial Summary 2021	page 3
Strategic report	page 4
Achievements and performance	page 5
Financial review	page 9
Governance, structure & management	page 15
Statement of trustees' responsibilities	page 19
Appendices: committee membership and administrative details	page 20
Independent Auditors' Report to the Members of the London Diocesan Fund	page 24

Financial statements

Statement of financial activities	page 27
Balance sheet	page 28
Summary income and expenditure account	page 29
Cash flow statement	page 29
Notes to the financial statements	page 30

Financial Summary 2021

The global pandemic continued to have a profound affect during 2021 and impacted the activities of the LDF and the parishes within the Diocese. Remote working continued for much of the year, and parishes adapted to the ever-changing restrictions, reopening for worship where possible. We are extremely grateful to all the parishes who continued to contribute Common Fund during 2021 which has enabled ministry and mission to continue throughout London, offering support and comfort to many in our city. We are also delighted that the transition to Vision 2030 has begun, and details of the encouraging work which started in 2021 is detailed later in this report.

Across all funds the LDF is reporting an operating deficit of £1.7m before transfers and gains in 2021. Total income increased by £3.4m and total resources expended increased by £2.3m, reducing the operating deficit by £1.1m.

During the year the LDF recognised £8.8m of realised gains (2020: £16.7m) on tangible fixed assets, resulting from the reshaping of the property portfolio. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over time. Property and investment values recovered in 2021, adding £21.1m in unrealised gains and revaluations (2020: £0.6m).

Therefore, the accounts show an overall increase in the value of all funds of £28.8m for the year to £516.0m (2020: £487.2m). The following table summarises the overall financial position:

	2021 £m	**2020 £m**
Operating Deficit	**(1.7)**	**(2.8)**
Pension deficit movements	**0.6**	**(0.1)**
Sub-total	***(1.1)***	***(2.9)***
Other recognised gains and losses:		
Net gains/(losses) on investments	**6.5**	**(0.5)**
Unrealised gains on tangible fixed assets	**14.6**	**1.1**
Realised gains on tangible fixed assets	**8.8**	**16.7**
Net movement in funds for the year	**28.8**	**14.4**

General Fund

The LDF has normally achieved a balanced position for its general fund but in 2020 there was a deficit before year-end adjustments of £2.3m, mainly the result of significant reductions in contributions from parishes. In 2021 there was a small operating surplus of £1m before year-end adjustments.

Income increased by £2.7m from £37.5m to £40.3m.

Donations from parishes through the Common Fund decreased by 4% to £21.6m (2020: £22.6m). This is partly a timing issue as some 2021 contributions have been deferred until 2022. We are grateful to Trust for London who made an additional one-off distribution from the City Church Fund of £2m which significantly helped bridge the gap in general fund income in 2021. Other sources of income, including rental and investment income showed a modest increase compared to 2020 (£21.5m compared to £19.7m)

Expenditure increased by £2.3m from £37.0m to £39.3m.

Significant expenditure streams continue to be ministry costs of £25.1m (2020: £24.0m) and clergy housing and property costs of £7.3m (2020: £6.5m). Some planned property costs which were deferred in 2020 have not

progressed due to the ongoing lockdown restrictions. Therefore, there were no calls on the Maintenance Fund in 2021 and the amounts transferred in 2020 continue to be available for works in 2022.

Strategic Report

The Church of England in London is vibrant and at the heart of communities within our Diocese. The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the London Diocesan Fund (LDF) helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. In doing so it provides a benefit to the public throughout the LDF's activities. These activities are set out in more detail in the following report, and public benefit is considered in more detail on page 17.

Purpose of the London Diocesan Fund (LDF)

The purpose of the LDF is to do everything we can to support the mission and growth of the church in London. Within this overarching purpose the focus of 2021 was transitioning into our new 2030 Vision – **'for every Londoner to encounter the love of God in Christ'** Recognising the challenges many parishes were facing in light of the pandemic, we spent 2021 'transitioning' from Capital Vision 2020 into our new '2030 Vision', which had been informed by over 6,000 people across the diocese. This involved a concerted engagement effort, learning from the forced changes brought about by the pandemic and supporting churches in planning for the future. We used this opportunity to introduce the three ambitions and three priorities listed below, to share the resource provided by the LDF support teams and to encourage churches to shape their mission plans under the same goals:

The key themes of the 2030 Vision are:

Ambitions:

- Confident Disciples
- Compassionate Communities
- Creative Growth

Priorities:

- Growing Younger
- Safer Churches
- Racial Justice

These ambitions and priorities are underpinned by running an effective organisation and the wise stewardship of our resources, namely people, buildings and finances.

At the same time as engaging parishes in their response to Covid through the lens of our 2030 vision, the diocesan support teams were busy planning and resourcing their ambitions and priorities – in line with parish need as we received feedback.

We now have plans to 2025 for each ambition and priority, and we have also, for the first time, detailed and targeted Episcopal Area plans – each falling within the ambition and priority aims and each responding to the need locally. Area Councils from now on will monitor and track progress against their Area plan, learning lessons and adjusting priorities along the way. The Diocesan Senior Staff will remain focussed on monitoring

and learning from our progress towards our overarching Ambition and Priority goals, and will also learn from the Area Plans and their distinct approaches to the six themes.

The LDF continued to respond to the ongoing Covid-19 pandemic, which did not change the LDF's core purpose but did shape how activities were delivered during the year.

Achievements and Performance

Highlights achieved against the three ambitions and three priorities during 2021, a year of transition:

1) Confident Disciples

A central coordinator to lead this ambition was appointed in early 2022, so progress during the year was limited. We have now appointed a 'Discipleship Coordinator', reporting into the Ministry team, due to start in April 2022. We have identified the key aims and success measures – working collaboratively across each of the five Episcopal Areas to do so. The primary goal is for 'every Christian in the London Diocese to grow as a disciple of Christ in their everyday faith – Monday to Sunday'. We developed the basis of a five-year plan to facilitate that aim, working alongside and sharing best practice between parishes across the different faith traditions.

2) Compassionate Communities

In February, we merged the charity, Capital Mass (our partnership with the Church Urban Fund) into the diocese and recruited staff members into a new Compassionate Communities team of five, including three part time development workers, one part time administrator and one team leader. With the newly named team, we launched new branding and a new Compassionate Communities website. We established relationships and plans around our '6 Themes of Work': caring for God's creation; mental health and isolation; refugees and modern slavery; debt and financial wellbeing; housing and homelessness; and serious youth violence. In Lent we ran a series called "Compassion Stories" where 40 ordinary disciples across the Diocese told their tale of how following Jesus has led them to loving action in the community.

Over the year, we put on 11 training events in person or online covering our themes of work; more than 270 people attended these, with a rough split of 35% clergy, 40% volunteers and 25% paid church workers. We offered events around dementia, modern slavery, eco church, credit unions and a "Housing Summit" exploring housing and homelessness. In November we re-launched our Clergy Hosting Scheme to help clergy offer hospitality to asylum seekers. We shared information and resources through our monthly newsletter, website content, and social media – we also created 12 videos for our Youtube channel. For every person coming to an event, 18 have watched them online. We have built relationships and partnerships with 55 external charities/organisations across London as well as establishing cross team working within the LDF.

3) Creative Growth

2021 saw the emergence of our new 'Creative Growth' ambition, led by our CCX London team (The Gregory Centre for Church Multiplication) which comprises five workstreams: Resource Churches; Planting new churches; Pioneering ministries; Estates ministry; and the GROW programme, which grows existing churches in depth, number and impact. We plan to see 400 New Worshipping Communities (NWCs) established between 2020 – 2030 in an effort to move the percentage of people in the diocese who attend an Anglican church from the current 1.6% to 4%. New worshipping communities inspire growth. Between 2013 and 2019 the diocese saw a 10% decline in Usual Sunday Attendance (USA) while NWC's parishes and missional communities saw growth of 18% in USA.

Resource Churches and Planting:

Since 2018, 23 curates have been placed across 17 of the Resource Churches. Three Learning Community events took place in 2021, attended by all of the Resource Churches, where they were able to work through progress and topical issues, alongside their individual consultations with the CCX core team. Between 2020 and 2021, two

Resource churches established plants while two others oversaw revitalisations. An additional two churches plan to plant in 2022, with three more planning to plant one in the next three years.

GROW:
The GROW course welcomed three cohorts in 2021 (despite some churches feeling that they didn't want to commit in light of Covid-19). This meant we engaged with 14 new churches, with a further two in the wings. The target is for 120 churches to participate by 2023.

Pioneer:
The Pioneer workstream saw 12 new graduates pass through the Pioneer School, in partnership with the Church Mission Society. The mix of ordained and lay pioneers completed the school online with its six modules of study. We celebrated by meeting physically for the first time at the end of September for a graduation service.

Estates:
Our Estates workstream champions the need to plant a new worshipping community on every estate by 2030 – work which we will accelerate in 2022 with more resource available. We gather like-minded people to share learnings and encouragement and are refining training courses for those interested in estates ministry. We provide learning opportunities for local leaders from estates, as well as any others who want to actively engage with estates mission.

All training content for church growth has been made available on CCX media (CCX's new learning platform) in an easy-to-follow format for participants. Videos were created to watch alongside worksheets to go through either individually or with others. To date, over 300 participants (from London and across the UK) have accessed the Pioneer course alone on CCX media. We have also set up new streams of programmes for Anglo-Catholic churches, and some of the filmed content includes Anglo-Catholic presenters. The aim is to purposefully be more diverse in every way to reflect the richness of all Parishes.

4) Growing Younger

The children and youth team have continued to support Parishes as they have navigated their way through the different Covid restrictions. Ensuring that parishes were kept up to date as guidance changed and that advice was at hand to help them implement it in their context. We ensured that every question from a parish about Covid Guidance was answered within one day.

The Strategic Development Funded project 'Capital Youth' has continued into its final year. Highlights in 2021 include: each Youth Minster returning to numerical growth, vicars who had been on the Clergy Youth Work course being given a special course to support them relaunching youth work that may have stopped in lockdown and our online learning platform continuing to see more sign up and have more courses come online. In the Autumn a new Youth Minster was launched in a Church of England secondary school in Hendon.

The Apprentice program has continued although only two new apprentices were appointed in September, four places were available. This is likely to be caused by parishes feeling unable to commit in the face of the uncertainty in their finances and resources.

5) Safer Churches

Safeguarding remained a major focus in 2021, with the resourcing of the safeguarding team becoming a critical risk for the diocese, with a number of issues arising with a number of cases as a result. With the appointment of a new Head of Safeguarding in August 2021, and new Safeguarding Advisor appointments during the Autumn, significant systems improvement activity has taken place to address the concerns arising. A total of 568 people attended safeguarding leadership training during 2021 (compared to 334 during 2020), and a programme of training is in place for 2022.

The Past Cases Review, commenced during 2020 was completed during 2021 with the final report submitted to the National Safeguarding Team in September 2021 ahead of the December deadline. Over 5000 clergy and safeguarding files were reviewed by an independent reviewer in line with the House of Bishops PCR2 Practice Guidance. The casework arising is being undertaken within the safeguarding team and completion of this is expected by the end of the first quarter. Recommendations from the Independent Reviewer have been fed into the Safer Churches Programme of work which will be delivered over the next two years.

6) Racial Justice

This year, the Racial Justice Priority Group continued to steer the racial justice priority within the 2030 Vision. Working to new Terms of Reference, and with the support of a capacity-building consultant, it created a strategic plan to address these key areas of work:

- fostering a culture within the Diocese of London that is built on fairness, equity, justice, collaboration and integrity
- creating a programme of learning that allows for greater understanding of the injustice of racism
- breaking down existing mental, cultural and institutional barriers to bring about true race equality
- ensuring equality, diversity and inclusion in our leadership and governance, and promoting racial justice throughout church structures
- paying attention to 'truth telling' about our legacy of systemic racism and slavery
- inviting others to join the conversation, to learn and to grow

We are seeking culture change across the Diocese, to dismantle systemic racism and to develop anti-racist thinking at all levels. We recognise that our aims will be achieved in small steps rather than giant leaps and we intend to build on existing initiatives.

Some initial identified operational steps include:

- undertaking an audit of recruitment practices
- evaluating ethnicity data to inform accountability
- continuing to roll out unconscious bias training, developing trainers for each area

The considerable work that needs to be done has now begun.

Highlights achieved against the People and Diversity resourcing strategy

The ambitions and priorities have been underpinned by making best use of the people resources as follows:

The People and Diversity Strategy for our 2030 Vision continues to explore a wide variety of ways to enhance ministry across the Diocese. A number of exciting developments have taken place in 2021, including:

Lay Discipleship. An appointment has been made of a Discipleship Coordinator (working to our Confident Disciples ambition – see above) to help parishes in developing a range of strategies to promote discipleship and an array of lay discipleship courses and initiatives which are suitable and adaptable to the traditions and demography in the London Diocese.

The St Edmund's Course continues to be a key Diocese-wide provider of Lay Discipleship training, both online and in person. The course has ambitious plans for development in line with our 2030 Vision.

Diversity. The appointment of a Disability Ministry Enabler has been an exciting development for the LDF. Alongside raising the profile of issues of disability across ministry and mission, the Enabler is

asking important questions in terms of accessibility in vocational discernment, in diocesan structures, in employment and through mission and ministry. Working with St Mellitus College and Holy Trinity Brompton, the Peter Stream and the newly piloting Caleb Stream has also widened accessibility across diversity in vocational discernment for ordained ministry. The number and percentage of people from UKME backgrounds entering training for ordination and being ordained has increased again in 2021, with 12 of the 49 ordained deacons (25%) UKME and 48 of the 201 in training (24%) UKME.

Ordained Ministry. The Nation Ministry Team have introduced a new shared discernment process for those seeking ordained ministry. It's early days, but the process has been well received by Area Directors of Ordinands and shows early signs of working well for candidates. Numbers putting themselves forward for ordination continue to be high, with a rich diversity of candidates. We continue to seek to raise the number of candidates from underrepresented groups.

Post Ordination Training has produced many challenges through the pandemic, not least for meeting and learning in person. However, we have capitalised on the situation and have put in train a major overhaul of POT to include a significant element of blended learning. Through the use of 'Moodle' we are able to offer high quality opportunities for learning and development which, in time, we hope to make available more widely.

Clergy Wellbeing continues to be a major concern for the LDF, which has become even more significant as a result of the pandemic. Much has been written on the increasing incidence of mental ill health during the pandemic. As a result we have focused on making Mental Health First Aid training available to clergy and lay leaders. Over 100 clergy have been trained as Mental Health First Aiders over the past year or so. In partnership with CCLA and 'Humantalk' we have developed a project to train one Mental Health First Aider in every parish in the diocese over the coming two years.

Models of Ministry. As we develop and explore new models of ministry in the context of 2030 Vision, the Bishop of London has appointed an Adviser in Self-Supporting Ministry. This new post is already making an impact amongst SSMs and will be key in advising the LDF on creative ways of undertaking ministry in the coming years.

Net Zero Strategy and Carbon Reporting

In 2020, the Church of England and Diocese of London adopted a target of net zero carbon by 2030. This sustains the LDF's commitment to caring for God's Creation, reflected in our Compassionate Communities ambition. The LDF is not required to make disclosures under Streamlined Energy and Carbon Reporting (SECR). However, the intention is for Directors' and Trustees' Reports to continue making voluntary disclosures, as new data is gathered. The LDF remains very active in promoting its environmental agenda. GHG (greenhouse gas) emissions in 2020 from the Diocese's 471 churches and their church halls totalled 10,900 tonnes CO2e. Net of renewable energy but adjusted up for Covid lockdowns to enable inter-annual comparison, this translates to 14,400 T CO2e: a record 31% below 2005 baseline. Equivalent annual energy use was down 22% from baseline.

GHG emissions from fuel and power in the LDF's Causton Street offices in 2021 totalled 55.2 tonnes gross CO2e – 28% below 2019. Emissions net of renewable electricity were 18.1 tonnes, up 25%: partly reflecting a shift in the split between electricity and gas, due to the safety regimen on emerging from Covid lockdowns. At the beginning of 2022, Diocesan House was switched to a new net zero supplier (renewable electricity, offsetting of gas), returning the offices to net zero status. (The offsetting scheme adopted for gas until 2018 is no longer supported.)

The LDF is currently compiling an estate terrier of its c 500 operational housing properties; this includes baseline energy performance assessments, and a costed net zero carbon strategy. This follows programmes of heating upgrades, insulation and double glazing. A net zero strategy for investment property is also being developed.

Running an effective organisation
Underpinning the key objectives and purposes of the LDF is the running of an effective organisation to support the mission and growth of the church in London.

The effectiveness of the LDF continues to be demonstrated through a wide range of areas, for example:

- smooth running of governance bodies and committee meetings, which transitioned well to virtual meetings during 2020 and continued to be virtual in 2021;
- regular reporting to senior staff and trustees;
- regular financial reporting, including accurate and timely budgeting and management accounting;
- risk management and compliance with legal and regulatory requirements;
- efficient process of receiving and agreeing Common Fund offers, as well as the monitoring receipt of Common Fund pledges;
- targeted support to parishes and clergy.

Financial Review

Financial summary

Total income increased by £3.4m to £47.8m in 2021 from £44.4m in 2020. We are grateful for the continuing generosity of the thousands of people who give to their parish and in turn to parishes that contribute to the Common Fund. This, together with continued use of our capital assets to generate additional income, enables the the work of the LDF in funding stipends and housing for clergy across the Diocese. 's work and the. During the year, £2.7m (2020: £2.6m) was drawn down from the restricted Strategic Development funding awarded by the Church Commissioners.

Total resources expended increased by £2.3m to £49.5m in 2021from £47.2m in 2020, mainly due to cost of living and inflationary increases on expenditure.

The property team continued to manage the LDF's properties, providing the best possible service to clergy and parishes and maximising revenue from investment property and operational property temporarily not in use. Included in the activity were £8.8m of realised gains (2020: £16.7m) on tangible fixed assets, resulting from the reshaping of the property portfolio: a substantial part of this gain was reinvested in property as part of that reshaping. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over the time it has been owned by the LDF, which in some cases was several decades.

Net expenditure for the year before investment gains, and other recognised gains and losses, across all funds was £1.7m (2020: net expenditure of £2.8m).

The following table shows an overall increase in net assets of £28.8m for the year to £516.0m (2020: £487.2m).

	2021 £m	2020 £m
Net expenditure	**(1.7)**	**(2.8)**
Pension deficit movements	**0.6**	**(0.1)**
Sub-total	***(1.1)***	***(2.9)***
Other recognised gains and losses:		
Net gains/(losses) on investments	**6.5**	**(0.5)**
Unrealised gains on tangible fixed assets	**14.6**	**1.1**
Realised gains on tangible fixed assets	**8.8**	**16.7**
Net movement in funds for the year	**28.8**	**14.4**
Balances as at 1st January	**487.2**	**472.8**
Balances as at 31st December	**516.0**	**487.2**

Budget and outlook for 2022

The Covid-19 pandemic continued to have a profound effect on the activities of the LDF and London parishes during 2021. As the prime purpose of the LDF is to support the mission and growth of the church in London, it has been an important time for the LDF to be able to support the clergy and parishes in the Diocese.

A deficit budget for the general fund has been set for 2022. It remains the aim of the LDF to have objectives which are affordable and sustainable. While the budgets for the past decade have been balanced, it was already clear, pre-Covid, that significant challenges lay ahead. Costs were expected to increase with inflation while increases in Common Fund pledges were not keeping pace. This challenge has been exacerbated by the Covid-19 pandemic as parishes are under increasing financial pressure. This is informing the current work being undertaken to plan for the future. Due to wise stewardship in the past the LDF is fortunate to have reserves which are being used to fund the deficits in the short term. In spending these reserves to cover the general fund deficit, they are no longer available to generate investment income nor to fund some of the other proposed projects of the LDF.

In the course of preparing the 2022 budget the trustees and senior management undertook a comprehensive review of all services and costs during the course of 2021 in order to agree the most appropriate organisational structure and priorities for future years. While it is hoped to return to balanced budgets within the next couple of years, having reviewed cash reserves and financial projections, the Trustees are confident that the LDF finances are sufficiently robust to weather this ongoing uncertainty, and the Trustees have no doubts over the continued operation of the LDF.

In the midst of this extraordinary crisis, we look to deepen trust and dependence on God and to encourage each other in prayer and faith.

Policies

Reserves policy and management

At the end of the year to 31 December 2021 the LDF held net assets of £516.0m (2020: £487.2m), split between the various funds as shown in the table below:

Fund categories	2021 £m	2020 £m
General	8.1	5.1
Designated	170.6	160.9
Restricted	30.0	27.7
Endowment	307.3	293.5

General reserves are held to finance working capital requirements (principally stipends, salaries and property costs) not matched by simultaneous receipt of Common Fund and investment income. The policy was revised in 2020 in response to the greater financial volatility and uncertainty caused by the Covid-19 pandemic. Previously the policy was that General Fund (or free) reserves (unrestricted and undesignated) equivalent to approximately one month's expenditure should be held in cash or near cash. The policy from July 2020 is to hold General Fund reserves of c.£5.1m, which was calculated by reference to the expected deficits and the need for greater resilience over the next few years.

General reserves at 31 December 2021 were £8.1m (2020: £5.1m) which is higher than the level agreed under the current policy. The level of reserves of £8.1m is considered to be appropriate for the time-being due to the ongoing economic uncertainty, the high levels of inflation, and the expected operating deficits. The level will be reviewed in 2022 as part of a wider review of the LDF's financial strategy.

Designated reserves to the value of £170.6m (2020: £160.9m) are in four principal groups: clergy housing, investment property, clergy pension deficit reserve, and other funds, as follows:

- Operational property used to house clergy of £71.1m (2020: £66.9m).

- Investment property of £80.5m (2020: £64.5m), used to generate income for the following purposes:
    - To mitigate financial risk, such as significant changes in the environment in which the LDF operates and to protect the LDF from insolvency or serious disruption to its work.
    - To aid an equitable balance of expenditure between generations. Many of the assets used by the LDF today were provided by past generations and there is a need to preserve these assets for future generations.
    - To supplement the Common Fund in furtherance of the LDF's charitable objectives.

- The clergy pension deficit reserve which now stands in deficit of £1.0m (2020: deficit of £1.9m). Further details can be found within note 15(b).

- Other designated funds include the Diocesan Loan Capital fund of £2.2m (2020: £2.2m) used to provide loans to parishes, often to enable them to undertake major capital projects that would otherwise not be able to proceed and a Capital Vision 2020 reserve, which at 31 December 2021, had a value of £82k (2020: £0.4m). More information can be found in Note 13a.

- The remainder of the designated funds have a value of £17.8m (2020: £29.2m), many of which are gradually being exhausted as they are expended for the purposes for which they were designated. Some of these funds may be replenished over time by further donations and designations. More information can be found in Note 13a.

Restricted reserves with a value of £30.0m (2020: £27.7m) are restricted in their application in accordance with conditions specified by the donors, the main reserves being Sole Trust Expendable Funds, Closed Church Buildings Operational Property and Closed Church Buildings Investment Property. The funds include those managed by the Angola, London and Mozambique Association (ALMA) of £2.0m (2020: £1.8m).

Endowment reserves with a value of £307.3m (2020: £293.5m) mainly comprise of restricted expendable endowment funds. These include glebe assets, consisting of historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF, and Parsonage House capital, representing the net book value of freehold and leasehold benefice houses.

Investment policy and performance

The LDF regularly reviews its investment policy and receives periodic guidance from its Non-Property Investment Guidance Group and from the Property Guidance Group.

The overarching investment objective is to seek the maximum return over the long term, taking into account both income and capital appreciation, with minimum risk to the real value of the assets.

Targets set for the strategic allocation of assets between different classes of investment reflect the trustees' views on achieving the appropriate balance between returns and risks.

In relation to non-property investments the LDF currently seeks an income return of at least 3.5%, whilst at least maintaining the capital value of its non-property investments in real terms. The distribution yield in blended aggregate met the nominal target in 2021.

The LDF has an ethical investment policy that applies primarily to its non-property investments. The policy, agreed in 2019, is that the LDF will invest only in investment funds that have exclusions as set out in the table below. In instances where fund managers have such exclusions by practice rather than by policy, the LDF will continue to engage regularly with the fund managers and review the portfolio. It is recognised that there are few funds that comply entirely with these requirements, and therefore in practice the LDF policy identifies two distinct categories:

- Absolute requirements: these are areas where the LDF will not invest unless the investment managers meet the exclusion levels set.
- Preference: areas where the LDF would expect managers to align to the exclusions, but the LDF may choose to invest with managers who do not fully align. These would be considered on a case-by-case basis, and each decision, and the rationale, would be fully documented.

LDF stance	***Investment type/requirement***	***LDF Policy****
LDF absolute requirement	Arms - indiscriminate weaponry	Total exclusion
	- conventional weaponry	10% revenue exclusion
	Pornography	3% revenue exclusion
	Tobacco	10% revenue exclusion
	Gambling	10% revenue exclusion
	UNPRI	Signatories to UNPRI
	UK Stewardship Code	Adopted UK Stewardship Code
LDF preference	High interest lending	10% revenue exclusion
	Tar sands/thermal coal	10% revenue exclusion

**Revenue exclusions prohibit individual underlying holdings which generate revenue in excess of the stated rate from the specified investment category.*

During 2021, attention has been drawn to climate change and the environment, particularly through the hosting by the UK of COP 26. The LDF is reconsidering the ethical investment policy to make sure it has kept pace with changes, in particular the issue of divestment from companies associated with fossil fuel extraction. It plans to agree an updated policy in 2022.

Investment returns

Investment property

The strategic work to reshape the investment property portfolio continues as we look to increase the level of income we generate from the asset base. This work commenced in 2013, when net income of £1.3m was generated. Investment property net income is now expected to be in excess of £3m. From 2018, further steps have been taken to develop the portfolio, by selling relatively low yield properties and reinvesting the proceeds in higher yield properties. In total the investment property portfolio generated net income in excess of £3.6m in 2021 (2020: £3.4m).

In addition, the portfolio has seen significant capital growth. During 2021, the asset base has increased from £104.2m to £126.3m.

Equity Investments
Investments in equities, fixed interest securities and other quoted securities amounted to £51.4m (2020: £45.1m). In 2020 the LDF chose to dispose of some units of the CCLA Investment fund to the value of £4.3m, in order to increase liquidity but there was no need to make any further disposals in 2021. During 2021 there was a reallocation of assets by fund. Gains of £6.5m (2020: losses of £0.6m) were recorded and investment income of £1.7m (2020: £1.5m) received.

The gains in the capital value of the above investments, of the order of 14.9% were ahead of the movement in the value of the FTSE all-share index, which grew by 14.5% in 2021. As a result of the Covid-19 pandemic, as well as the more recent invasion of Ukraine, global markets have seen significant volatility in share value. LDF investments are held with a view to long term growth and income generation. In addition, initial indications from LDFs investment managers suggest that active management of the funds should actively manage the risks.

	2021 **%**	**2020** **%**	**2019** **%**	**2018** **%**	**2017** **%**
Historical gains/(losses) on LDF investments	14.9	1.3	19.9	(11.2)	7.5
Historical gains/(losses) on FTSE all-share index	14.5	(12.5)	14.0	(12.3)	7.7

Valuation of operational property assets
The majority of the operational property assets are held for the long-term use of the LDF, rather than for re-sale, and are valued in the accounts at their deemed cost in accordance with the provisions of FRS 102.

Pension schemes
Church of England Funded Pension Scheme – Clergy: Since 1 January 2015, the LDF's contribution rate has been 39.9% of pensionable stipends, of which 14.1% was in respect of the shortfall in the Scheme and 25.8% in respect of future benefits and the day-to-day expenses of running the Scheme. Since 1 January 2018 the percentages are now 11.9% and 28% respectively, with the total contribution rate still 39.9%. From January 2021, the deficit repair contribution is 7.1%, but the current service contribution is 32.8%, so still an overall contribution rate of 39.9%. This is changing in April 2022 so that the overall contribution rate will be 36%.

In these financial statements we have included as a liability the present value of the agreed deficit contributions towards the clergy pension scheme, which at 31 December 2021 was £1m (2020: £1.9m).

Lay Church Workers' Pension Fund:
From January to March 2021, the LDF contributed at a rate of 33.6% of pensionable salary. This increased to 36.3% in April 2021. The final salary section was closed to future accrual on 31 December 2021 with all members transferring to the PB14 section, a defined contribution scheme, from 1 January 2022.

Lay Defined Contribution Scheme:
Since the lay CWPF closed to new members in 2008, the LDF has a defined contribution pension scheme for lay staff which is currently managed by Aviva.

Risk management
The Senior Management Group and the Archdeacons regularly consider, evaluate and record the major areas of risk to which the LDF is exposed, assessing both the likelihood and impact of those risks crystallising, together with measures to manage and mitigate such risks.

The process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit and Risk Committee. The risk register is available for inspection by all directors and trustees. As part of new directors' and trustees' induction, details of the risk management process are provided. A formal report on risk management is considered by the Bishop's Council annually.

In March 2020, the effects of the Covid-19 virus pandemic started to be felt in the UK. In accordance with the government guidance, the LDF put measures in place to protect the welfare of its staff and stakeholders.

The LDF has continued to adapt to changing restrictions and guidance during 2021. Staff have returned to the office on a hybrid basis when possible, and churches have reopened for worship, implementing local measures as appropriate.

The risks which are currently assessed as scoring highest, and the plans to address them, include:

- **Current abuse of a child or a vulnerable adult in the Diocese** results in reduced trust and negative impact on the victims.
  Mitigation includes having an independently audited safeguarding programme, which is professionally run. We aim to have safeguarding officers and children's champions in every relevant parish.
- **Historic abuse of a child or a vulnerable adult in the Diocese** results in reduced trust and negative impact on the victims.
  Mitigation includes regular reporting to the Diocesan Safeguarding Team, the ongoing Past Cases Review 2 and the support of an independently audited safeguarding programme.
- **Nationally divisive issues** lead to loss of clergy and/or congregations and finances.
  Mitigation includes strong episcopal leadership and professional support in handling difficult issues.
- **Appointment of clergy** who weaken the missional and financial health of parishes.
  Mitigation includes seeking the fullest possible information about candidates for posts and ensuring that knowledge about parish opportunities is shared in a timely fashion.
- **Common Fund** system loses support from PCCs, or there is an inability to sustain sufficient incremental increases each year, resulting in insufficient income to cover committed LDF budget.
  Mitigation includes annual Common Fund presentations to engage parishes and provide support where necessary. Existing trends are reviewed regularly alongside consideration of parishes' future capacity to sustain Common Fund increases. Targeted interventions are carried out as necessary with concerned parishes.

Funds held as custodian trustee

The LDF is custodian trustee for trust assets of £20.7m (2020: £19.1m). Most of these trusts are held on behalf of parishes whose charitable purposes are broadly parallel to those of the LDF. Assets held under these trusts are held separately from those of the LDF. Detailed certificates of holdings as at 31 December 2021 have been sent to parishes and other managing trustees.

Other matters

The LDF also supports connected charities, one of which is the London Diocesan Board for Schools, with whom facilities to the value of £339k (2020: £287k) are shared at London Diocesan House, and to whom a cash grant of £171k was made in 2021 (2020: £180k).

Other support is provided to parishes in the form of grants and loans. In 2020 grants to London parishes totalled £1.6m (2020: £1.3m).

Plans for future periods

We believe that the effect of the Covid-19 pandemic will continue to be felt for months if not years to come and we will continue to support London parishes and worshipping communities through this time. However, our aim to support the mission and growth of the Church in London in the years ahead remains and is given new expression through our 2030 Vision. We will continue to work through the outworking of this Vision over future periods.

Going concern

The trustees have reviewed the charity's financial position, particularly in light of the ongoing Covid-19 pandemic. While it is expected that the LDF may experience a reduction in the level of income received, particularly in respect of Common Fund received from parishes, detailed reviews of the LDF cash flows and forecasts show that it is expected that the LDF has sufficient cash levels to operate successfully for the foreseeable future. Therefore, taking account of the satisfactory levels of reserves and cash, the annual plan and the five-year financial plan, and our systems of financial and risk management, it is the trustees' opinion that the charity is well placed to manage operational and financial risks successfully.

Accordingly, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and do not believe that there are any material uncertainties as to the going concern of the charity. Therefore, the trustees are content that the charity continues to adopt the going concern basis of accounting in preparing the annual accounts.

Governance, structure and management

The Diocese of London

The Diocese of London was founded in Roman times and was re-founded in 604 by St Mellitus. In its current form, it covers 18 boroughs in Greater London and Surrey, north of the River Thames and west of the River Lea. It serves over six million people in 277 square miles.

The Diocese is led by the Bishop of London, the Rt Revd and Rt Hon Dame Sarah Mullally. The Bishop of London has delegated certain powers to four area bishops, the Bishops of Edmonton, Kensington, Stepney and Willesden, and two Suffragan bishops, the Bishops of Fulham and Islington.

There is an archdeacon for each of the episcopal areas. There is also an Archdeacon of London and an Archdeacon of Charing Cross, for the Two Cities area which is led by the Bishop of London.

There are 21 deaneries within the Diocese. Each deanery consists of between 10 and 26 parishes; there are approximately 400 parishes in the Diocese, each of which is governed by a Parochial Church Council (PCC). The PCC is made up of the incumbent as chair, the churchwardens and a number of other ex officio, elected and possibly also, co-opted members. Each PCC is a corporate body and a separate charity. PCCs are responsible for, inter alia, the maintenance of churches and certain other buildings. Except where shown, the transactions of PCCs do not form part of these financial statements. In total, the PCCs across London had unrestricted income of £91m in 2020 (£115m in 2019).

The statutory governing body of the Diocese is its Synod, which is a largely elected body with representation from all parts of the Diocese. The Diocese conducts its financial and operational affairs through a number of corporate bodies, the main ones being the London Diocesan Fund (LDF) – relating to churches - and the London Diocesan Board for Schools (LDBS), an independent registered charity – relating to schools.

The London Diocesan Fund

The LDF is a company limited by guarantee and registered in England & Wales (150856). It is also a registered charity (241083). Its registered and principal office is at London Diocesan House, 36 Causton Street, London SW1P 4AU. The LDF was incorporated in England & Wales on 29 June 1918.

All members of the Bishop's Council are directors of the company for the purposes of the Companies Act 2006 and are trustees under charity law.

Management and senior staff

The bishops and archdeacons exercise day to day oversight of the Diocese. Mr Richard Gough is the General Secretary and also acts as secretary to the Bishop's Council.

Some Senior Management Group (SMG) members have the title Director in their job titles but they are not directors of the LDF for the purposes of company law nor are they trustees of the charity. The SMG comprises:

General Secretary:	Mr Richard Gough
Director of Housing and Investment Property:	Mr William Hagger
Director of Human Resources and Safeguarding:	Mrs Suzanne Long
Director of Finance and Operations:	Mr Christopher Harris
Director of Parish Property Support	Mr Kevin Rogers
Director of Strategy and Communications:	Mr Angus Stephenson

Remuneration

The HR Committee (formerly named the Remuneration Committee) meets at least annually to provide assurance to the Diocesan Finance Committee (DFC) that the LDF has appropriate remuneration procedures in place and to oversee issues relating to the remuneration of all LDF clergy and staff. It makes recommendations to the DFC regarding the LDF's remuneration policy and pay increases.

Statutory functions

The LDF has a statutory responsibility for management of glebe assets (historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF), to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts, and also discharges the responsibilities of the Diocesan Parsonages Board.

Charity Governance Code

The LDF has incorporated the 'Charity Governance Code' as a key tool in its governance management framework. At each meeting of the charity's Audit and Risk Committee a section of the Code is reviewed and the LDF's application of it assessed. The aim is to develop and embed the Code's principles and practices in the organisation's operations. During the course of the year, as a result of the reviews undertaken of the Code, a Board Effectiveness Review was conducted by an external organisation.

Principal activities

The principal activity of the LDF is to serve and support the parishes and people within the Diocese in their mission of proclaiming the Gospel of Jesus Christ.

It does this operationally through the provision of stipend and housing to parish clergy and chaplains and supporting their ministry.

Ministry and associated costs, including property, account for the majority of the LDF's expenditure. This is financed principally by the collection of voluntary income from the parishes, termed 'Common Fund', supplemented by rental and investment income.

Grants are awarded to parishes by the Area Councils and to mission initiatives by the Bishop of London's Mission Fund (BLMF), which is a designated fund within the LDF.

The LDF also acts as custodian trustee and as agent to other boards, committees and trusts within the London Diocese.

Fundraising

The LDF fundraising plan incorporates three streams:

- To provide parishes with advice and guidance to encourage them to adhere to best practise in their fundraising activities.
- To drive campaigns around specific and strategic fundraising needs.
- To support and enable strategic relationship management.

The LDF does not engage with any direct marketing activities, nor does it share or purchase any donor data with or from third parties. The LDF occasionally engages with independent professional fundraisers and if so will always ensure there is an appropriate contract in place. The LDF has signed up to the regulation scheme established by the Fundraising Regulator. No complaints regarding fundraising have been received.

Public benefit of activities

The trustees have a statutory duty under the Charities Act 2011 to have regard to the guidance issued from time to time by the Charity Commission. The trustees have noted the Charity Commission's guidance *Charities and Public Benefit* and have regard to this in making relevant decisions. Guidance was included in the Trustee Induction material distributed to the Diocesan Bishop's Council in Spring 2022. The trustees believe that this report, taken as a whole, provides evidence of the public benefit of the charity's work in 2021.

The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the LDF helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. The principal public benefits of the LDF are the advancement of the Christian religion by supporting ministers of religion and others who lead, encourage and support members of the various and diverse communities of the world city of London by and in:

- the provision of public worship and ceremonies
- the moral and spiritual improvement of the public
- the provision of comfort to the bereaved and distressed
- contributing towards a better society, by promoting social cohesion and social capital
- contributing to the spiritual and moral education of children
- carrying out, as a practical expression of religious belief, other activities to meet needs
- contributing to good mental and physical health
- the provision and maintenance of sacred spaces, principally churches (many of which are listed buildings) and churchyards, open to the public and
- the provision of public spaces, such as church halls, as an expression of faith.

Parishes are independently registered charities, and therefore legally distinct from the LDF. However, the support provided to parishes by the LDF directly contributes towards their mission and ministry, and therefore how they provide public benefit. Parishes across the Diocese carry out diverse activities, including provision of night shelter work, debt advice, specialised ministries and numerous community projects.

Committees

The Diocesan Synod has appointed the Bishop's Council as the Diocesan Mission and Pastoral Committee. The Council has delegated certain powers to Area Councils and to the Diocesan Finance Committee (DFC). Additional members may be co-opted by these committees and councils or nominated by the Diocesan Bishop.

Diocesan Finance Committee

The DFC is a committee of the Bishop's Council. Its membership comprises laity and clergy. The DFC meets at least six times each year. The Bishop of London, the archdeacons, and the clerical and lay vice chairs of the Bishop's Council are ex officio members.

The DFC makes recommendations to the Bishop's Council on matters in connection with finance, property and staff business of the LDF.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is a sub-committee of the Bishop's Council. Members are appointed by the Bishop's Council for three years. Its membership may be drawn from the Council, the Diocesan Synod, the DFC, and from outside bodies.

The ARC ensures that the LDF's financial control and regulatory and statutory reporting are effective, that their accounts are appropriately audited; that risks are appropriately identified, assessed and managed; and that incidences of actual or alleged malpractice and fraud are reported, and necessary action taken on them.

Trustee training

The trustees regularly review their knowledge, skills and experience. Appropriate training sessions are designed to address any gaps in skills and knowledge.

New trustees are provided with documentation outlining their main responsibilities and new trustee induction sessions are conducted each triennium.

Disclosure of information to auditors

Each trustee who held office at the date of approval of this trustees' report confirms that, so far as he or she is each aware, there is no relevant audit information of which the LDF's auditors are unaware, and that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the LDF's auditors are aware of that information.

'Relevant audit information' means information needed by the LDF's auditors in connection with the preparation of their report.

In doing so, the trustees have made enquiries of their fellow directors and of the LDF's auditors and have taken such other steps (if any) for that purpose, as are required by their duty as directors of the LDF to exercise reasonable care, skill and diligence.

Statement of trustees' and directors' responsibilities in respect of the Trustees' Report and the Financial Statements

The trustees are responsible for preparing the Directors' and Trustees' Report, incorporating the Strategic Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for that financial year. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

In approving this trustees' report, the trustees are also approving the Strategic Report included here, in their capacity as company directors.



Jacqueline Driver
Chair of the Diocesan Finance Committee
5 May 2022

Appendices – committee membership and administrative details

Directors, Trustees and Members of the Diocesan Bishop's Council

All members of the Bishop's Council are directors and members of the company for the purposes of the Companies Acts and are trustees under charity law. The following members served during the period from 1 January 2021 until 5 May 2022, the date of approval of this report:

Chair
The Rt Revd and Rt Hon Dame Sarah E Mullally DBE BSc MSc DSc (Hon) Bishop of London

Lay & Clerical Vice Chairs
Mr Ade Adebajo (from 11/10/21)
Mr James P Normand, (until 31/7/21)
Diocesan Synod House of Laity
The Revd Christopher Trundle (from 20/09/21)
The Revd Jody Stowell, (until 04/12/21)
Diocesan Synod House of Clergy

Ex Officio
The Bishop of Stepney,
the Rt Revd Joanne Woolway Grenfell
The Bishop of Kensington,
the Rt Revd Dr Graham S Tomlin
The Bishop of Edmonton,
the Rt Revd Robert J Wickham
The Bishop of Willesden,
the Rt Revd Peter A Broadbent (until 30/9/21)
the Rt Revd Lusa Nsenga-Ngoy (from 25/1/22)
The Bishop of Fulham,
the Rt Revd Jonathan M R Baker
The Bishop of Islington,
the Rt Revd Ric C Thorpe
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Elizabeth Adekunle (until 13/8/21)
the Ven Peter Farley-Moore (from 10/4/22)
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford
The Archdeacon of Charing Cross,
The Ven Adam Atkinson
The Dean of St Paul's Cathedral,
the Very Revd Dr David J Ison

Elected by the House of Laity, Diocesan Synod
Mr James Behrens (until 11/11/21)
Mr George Huntley (until 11/11/21)
Miss Susan Cooper
Dr Phillip Rice
Mr Stephen Garside (from 29/10/21)
Mr Jonathan Wolstenholme (from 29/10/21)
Mr Toby Partridge (from 29/10/21)

Nominated by the Bishop of London
Mr Richard N Perry
Ms Jacquie Driver (from 1/1/22)
Mr Paul Nicholas (from 13/2/22)

The following members were elected by the Diocesan Synod members of the respective areas:

Two Cities
The Revd Canon Dr Alison J Joyce (until 11/11/21)
The Revd Kathryn Harrison (until 11/11/21)
The Revd Luke Ijaz (from 4/1/22)
Mr Brian O'Donoghue
Mr Jeremy Thomas
Mrs Sarah Finch
Mr Christopher Longden (until 11/11/21)
Mr Cedric Stephens (until 31/7/21)
Mr Zi Ken Toh (from 20/9/21)

Stepney
The Revd James Hughesdon (until 31/1/21)
The Revd Graham Hunter
Mrs Christina T Sosanya
Ms Josile Munro
Mr Peter Sinclair (from 4/1/22)

Kensington
The Revd William Rogers (until 11/11/21)
The Revd Andrew Downes (until 11/11/21)
The Revd Samuel McNally-Cross (from 11/10/21)
The Revd Samuel Follett (from 11/10/21)
Mr David Hurst

Mrs Sarah Tett
Mr Kenneth Riley
Ms Catrin Lee (until 17/1/21)

Edmonton
The Revd Christopher Smith (until 16/11/21)
The Revd Jonathan Kester (until 11/11/21)
The Revd Thomas Watts (from 11/11/21)
Mr Inigo R M Woolf
Dr Christopher R M Ward
Miss Amanda McIntyre
Miss Abimbola Sanu (until 11/11/21)
Mrs Margarita Barr-Hamilton (from 20/9/21)

Willesden
The Revd E A J Cargill Thompson (until 11/11/21)
The Revd Christopher Phillips (from 11/10/21)
The Revd Matthew Cashmore (from 11/10/21)
Mr John R Dolling
Mr Clive R Scowen
Mr Michael J Bithell (until 11/11/21)

Members are shown in the categories in which they are currently elected. They may previously have served as members in a different capacity.

Members of the Diocesan Finance Committee as at 5 May 2022

(also Members of the Bishop's Council)
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Peter Farley-Moore
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
The Ven Catherine R Pickford
The Archdeacon of Charing Cross,
The Ven Adam Atkinson
The Revd Christopher Trundle
Mr Ade Adebajo
Ms Jacquie Driver (Chair)
Mr Inigo R M Woolf
Mr David Hurst
Ms Josile Munro
Mr Clive Scowen

(not Members of the Bishop's Council)
Mr Andrew Garwood-Watkins
Mr Antonio Joseph
Mr Anthony Dixon
Mr Julian Desborough
Mr Michael Bithell
Mr Paul Nicholas
Mr Noel Manns
Mr Rich Spens
Mr Richard Myers
Ms Juliet Maggs

Members of the Audit and Risk Committee as at 5 May 2022

(also Members of the Bishop's Council)
Mr Richard N Perry (Chair)
Dr Phillip Rice

(not Members of the Bishop's Council)
Mr Don Bawtree
Mrs Elizabeth Marshall
Mr Mohan Yogendran
The Revd Owen Higgs
Mr Christopher Longden

The Bishop of London's Fund

Patron: The Most Revd and Rt Hon the Lord Archbishop of Canterbury, Justin Welby
President: The Rt Revd and Rt Hon the Lord Bishop of London
Dame Sarah E Mullally DBE BSc MSc DSc

Treasurer: Mr Inigo R M Woolf
The president and treasurer are ex officio trustees.

Other trustees of the Bishop of London's Fund
The Ven Luke J Miller
Mr David Roberts
Secretary: Mr Richard Gough

The Bishop of London's Fund (BLF) was established in 1863 and was incorporated by the Board of the Charity Commissioners for England and Wales under the Charitable Trustees Incorporation Act

1872 (since replaced by other legislation) on 7 July 1882.

The BLF is a registered charity (249021). The Finance Committee of the LDF constitutes its Executive Committee. Certain title and trust deeds are in the name of the BLF.

For day to day purposes and in accordance with a special resolution of 29 October 1918, its activities are subsumed into the LDF, with which it shares common objectives. The majority of the BLF's assets were transferred to the LDF in the last century.

The London Diocesan Board of Finance

President and Chair: The Rt Revd and Rt Hon the Lord Bishop of London
The Rt Revd and Rt Hon Dame Sarah E Mullally DBE BSc MSc DSc

Trustees: The Trustees of the LDF
Secretary: Mr Richard Gough

The London Diocesan Board of Finance (LDBF) was registered in England as a company limited by guarantee on 30 April 1914. The Diocesan Boards of Finance Measure 1925 provides that every Diocese in the Church of England should have a DBF. It stipulates however that those Dioceses with existing trust bodies (provided they are incorporated under the Companies Acts) are allowed to use these bodies to carry out the functions of the DBF.

Clause 3(c) of the Memorandum of Association of the LDF (company number 150856) formed in 1918 specifically empowers the LDF to carry out (inter alia) all of the functions of the LDBF. The Articles of Association of the LDBF were amended on 7 June 1926 to amalgamate the functions of the DBF into the LDF, except anything which was unable to be amalgamated because of statutory provisions.

The LDBF is a registered charity (249022) and a company limited by guarantee (135519).

Professional Advisers

Auditors
Haysmacintyre LLP
10 Queen Street Place,
London EC4R 1AG

Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

Insurers
Ecclesiastical Insurance
Group PLC
Beaufort House
Brunswick Road
Gloucester GL1 1JZ

Solicitors
Birketts LLP
106 Leadenhall Street
London EC3A 4AA

Communications Consultants
Luther Pendragon Limited
3 Priory Court
Pilgrim Street
London EC4V 6DR

Independent Auditors' Report to the Members of the London Diocesan Fund

Opinion

We have audited the financial statements of London Diocesan Fund for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Summary Income and Expenditure Account, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement set out on page 23**,** the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered other factors such as income tax, payroll tax and sales tax.

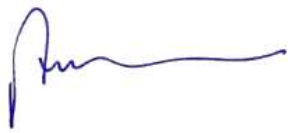
We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and concluded that the risk was low. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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 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.



Adam Halsey
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 5 May 2022

10 Queen Street Place
London EC4R 1AG

Statement of Financial Activities – for the year to 31 December 2021

		Unrestricted Funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2021	2020
		£m	£m	£m	£m	£m	£m
Income and endowments from	Notes						
Donations, legacies & grants							
Common Fund		21.6	-	-	-	**21.6**	**22.6**
Parish reimbursements for clergy costs		4.1	-	-	-	**4.1**	**4.2**
Donations and legacies		0.6	0.1	0.8	-	**1.5**	**1.3**
Church Commissioners'				5.6	-	**5.6**	**5.1**
City Church Fund		4.7	-	-	-	**4.7**	**2.1**
Charitable activities							
Operational property rental income		3.1	-	0.1	-	**3.2**	**2.9**
Parochial fees		0.4	-	-	-	**0.4**	**0.3**
Investment Income							
Dividends and interest receivable	11a	1.5	-	0.2	-	**1.7**	**1.5**
Investment property rentals	11b	4.3	-	-	-	**4.3**	**3.9**
Other income		-	0.1	0.6	-	**0.7**	**0.7**
Total income		**40.3**	**0.2**	**7.3**	**-**	**47.8**	**44.4**
Expenditure on							
Raising funds							
Investment management costs							
Rental portfolio costs-agent fees		0.4	-	-	-	**0.4**	**0.4**
Investment property repairs and maintenance		0.6	0.1	1.0	0.1	**1.8**	**1.9**
Charitable activities							
Ministry		25.1	0.4	5.5	-	**31.0**	**29.4**
Education and outreach		0.8	-	-	-	**0.8**	**0.7**
Parish and Area support services		1.8	0.1	0.3	-	**2.2**	**1.9**
Clergy housing and property costs		7.3	0.2	0.4	-	**7.9**	**7.6**
National Church		3.0	-	-	-	**3.0**	**3.1**
Grants to parishes and overseas	6	0.3	0.8	0.8	-	**1.9**	**1.6**
Other expenditure		-	0.4	0.1	-	**0.5**	**0.6**
Total expenditure	5	**39.3**	**2.0**	**8.1**	**0.1**	**49.5**	**47.2**
Net income/(expenditure) before investment gains		1.0	(1.8)	(0.8)	(0.1)	**(1.7)**	**(2.8)**
Realised gains on tangible fixed assets		-	2.0	0.9	5.9	**8.8**	**16.7**
Net gains/(losses) on investments	8	2.7	1.1	1.1	1.6	**6.5**	**(0.5)**
Net incoming resources for the year		**3.7**	**1.3**	**1.2**	**7.4**	**13.6**	**13.4**
Transfers between funds	13d	(0.7)	0.6	(0.1)	0.2	-	-
Other recognised (losses)/gains							
Pension deficit movement		-	0.6	-	-	**0.6**	**(0.1)**
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	7.2	1.2	6.2	**14.6**	**1.1**
Net movement in funds for the year		**3.0**	**9.7**	**2.3**	**13.8**	**28.8**	**14.4**
Reconciliation of funds:							
Funds at 1 January 2021		**5.1**	**160.9**	**27.7**	**293.5**	**487.2**	**472.8**
Funds at 31 December 2021		**8.1**	**170.6**	**30.0**	**307.3**	**516.0**	**487.2**

The Cash Flow Statement and Notes on pages 29 to 63 form part of these financial statements.

Balance Sheet – as at 31 December 2021

Company number: 150856

	Notes	Unrestricted Funds General £m	Unrestricted Funds Designated £m	Restricted Funds £m	Endowment Funds £m	Total 2021 £m	Total 2020 £m
Fixed Assets							
Operational property	7a	-	80.1	2.2	245.9	**328.2**	**323.7**
Investment property	7b	-	80.5	11.2	34.6	**126.3**	**104.2**
Non-property investments	8	20.3	8.5	8.8	13.8	**51.4**	**45.1**
Fixtures and fittings		0.2	-	-	-	**0.2**	**0.2**
		20.5	169.1	22.2	294.3	**506.1**	**473.2**
Current Assets							
Debtors	10a	2.6	2.0	0.2	-	**4.8**	**13.2**
Cash at bank		(10.4)	10.7	8.2	13.0	**21.5**	**18.0**
		(7.8)	12.7	8.4	13.0	**26.3**	**31.2**
Creditors							
Amounts falling due within one year	12	(4.6)	(1.3)	(0.6)	-	**(6.5)**	**(5.7)**
Net Current Assets		(12.4)	11.4	7.8	13.0	**19.8**	**25.5**
Total assets less current liabilities		8.1	180.5	30.0	307.3	**525.9**	**498.7**
Creditors – amounts falling due after one year							
Pension scheme liabilities	15	-	(1.0)	-	-	**(1.0)**	**(2.6)**
Other creditors	12	-	(8.9)	-	-	**(8.9)**	**(8.9)**
Net Assets		**8.1**	**170.6**	**30.0**	**307.3**	**516.0**	**487.2**
Funds							
General		8.1	-	-	-	**8.1**	**5.1**
Designated	13a	-	170.6	-	-	**170.6**	**160.9**
Restricted	13b	-	-	30.0	-	**30.0**	**27.7**
Endowment	13c	-	-	-	307.3	**307.3**	**293.5**
Total Funds		**8.1**	**170.6**	**30.0**	**307.3**	**516.0**	**487.2**

The financial statements on pages 27 to 63 were approved, and authorised for issue, by the Diocesan Bishop's Council on 5 May 2022.

Jacqueline Driver

Jacqueline Driver
Chair of the Diocesan Finance Committee

The Revd Christopher Trundle
Clerical Vice-Chair of Bishop's Council

Summary income and expenditure account – for the year to 31 December 2021

	2021 £m	2020 £m
Income	**47.8**	**44.4**
Expenditure	**(49.4)**	**(47.0)**
Net (expenditure) before investment gains	**(1.6)**	**(2.6)**
Net gains on investments	**4.9**	**1.5**
Realised gains on property assets	**2.9**	**12.6**
Net income /(expenditure) for the year	**6.2**	**11.5**
Other comprehensive income:		
Unrealised gains on property assets	**8.4**	**2.7**
Net movement on defined benefit pension schemes	**0.6**	**(0.1)**
Total comprehensive income	**15.2**	**14.1**

All incoming and expended resources relate to continuing operations.

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 27 with movements in endowment funds excluded to comply with company law.

Cash flow statement – for the year 31 December 2021

	Notes	2021 £m	2020 £m
Net cash inflow/(outflow) from operating activities	14a	**(0.5)**	**(16.4)**
Net cash (outflows)/inflows from investing activities	14b	**3.9**	**26.0**
Increase/(Reduction) in cash in the year		**3.4**	**9.6**
Cash and cash equivalents			
As at 1 January		**18.0**	**8.4**
As at 31 December		**21.5**	**18.0**

The notes on pages 30 to 63 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2015) (Second Edition, effective 1 January 2019) and with regard to the Diocesan Annual Report and Financial Statements Guide (v5. 2015).

The accounts comply with the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

1.1 Basis of preparation

The LDF prepares its annual financial statements on the historical cost basis of accounting as adjusted for the revaluation of investments and investment properties. The financial statements are prepared on a going concern basis (see page 15).

1.2 Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- non-depreciation of fixed assets as per accounting policy (see note 1.7)
- pension scheme liabilities (see note 15)

1.3 Funds

The LDF has various types of fund for which it is responsible and which require separate disclosure. Note 13 shows the balances and movements on each fund together with details of their uses. The directors' and trustees' report gives an overview of the LDF's Reserves Policy.

Unrestricted Funds

Unrestricted funds arise from all the accumulated surpluses and deficits in the provision of general charitable activities:

- General Funds
- Designated Funds (note 13a)

The latter are funds earmarked by the LDF trustees for a specific purpose. The trustees have discretion over the purpose and use of the funds. They can be re-allocated or otherwise undesignated without reference to outside agencies.

Restricted Funds (note 13b)

These are funds subject to specific conditions imposed by the donor or by the specific terms of a trust deed or other legal measure. Income and expenditure on restricted funds are taken directly to those in the Statement of Financial Activities except to the extent that income is freely available for the general purpose of the LDF.

Endowment Funds (note 13c)

Permanent endowment capital must be held permanently, whereas expendable endowment capital can be used but only in certain circumstances. Income arising is included in general or restricted funds depending on the terms of the trust instrument.

Notes to the financial statements

1.4 Taxation status

The LDF is a registered charity and as such is able to take advantage of exemptions granted under the relevant tax legislation including part 10 of the Income Tax Act 2007. It is not liable to corporation tax on charitable income or income from charitable activities.

1.5 Pensions

The LDF participates in two defined benefit pension schemes: the Church of England Defined Benefit Scheme (DBS), for some of its lay employees but now closed to new joiners and future accrual, and the Church of England Pensions Scheme, for clergy. The schemes are considered to be multi-employer schemes as described in Section 28 of FRS 102. This means that it is not possible to attribute the Schemes' assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability.

1.6 Statement of Financial Activities

All material income and expenditure is accounted for on an accruals basis.

Income	Explanation
Donations, legacies and grants	
Common Fund	Contributions paid by the churches in the Diocese of London to the LDF
Parish reimbursements for clergy costs	Amounts received in respect of clergy involved in largely local initiatives, financed directly by parishes or other institutions
Donations	Gifts from external organisations and individuals
Church Commissioners	Grant income from the Church Commissioners
City Church Fund	Grant income from the City Church Fund
Charitable Activities	
Operational property rental income	Operational property is usually held to house clergy. Where property is not used for this purpose in the short-term, it is let out at market rates to generate additional income. Designated and glebe operational rental income is receivable within general funds.
Parochial fees	Parochial fees are statutory charges for weddings and funerals, of which part is due to the local PCC, and part is due to the LDF. The LDF element is used to help fund the overall stipends bill.
Investment Income	
Dividends and interest receivable	Income arising is credited to the relevant funds on a receipts basis for dividends, and on an accruals basis for interest income.
Investment property rental income	Investment property is let out at the market rate. Designated and glebe investment rental income is receivable within general funds.

Expenditure	Explanation
Raising funds – investment management costs	
Rental portfolio costs: agent fees	Agent fees paid in relation to the management of the property portfolio.
Investment property repairs and maintenance	Repairs and maintenance relating to the investment property portfolio.
Charitable activities	
Ministry	Ministry primarily includes the payment of clergy stipends, national insurance and pension contributions.
Education and outreach	Annual cash grant to the London Diocesan Board for Schools plus direct costs related to children's ministry, community ministry and social justice.
Parish and area support services	Costs associated with the areas including office costs, senior clergy expenses and the costs of advisers.
Clergy housing and property costs	Clergy housing and property costs represents the repairs, maintenance, and other property costs associated with the operational property portfolio, and the relevant costs of the Diocesan Advisory Committee and property department. In accordance with the implementation of FRS 102, annual depreciation is no longer charged on benefice and operational freehold properties.
National Church	The LDF's contribution to the National Church's costs.
Grants to parishes and overseas	Grants made to London parishes and overseas Dioceses.

1.7 Tangible Fixed Assets

Property

Operational property is generally held at deemed historic cost and investment property at market value. Assets in the course of construction are held at cost.

(a) Benefice Houses

The LDF has adhered to the requirements of FRS 102 in its accounting treatment of benefice houses in following the substance of arrangements rather than their strict legal form. Although the LDF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over future use, the legal title and right to beneficial occupation is vested in the incumbent. The trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and, in line with the transitional arrangements under FRS 102, value such properties at deemed historic cost being the net book value as at 1 January 2015.

Depreciation

In accordance with the implementation of FRS 102, annual depreciation is not charged on benefice and operational, freehold properties. Until 2015, fixed assets were depreciated over their useful economic life as follows:

Benefice Houses	150 years
Other freehold properties	50 years
Leasehold properties	Lease term

(b) Burial Grounds
Burial grounds owned by the LDF are held at £nil value as the trustees believe that the cost of a practical valuation is onerous compared to any additional benefits to be gained. The LDF is unable to sell or change the use of any of these assets without reference to external organisations such as the Church Commissioners. These restrictions, together with the inherent difficulties of applying conventional property valuation methods, are all significant factors in the adoption of the valuation approach for this class of assets.

(c) Closed Church Buildings
Church buildings closed for regular public worship (referred to as 'Closed Church Buildings', and formerly known as 'Redundant Churches') are valued at suitable multiples of annual rental income where this is significant. Where this approach is not applicable, the asset is held at £nil value.

(d) Properties purchased using Church Commissioners' value linked loans
Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value.

(e) Assets in the course of construction and major capital projects
Property costs over £10,000 are capitalised where there has been significant enhancement to the underlying assets. This means in practice that all major capital projects are capitalised.

(f) Fixtures, fittings and equipment
Fixtures, fittings and equipment additions under £10,000 are written off fully in the year of purchase. Items over £10,000 are capitalised.

Depreciation
Depreciation is charged on fixtures, fittings and equipment over four years, being their expected useful life.

1.8 Financial instruments
Financial assets measured at fair value comprise listed investments. Financial assets measured at amortised cost comprise contributions to the Common Fund, rent receivable, loans to parishes, loans to individuals and other debtors. Financial liabilities measured at amortised cost comprise parish loans payable, grants payable and other creditors. Financial liabilities measured at fair value comprise Church Commissioners' value linked loans.

1.9 Investments

Investment Property
The trustees' policy is that freehold and long leasehold properties held for investment purposes have been included at the trustees' best estimate of market value. In 2019 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Valuations were conducted by Cluttons LLP, Savills Plc and Strutt & Parker. Future external valuations will take place as required, in accordance with relevant accounting standards. Interim valuations are undertaken in intervening years by a suitably qualified officer of the LDF.

Investment property is not depreciated. Realised gains and losses on investment property are taken to the Statement of Financial Activities under the heading of realised gains/(losses) on tangible fixed assets.

Other Investments
Non-property investments are stated at fair value calculated by reference to the bid market value at 31 December. Realised gains or losses on disposal are calculated as the difference between disposal proceeds and carrying value.

Notes to the financial statements

1.10 Custodian Trusts

Trusts where the LDF acts as custodian trustee with no control over the management or use of the funds are not included in the Balance sheet or Statement of Financial Activities of the LDF. A separate Balance sheet and Statement of Financial Activities is set out on page 66 with supporting notes on pages 67 to 69. The custodian trustee funds have been subject to a non-statutory audit and the audit report thereon covering pages 66 to 69 is to be found on page 70.

2. Post balance sheet events

There have been no material events to report since 31 December 2021 which affect the values stated in these accounts.

3. Net incoming resources for the financial year

The net incoming resources for the financial year is stated after charging	2021	2020
	£'000	£'000
Depreciation (release)/charge –property		-
Depreciation – fixtures, fittings and equipment	46	42
	46	42
Auditors' Remuneration (including VAT)		
Statutory audit	29	28
Non-Audit Services:		
▪ Tax advice	12	3
▪ Non-statutory review of Custodian Trusts	2	2
	43	33

4. Staff and Clergy Costs

Costs of lay staff	2021	2020
	£'000	£'000
Wages and Salaries	3,510	3,403
Employer's National Insurance	350	331
Employer's Pension contributions	822	743
	4,682	4,477
Charge to pension deficit (Lay staff pension scheme) *See note 15(a)*	609	(23)
	5,291	4,454

The Full Time Equivalent average number of lay people employed on diocesan business, and funded out of unrestricted general funds, was 65 (2020: 59). A further 23 Full Time Equivalent lay employees (2020: 25 were funded from restricted or designated funds. Therefore, the Full Time Equivalent average number of people employed was 88 (2020: 84).

Notes to the financial statements

4. Staff and Clergy Costs (continued)

The number of employees whose emoluments for the year exceeded £60,000 are as follows

	2021	2020
	No	No
£100,001 - £110,000	1	1
£90,001 - £100,000	1	-
£80,001 - £90,000	-	1
£70,001 - £80,000	3	3
£60,001 - £70,000	3	3

Emoluments, above, is defined as gross salary.

Aggregate employer normal pension contributions for all the higher-paid employees overleaf were £146,424 (2020: £115,505) payable to various pension schemes, of which £146,424 was payable to defined contribution pension schemes (2020: £115,505). There were 0 (2020: 0) higher-paid employees who were members of the defined benefit pension scheme.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees for planning, directing and controlling the activities of the diocese. For these purposes, key management are deemed to be the senior management group (see page 16) and the trustees.

Remuneration and pension for the Senior Management Group amounted to salary of £479,820 (2020: £436,518), Employer's NI of £59,484 (2020: £56,054) and Employer's pension contributions of £122,724 (2020: £108,451). Expenses reimbursed amounted to £3,516 (2020: £2,695).

Clergy costs

As at 31 December 2021 there were 2 individuals (2020: 2) who (following the implementation of the Ecclesiastical Offices (Terms of Service) Measure 2009 in February 2011) are legally employees of the LDF, despite being on the clergy payroll. Where their costs fall to the LDF, they are included in the clergy disclosure note below. In total for 2021, costs for those individuals who were included on the clergy payroll at any point in the year included gross stipends of £72,258 (2020: £75,182), employer's NI of £7,236 (2020: £6,474) and employer's pension contributions of £20,063 (2020: £29,503).

In addition, in 2021 there were 22 ordained clergy (2020: 27) who, whilst undertaking ministerial work, were required to be included in the LDF payroll. In total for 2021, their costs included gross stipends of £682,823 (2020: £707,558), employer's NI of £65,841 (2020: £65,849) and employer's pension contributions of £222,011 (2020: £222,011). These costs are excluded from the cost of lay staff on page 34.

Clergy holding parochial or archidiaconal posts

(including Common Fund clergy, off-Common Fund clergy and chaplains.)	2021	2020
	£'000	£'000
Gross stipends	14,919	14,604
Employer's National Insurance contributions	1,219	1,189
Employer's pension contributions	5,494	5,340
	21,632	21,133
Average number of total stipendiary clergy posts	539	535
Number of total stipendiary clergy posts at 31 December	538	543

Notes to the financial statements

5. Governance costs and the allocation of Support Costs between Charitable Activities

	2021 £'000	2020 £'000
Support costs *(allocated below)*		
Salary and employment costs	**2,370**	**2,076**
Office costs	**419**	**519**
Governance costs	**594**	**367**
	3,383	**2,962**

Resources Expended	**Before allocation of support costs £'000**	**Support costs £'000**	**Total 2021 £'000**	**Total 2020 £'000**
Raising funds				
Investment management costs				
Rental portfolio costs – agents fees	401	-	**401**	355
Investment property repairs and maintenance	1,620	76	**1,696**	1,822
Fundraising	-	-	**-**	1
	2,021	76	**2,097**	2,178
Charitable activities				
Ministry	29,797	1,096	**30,893**	29,429
Education and outreach	499	272	**771**	695
Parish and area support services	1,076	1,109	**2,185**	2,001
Clergy housing and property costs	7,149	734	**7,883**	7,628
National Church	3,037	-	**3,037**	3,086
Grants to parishes and overseas	1,804	96	**1,900**	1,599
Other expenditure	583	-	**583**	531
	45,966	**3,383**	**49,349**	47,147

Support costs are allocated based on full time equivalent (FTE) staff numbers as administrative costs primarily consist of salary and employment costs, subject to a de minimis threshold. Office costs that are incurred are directly attributable to the staff employed and are also analysed on this basis. In accordance with SORP 2015 governance costs of £593,000 (2020: £367,000) have been allocated on the same basis. Finally, residual administration costs are apportioned in proportion to expenditure.

Notes to the financial statements

6. Grants to Parishes and Overseas

Funding source:	General funds	Designated funds	Restricted funds	Endowment funds	Total 2021	Total 2020
Grants to Parishes from:	£'000	£'000	£'000	£'000	£'000	£'000
Core funds	204	70	41	-	**315**	**222**
Area pastoral funds	-	313	-	-	**313**	**207**
Bishop of London's Mission Fund	-	110	-	-	**110**	**192**
Funds held for parish benefit	-	259	646	-	**905**	**700**
	204	752	687		**1,643**	**1,321**
Overseas:						
Angola and Mozambique (ALMA) and Lent projects	-	-	162	-	**162**	**195**
Grant administration allocation	95	-	-	-	**96**	**84**
	299	**752**	**849**	-	**1,900**	**1,600**

Grants from core funds represent funds awarded from primarily general fund sources such as Archdeacons Discretionary funds and other monies held to support parishes. The above monies funded grant awards to 91 institutions (2020: 72)

7a. Tangible Fixed Assets – Operational Property

Properties are valued in accordance with the accounting policies set out in note 1.

In accordance with transitional arrangements upon the implementation of FRS 102, first adopted in 2015, the LDF took advantage of the concession whereby benefice and operational houses, previously valued under UK GAAP at depreciated insurance value, are carried forward at deemed historical cost being the book value of these assets at 1 January 2015, with the exception of properties purchased using value linked loans (see page 38).

Notes to the financial statements

7a. Tangible Fixed Assets – Operational Property (continued)

	Unrestricted – designated funds			Restricted funds	Expendable endowment funds				
At cost or valuation	**Freehold Property £'000**	**Long leasehold Property £'000**	**Total £'000**	**Closed Church Property £'000**	**Leasehold Benefice Houses £'000**	**Freehold Benefice Houses £'000**	**Glebe Property £'000**	**Total £'000**	**Combined Total £'000**
At 1 January 2021	79,618	5,147	84,765	2,134	2,880	232,366	30,623	265,869	**352,768**
Additions	4,445	9	4,454	100	9	1,664	24	1,697	**6,251**
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(274)	-	(274)	-	-	(1,601)	-	(1,601)	**(1,875)**
Revaluation	-	-	-	-	-	-	-	-	-
At 31 December 2021	83,789	5,156	88,945	2,234	2,889	232,429	30,647	265,965	**357,144**
Depreciation									
As 1 January 2021	8,540	349	8,889	-	426	17,157	2,595	20,178	**29,067**
Charge/(release) for the year	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(5)	-	(5)	-	-	(126)	-	(126)	**(131)**
At 31 December 2021	8,535	349	8,884	-	426	17,031	2,595	20,052	**28,936**
Net Book Value At 31 December 2021	**75,254**	**4,807**	**80,061**	**2,234**	**2,463**	**215,398**	**28,052**	**245,913**	**328,208**
Net Book Value At 31 December 2020	**71,078**	**4,798**	**75,876**	**2,134**	**2,454**	**215,209**	**28,028**	**245,692**	**323,702**

Notes to the financial statements

7a. Tangible Fixed Assets – Operational Property (continued)

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value. As at 31 December 2021, the value of these properties was £8,943,000 (2020: £8,943,000). The valuation as at 31 December 2021 was undertaken by a suitably qualified officer of the LDF, based on knowledge of the properties (such as refurbishment levels and general condition) with reference to available market data for similar properties in similar locations. Future external valuations will take place as required. The carrying amount on a cost basis of the revalued properties is £3,627,000.

Capital Commitments
As at 31 December 2021, the LDF had £nil of capital commitments (2020: £nil) in relation to capital work on major developments planned for 2022 and onwards.

7b. Tangible Fixed Assets – Investment Property

	Unrestricted – Designated funds			**Restricted funds**	**Expendable Endowment funds**	
	Freehold Property	Long Leasehold Property	Total	Closed Church Property	Glebe Property	**Combined Total**
At cost or valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2021	**57,728**	**6,800**	**64,528**	**10,302**	**29,351**	**104,181**
Additions	8,909	-	8,909	-	71	**8,980**
Transfers	-	-	-	-	-	-
Disposals	(119)	-	(119)	(354)	(1,082)	**(1,555)**
Revaluation	7,054	100	7,154	1,242	6,230	**14,626**
At 31 December 2021	**73,572**	**6,900**	**80,472**	**11,190**	**34,570**	**126,232**
Depreciation						
As 1 January 2021	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 December 2021	-	-	-	-	-	-
Fair Value						
At 31 December 2021	**73,572**	**6,900**	**80,472**	**11,190**	**34,570**	**126,232**
Fair value						
At 31 December 2020	**57,728**	**6,800**	**64,528**	**10,302**	**29,351**	**104,181**

The trustees' policy is that freehold properties held for investment purposes are included at the trustees' best estimate of market value. In 2019 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Future external valuations will take place as required, in accordance with relevant accounting standards. Valuations were conducted by Cluttons LLP, Savills Plc and Strutt & Parker. Interim valuations are performed in intervening years by a suitably qualified officer of the LDF.

Notes to the financial statements

8. Non-Property Investments

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000	Total 2020 £'000
Market value at 1 January 2021	-	**25,195**	**7,834**	**12,122**	**45,151**	**50,055**
Additions (at cost)	-	-	-	-	-	-
Transfers	17,622	(17,622)	-	-	-	
Disposals	-	(160)	(144)	-	**(304)**	**(4,328)**
Net (losses)/gains on revaluations	2,723	1,119	1,112	1,640	**6,594**	**(576)**
Market value at 31 December 2021	**20,345**	**8,532**	**8,802**	**13,762**	**51,441**	**45,151**

Non-property investments are represented by:

	2021 £'000	2020 £'000
M&G Charifund	**21,815**	**19,256**
CBF Global Equity Income Fund	**19,265**	**16,582**
CBF Investment Fund	**10,361**	**9,313**
	51,441	**45,151**

CBF investments are valued by the CCLA.
The historic cost of the investments held at 31 December 2021 was £24,068,000 (2020: £28,053,000).

9. Investments in subsidiary undertakings

The LDF owns 100% of the issued share capital of a subsidiary undertaking, Causton Street Farms Limited (registered company number 2768104). The company has been dormant since 1 January 2005. The subsidiary is excluded from consolidation because it is not material to the financial statements of the LDF.

10a. Debtors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000	Total 2020 £'000
Contributions to the Common Fund	-	-	-	-	-	**83**
Rent receivable	588	-	116	-	**704**	**1,569**
Prepayments and accrued income	112	79	117	-	**308**	**682**
	700	79	233	-	**1,012**	**2,334**
Loans to Parishes						
Diocesan Bishop's Council awarded	-	843	-	-	**843**	**507**
Area Council awarded	-	688	-	-	**688**	**598**
	-	1,531	-	-	**1,531**	**1,105**
Loans to individuals	-	346	-	-	**346**	**354**
Other debtors	1,927	-	-	-	**1,927**	**9,304**
	2,627	**1,956**	**233**	-	**4,816**	**13,097**

10a. Debtors (continued)

Movements in Loans to Parishes	**2020 £'000**	**2020 £'000**
As at 1 January 2021	**1,105**	**1,706**
Additions (new loans and interest)	**828**	**189**
Repayments	**(402)**	**(790)**
As at 31 December 2021	**1,531**	**1,105**

During the year, interest on Diocesan Bishop's Council (Finance Committee) loans to parishes was charged, depending upon the rules in force when the loan was awarded, at rates of 1% above the Central Board of Finance (CBF) rate, or 2% above the Bank of England base rate depending on the balance of an individual loan. No interest was charged on other loans.

Certain loans to parishes and individuals fall due after more than one year, and the total of these at 31 December 2021 was £1,314,200 (2020: £1,402,000).

10b. Related Parties

London Diocesan Board for Schools (LDBS)
The LDBS is a charitable company (charity registration no. 313000, company registration no. 00198131). The LDF and the LDBS are separate charities but the members of various Diocesan bodies appoint or elect the majority of the trustees/directors of the two organisations. A number of members are trustees/directors of both charities:

- The Rt Revd and Rt Hon Bishop of London, Dame Sarah E Mullally DBE BSc MSc DSc was a trustee of both charities during the year, being Chair of the LDF and President of the LDBS (to 31/12/2021).
- The Archdeacon of London, the Venerable L J Miller, trustee of the LDF, served as trustee of both the LDF and the LDBS during the year (to 31/12/2021).
- The Revd C Smith was also a trustee of both the LDF and the LDBS during the year (to 16/11/2021).
- Mr I R M Woolf, a trustee of the LDF, is employed by the LDBS.
- The Bishop of Edmonton, Rt Revd Robert J Wickham, trustee of the LDF became a trustee of LDBS on 1 January 2022.

The LDF makes an annual grant to the work of the LDBS amounting to £171,000 (2020: £180,000) and a contribution towards the cost of staff time of £15,000 (2020: £15,000). At 31 December 2021 other creditors included £11,963 for payroll items relating to the LDBS (2020: other creditors - £10,000).

In addition to the grant described above, the LDF makes the following donations in kind to the LDBS. These relate to office space and provision of house services including reception, cleaning, utilities, IT and payroll support. The estimated value of such services is:

	2021 £'000	**2020 £'000**
Accommodation - rent	**131**	**131**
House services and meeting rooms	**208**	**156**
	339	**287**

10b. Related Parties (continued)

Trustees' expenses and remuneration
In 2021 the LDF reimbursed a total of £15,611 to 8 members of the Bishop's Council (2020: £22,453 to 7 members). The vast majority of these expenses related to working expenses, for example as Archdeacons, Area Dean or other ecclesiastical roles, rather than as expenses reimbursed in their role as trustees. In 2021, a further £1,766 (2020: £24,689) was paid to 4 (2020: 12) trustees, representing removal grants for clergy and other clergy grants. These amounts are in line with the LDF's usual practice regarding clergy expenses and are not related to their roles as trustees.

The LDF is responsible for a substantial part of the stipend of the clerical members of the Bishop's Council by virtue of their clerical office, along with National Insurance and costs associated with housing. The stipends, National Insurance and pensions of Bishops are borne and funded by the Church Commissioners.

The following was paid to 21 (full time equivalent: 14) other members of the clergy in 2021 who were members of the Bishop's Council (2020: 16 members; full time equivalent: 16).

	2021 £'000	2020 £'000
Gross Stipends	**446**	**468**
Employer's National Insurance contributions	**38**	**40**
Employer's pension contribution	**156**	**162**
	640	**670**

Under the Repair of Benefice Buildings Measure 1972 the Diocese is responsible for the upkeep of parsonages. 17 members of Bishop's Council during the year (2020: 12) were housed in parsonages by virtue of their clerical office. No employees (2020: 2) were housed in a parsonage.

A further 8 members of Bishop's Council and Diocesan Finance Committee (2020: 7) and 12 employees who are also clergy, including chaplains (2020: 9), were housed in properties owned by the London Diocesan Fund.

For the purpose of this disclosure note transactions with other Parochial Church Councils, where there may be a relationship because members of Bishop's Council are also trustees of those bodies, have not been included.

Other

- the Archbishops' Council (Charity No 1074857), from which the LDF receives grants and to which the LDF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, including General Synod. The Archdeacon of London is a trustee.
- the Church Commissioners for England (Charity No 1140097), from which the LDF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDF pays for clergy stipends through the Church Commissioners
- the Church of England Pensions Board (Charity No 236627), to which the LDF pays contributions for clergy and employees and makes contributions towards the provision of housing for clergy in retirement.
- Trust for London. (Charity No 205629). The Bishop of London has control over part of the City Church Fund which is held by Trust for London. The Bishop of London receives recommendations on the allocation of the fund by the City Churches Grants Committee, comprising the Archdeacon of London, the General Secretary, the Chair of the Finance Committee, the Area Dean of City Deanery and the Lay Chair of City Deanery. The fund can only be used to support churches within the City of London.

Notes to the financial statements

- PCCs and deaneries within the Diocese of London. The LDF is required to be a custodian trustee in relation to PCC property, but the LDF has no control over PCCs, which are independent charities. PCCs and deaneries are able to influence the decision-making within the LDF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

11a. Dividends and Interest Receivable

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000	Total 2020 £'000
Dividends	1,462	19	267	-	**1,748**	**1,372**
Cash and deposit interest	2	5	3	-	**10**	**61**
Loan interest	13	-	-	-	**13**	**19**
	1,477	**24**	**270**	**-**	**1,771**	**1,452**

11b. Investment Property Rentals

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000	Total 2020 £'000
Investment property rentals	**4,309**	**-**	**10**	**-**	**4,319**	**3,848**

12. Creditors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000	Total 2020 £'000
Amounts falling due within one year:						
Parish Loans Payable	-	575	-	-	**575**	**143**
Grants Payable	-	686	-	-	**686**	**719**
Other Creditors	160	22	454	(1)	**635**	**1,748**
Accruals and deferred income	4,478	-	107	-	**4,585**	**3,046**
	4,638	**1,283**	**561**	**(1)**	**6,481**	**5,656**
Amounts falling due after one year:						
Church Commissioners Value Linked Loans	**-**	**8,943**	**-**	**-**	**8,943**	**8,943**

A Value Linked Loan due to the Church Commissioners becomes repayable when the house on which it is secured is sold. It is a concessionary loan made by the Church Commissioners for onward lending to a parish, usually for housing assistant clergy. The properties purchased with Value Linked Loans are held within Designated Operational Property. Value Linked Loans are shown at fair value, being the estimated market value of the property bought with the Value Linked Loan.

Notes to the financial statements

13a(i).Designated Funds	At 1 January 2021 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2021 £'000
Capital Vision 2020	**421**	15	(355)	-	-	**81**
Richard Chartres Fund for London	**19**	56	(70)	-	-	**5**
Capital Strategy Fund	**1,420**	-	(303)	1,045	-	**2,162**
Operational Property	**66,930**	-	-	-	4,189	**71,119**
Fund Operational Property Reserve	**7,187**	38	-	-	(4,189)	**3,036**
Investment Property	**64,527**	-	-	7,154	8,790	**80,471**
Investment Property Reserve	**1,930**	316	(76)	-	(8,790)	**(6,620)**
Parsonage Reserve	**12,940**	1,622	(28)	-	(201)	**14,333**
Inspection and Maintenance Funds	**1,147**	-	-	-	-	**1,147**
Designated Trusts	**789**	30	(259)	74	-	**634**
Mission Opportunity	**500**	-	(76)	-	-	**424**
Bishop of London's Mission Fund	**266**	52	(110)	-	-	**208**
Clergy Training and Support	**374**	6	(43)	-	-	**337**
Area Pastoral Funds	**1,647**	11	(313)	-	380	**1,725**
Area Bank Accounts	**132**	41	(80)	-	-	**93**
Diocesan Loan Capital	**2,154**	-	-	-	-	**2,154**
Strategic Development Reserve	**500**	-	(216)	-	7	**291**
Clergy Pension Deficit Reserve	**(1,941)**	-	-	(6)	979	**(968)**
Lay Church Workers Pension Fund Deficit Reserve	**(23)**	-	-	609	(586)	-
Total Designated Funds	**160,919**	**2,187**	**(1,929)**	**8,876**	**579**	**170,632**

**Income includes realised gains/(losses)* *Note 13d*

Notes to the financial statements

13a(ii).Designated Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Capital Vision 2020	-	-	81	-	**81**
Richard Chartres Fund for London	-	-	5	-	**5**
Capital Strategy Fund	-	7,947	(5,785)	-	**2,162**
Operational Property	**80,062**	-	-	(8,943)	**71,119**
Fund Operational Property Reserve	-	-	3,058	(22)	**3,036**
Investment Property	**80,471**	-	-	-	**80,471**
Investment Property Reserve	-	-	(6,620)	-	**(6,620)**
Parsonage Reserve	-	-	14,333	-	**14,333**
Inspection and Maintenance Funds	-	-	1,147	-	**1,147**
Designated Trusts	-	584	50	-	**634**
Mission Opportunity	-	-	424	-	**424**
Bishop of London's Mission Fund	-	-	537	(329)	**208**
Clergy Training and Support	-	-	337	-	**337**
Area Pastoral Funds	-	-	2,280	(555)	**1,725**
Area Bank Accounts	-	-	93	-	**93**
Diocesan Loan Capital	-	-	2,531	(377)	**2,154**
Strategic Development Reserve	-	-	291	-	**291**
Clergy Pension Deficit Reserve	-	-	-	(968)	**(968)**
Lay Church Workers Pension Fund Deficit Reserve	-	-	-	-	-
Total Designated Funds	**160,533**	**8,531**	**12,762**	**(11,194)**	**170,632**

Capital Vision 2020

The LDF's strategic plan was encompassed within Capital Vision 2020, a vision of a Church that is Christ-centred and outward looking. During 2013 the trustees approved the creation of a new Capital Vision 2020 designated reserve to fund the strategy. During 2021 the fund was used to provide initial funding for implementing Vision 2030. The balance remaining at the end of 2021 is being used to fund specific activities and will be spent out during 2022.

Richard Chartres Fund for London

Funds have been raised to support a number of projects and activities which are in alignment with our CV2020 strategy. The fund will be utilised over the next 12 months.

Capital Strategy Fund

The Capital Strategy Fund holds the net capital proceeds from the sale of assets that have been identified as appropriate sites for development. The proceeds from such developments release capital to be redeployed elsewhere in the Diocese, as part of the LDF's Capital Strategy. In particular the fund is used to support work to establish a Christian presence in major new housing development areas, in addition to releasing funds to carry out operational housing improvements.

Notes to the financial statements

13a. Designated Funds (continued)

Operational Property

As well as incorporating the Diocesan offices, operational property comprises over 100 units of property generally used to house clergy who are not housed in parsonages. These include area bishops, archdeacons, chaplains, team vicars, and many others. Of the fund value of the year-end of £71.1m, £80.0m is represented by actual properties which are partially offset by (£8.9m) of Value Linked Loans creditors (as described in note 12). This fund also includes the revaluation reserve of £5.5m (2020: £5.5m).

Investment Property

Investment property comprises over 50 freehold and leasehold properties, with a year-end fund value of £80.5 (2020: £64.5m) held to generate income and capital growth, which helps fund stipends and other charitable activities.

Parsonage, Fund Operational Property and Investment Property Reserves

The Parsonage, Fund Operational Property and Investment Property reserves are used for the purchase and refurbishment of houses that form part of Parsonage House Capital (Endowment), Operational Property (Designated), and Investment Property (Designated) respectively. When a property is sold, the sale proceeds are credited to the relevant fund.

Inspection and Maintenance Funds

This fund comprises the Quinquennial Fund, with a year-end fund value of £1,147k (2020: £1,147k), and the Ingoing Works Fund with a year-end fund value of £nil (2020: £nil). We carry out planned maintenance on an average of one-sixth of our operational properties each year (88 of approximately 540), but the actual number varies from year to year. This fund smooths the impact of these works on the General Fund from year to year, and thus aids budgeting and financial planning. Due to lockdown restrictions, as a result of the pandemic, planned quinquennial works were postponed in 2020. A transfer of £837k was made to Quinquennial Fund in 2020 from the General Fund to help pay for future works. All necessary works in accordance with the Repair of Benefice Buildings Measure 1972 are undertaken, and the funds support this strategy.

Designated Trusts

These funds represent proceeds arising from the sale of parish-based properties that were in use by those parishes but were legally owned by the Diocese. Each sale of such property is assessed on a case-by-case basis and where there is a compelling reason the sale proceeds may be designated for parish purposes, usually to fund a parish-based development or replacement facility. These funds are expected to be held on an on-going basis.

Mission Opportunity

This fund was established to meet a range of specific clergy and related costs that are necessary in implementing Diocesan mission and ministry policy.

Bishop of London's Mission Fund (BLMF)

This fund is used for new local mission initiatives (not capital projects) throughout the Diocese. Each application is assessed on a case-by-case basis by the BLMF board, an internal committee chaired by the Bishop of London.

Clergy Training and Support

This fund is for providing general clergy training and support, such as unconscious bias training, leadership courses and individual coaching and mentoring sessions. The designated budget holder for the fund is the Bishop of Kensington, assisted by the Director of Ministry.

Area Pastoral Funds

These are funds for each of the five episcopal areas which can be used for loans and grants for specific projects in each area. Decisions on the use of the funds are taken by Area Councils. Loans and grants are awarded each year and the fund is replenished from general funds to ensure the fund is not depleted. It is anticipated that this will continue into the foreseeable future.

Notes to the financial statements

13a. Designated Funds (continued)

Area Bank Accounts
These are the Kensington and Willesden Area bank accounts which are used directly to support each of these areas.

Diocesan Loan Capital
This fund provides loans to parishes, with individual loans not normally exceeding £200,000. Requests from parishes are first considered by the Loans Monitoring Group (LMG), a sub-committee of the DFC, and the decision is made by the DFC.

Strategic Development Reserve
This reserve is the fund for enabling the expenditure within the five year plan for the Strategic Development team, supporting our work in several major areas of regeneration. Funded from the designated Capital Strategy Fund and a contribution from the general fund, expenditure consists of staff costs for the Strategic Development team and direct project costs.

Clergy Pension Deficit Reserve
The pension deficit reserve represents the present value of the agreed deficit contributions towards the Church of England funded pension scheme. See note 15(b) for more detail on the movement on this fund.

Lay Church Workers Pension Fund Deficit Reserve
The pension deficit reserve represents the value of the agreed deficit contributions towards the Lay Church Workers pension fund, less the amount fully committed and set aside to settle this creditor.

13b(i). Restricted Funds	**At 1 January 2021**	**Income ***	**Expenditure**	**Unrealised Gains/(Losses)**	**Transfers**	**At 31 December 2021**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Sole Trust Expendable Funds (inc. ALMA)	**7,605**	691	(847)	945	(115)	**8,279**
Closed Church Buildings Fund	**4,139**	752	(1,310)	165	(690)	**3,056**
Closed Church Buildings Operational Property	**2,134**	-	-	-	100	**2,234**
Closed Church Buildings Investment Property	**10,302**	-	-	1,242	(354)	**11,190**
Closed Church Buildings Investment Reserve	**2,512**	716	(42)	-	354	**3,540**
Area Church Building Fund	**590**	-	-	-	590	**1,180**
Strategic Development funds	**101**	2,764	(2,775)	-	-	**90**
Projects restricted fund	**297**	3,099	(2,864)	-	(7)	**525**
Bishops' secretaries fund	**-**	138	(264)	-	-	**(126)**
Total Restricted Funds	**27,680**	**8,160**	**(8,102)**	**2,352**	**(122)**	**29,968**

**Income includes realised gains.*

Note 13d

Notes to the financial statements

13b(ii). Restricted Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Sole Trust Expendable Funds (inc. ALMA)	-	7,467	812	-	**8,279**
Closed Church Buildings Fund	-	1,335	2,281	(560)	**3,056**
Closed Church Buildings Operational Property	**2,234**	-	-	-	**2,234**
Closed Church Buildings Investment Property	**11,190**	-	-	-	**11,190**
Closed Church Buildings Investment Reserve	-	-	3,540	-	**3,540**
Area Church Building Fund	-	-	1,180	-	**1,180**
Strategic Development funds	-	-	90	-	**90**
Projects restricted fund	-	-	525	-	**525**
Bishops' secretaries fund	-	-	(126)	-	**(126)**
Total Restricted Funds	**13,424**	**8,802**	**8,302**	**(560)**	**29,968**

Sole Trust Expendable Funds
This fund comprises over 40 restricted trusts which are held for specific parish or Diocesan purposes. These trusts are consolidated with the main LDF accounts as the LDF acts as sole trustee and therefore has control. The permanent endowment element is disclosed in note 13c. Each Trust is governed by its own trust instrument which may be in the form of a Charity Commission scheme. The activity of the Angola, London and Mozambique Association (ALMA) is consolidated under this heading, comprising funds of £2.0m at 31 December 2021 (2020: £1.8m).

Closed Church Buildings Fund
This fund represents the Diocesan Pastoral Account (DPA) and is primarily used for closed church buildings rental income and maintenance expenses. Income from the rental of churches no longer used for Anglican public worship, that is not required for the maintenance of those buildings, may be used for the payment of stipends and maintenance of property for the housing of clergy. The DPA is principally governed by the Mission and Pastoral Measure 2011, and therefore decisions on the use of the fund are taken in accordance with the Measure and with the target estimates of the future maintenance of those buildings.

Closed Church Buildings Operational and Investment Property
This fund represents the net book value of closed church buildings property (see note 7).

Closed Church Buildings Investment Reserve
This reserve is used for the refurbishment of closed church buildings investment property. When such a property is sold, the sale proceeds will be credited to this fund.

Area Church Building Fund
This reserve comprises net funds released after the sales of closed churches, having been set up in 2019. The fund will be used to reinvest in open or new church buildings to help repair, develop and create church buildings that support mission and ministry across the Diocese. Within this fund, funds are allocated to specific Episcopal areas.

Strategic Development funds
This fund comprises the income and expenditure relating to the restricted funding received from the Church Commissioners towards Church Planting, Church Growth and Youth Strategies. Each grant has been awarded for six years, the earliest awarded in 2015, with the final project due to end in 2023.

Notes to the financial statements

13b. Restricted Funds (continued)

Projects restricted fund
This fund comprises a small number of projects for which the LDF receives restricted funding. Income sometimes relates to the aggregate match funding received in relation to a number of projects.

Bishops' secretaries fund
This shows the restricted funding received from the Church Commissioners as a contribution towards the cost of the Bishops' secretaries.

13c(i). Endowment Funds

	At 1 January 2021 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2021 £'000
Expendable Endowment						
Glebe Operational Property Fund	**28,029**	-	-	-	24	**28,053**
Glebe Investment Property Fund	**29,351**	-	-	6,226	(1,010)	**34,567**
Glebe Investment Fund	**13,394**	2,331	(1)	888	(24)	**16,588**
Glebe Investment Property Reserve	**(432)**	3,439	(56)	-	1,010	**3,961**
Parsonage House Capital	**217,661**	,	-	-	201	**217,862**
Permanent Endowment						
Sole Trust Permanent Endowment	**5,486**	,	-	753	-	**6,239**
Total Endowment Funds	**293,489**	**5,770**	**(57)**	**7,887**	**201**	**307,270**
					Note 13d	

**Income includes realised gains.*

13c(ii). Endowment Funds

	Fixed Asset Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Expendable Endowment					
Glebe Operational Property Fund	**28,053**	-	-	-	**28,053**
Glebe Investment Property Fund	**34,567**	-	-	-	**34,567**
Glebe Investment Fund	-	7,524	9,064	-	**16,588**
Glebe Investment Property Reserve	-	-	3,961	-	**3,961**
Parsonage House Capital	**217,862**	-	-	-	**217,862**
Permanent Endowment					
Sole Trust Permanent Endowment	-	6,239	-	-	**6,239**
Total Endowment Funds	**280,482**	**13,763**	**13,025**	-	**307,270**

Notes to the financial statements

Endowment Funds (continued)

Glebe Operational and Investment Property Fund
This represents the net book value of glebe property with movements shown in note 7. Rental income from glebe property is credited to general funds where it is used to fund clergy stipend payments. As with Designated Fund Property, the fund is split between operational (£28.1m) and investment (£34.6m) property.

Glebe Investment Fund
This represents the carrying value of glebe investments and cash. Investment income from glebe property is credited to general funds where it is used only to fund clergy stipend payments. The use of glebe assets detailed above is governed by the Diocesan Stipends Funds Measure 1953 and the Endowments and Glebe Measure 1976.

Glebe Investment Property Reserve
This reserve is used for the purchase and refurbishment of glebe investment property. When such a property is sold, the sale proceeds are credited to this fund.

Parsonage House Capital
This fund represents the net book value of freehold and leasehold benefice houses (see note 7).

Sole Trust Permanent Endowment
This fund represents those amounts held under the LDF's sole trusteeship where the capital is not expendable.

13d. Transfer between funds – detailed breakdown of movements

Statement of Financial Activities transfers analysed:

	General £'000	Designated £'000	Restricted £'000	Endowment £'000	Total £'000	*Reference*
Parsonage additions	-	(201)	-	201	-	i
Transfer of budgeted items in the General Fund to area pastoral designated funds	(380)	380	-	-	-	ii
Net transfers (to)/from designated funds at year-end	(393)	400	(7)	-	-	iii
Net transfers (to)/from restricted funds at year-end	115		(115)		-	iv
Net transfers (to)/from endowment funds at year-end	-	-	-	-	-	v
	(658)	579	(122)	201	-	
		Note 13a	*Note 13b*	*Note 13c*		

i. Transfers from or to the Parsonage reserve for the purchase or sale of parsonages respectively.
ii. These transfers relate to budgeted items set aside from the General Fund for the area pastoral designated funds.
iii. These relate to transfers agreed at the year-end from designated funds. The amount transferred to general funds is the net transfer required in respect of the pension schemes. The £7k transfer from restricted is a correction of a prior year misallocation of expenditure
iv. This is the transfer of Caris Trust income, released from a restricted fund to general funds.
v. There are no further transfers to specific endowment funds in 2021.

14. Notes to the cash flow statement

	2021 Total £'000	2020 Total £'000
14a. Reconciliation of operating (deficit) to operating cash flows		
Operating (deficit)	**(1,705)**	**(2,804)**
Depreciation release	**46**	**42**
Decrease in debtors	**8,284**	**(8,346)**
Increase in creditors	**1,791**	**979**
Non-cash movement in pension liability	**330**	**1,984**
Investment and rental income	**(9,210)**	**(8,214)**
	(464)	**(16,359)**

	2021 Total £'000	2020 Total £'000
14b. Gross cash flows		
Cash flows from investing activities		
Dividends and interest received	**1,735**	**1,453**
Rental Income	**7,476**	**6,761**
Sale of property	**9,610**	**25,436**
Purchase of property	**(15,233)**	**(11,709)**
Other fixed asset purchases	**(58)**	**(59)**
Sale of investments	**496**	**4,163**
Purchase of investments	**(156)**	**-**
	3,870	**26,045**

14c. Analysis of changes in net funds

Funds	At 31 January 2021 £'000	Cash flows £'000	Other £'000	At 31 December 2021 £'000
Cash at bank and in hand	**18,075**	3,405	-	**21,480**
Value linked loans due after one year	**(8,943)**	-	-	**(8,943)**
	9,132	3,405	-	**12,537**

15. Pensions

Pension liabilities	2021 Total £'000	2020 Total £'000
Lay staff pensions (*see note a below*)	**-**	**(656)**
Clergy pensions (*see note b below*)	**(968)**	**(1,941)**
	(968)	**(2,597)**

15. Pensions (continued)
15(a). Lay staff pensions

The LDF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
    a. a deferred annuity section known as Pension Builder Classic, and,
    b. a cash balance section known as Pension Builder 2014.

Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme.

The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £47k, 2020: £189k) plus the remaining movement in relation to the DBS deficit, giving a total charge of (£656k) for 2021 (2020: £166k).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £11.3m

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 33.6% of pensionable salary and expenses of £17,900 per year.

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

	December 2021	December 2020	December 2019
Discount rate	0.00% pa	0.3% pa	1.2% pa

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

15(b). Clergy pensions

From 1 January 1998, Diocesan clergy became members of the Church of England Pensions Scheme (CEFPS). This non-contributory Scheme provides benefits based on national minimum stipends. The Church of England Pensions Board is the trustee and administers the Pension Scheme. The Scheme provides pensions that relate to pensionable service from 1 January 1998. The Scheme's assets are held separately from those of the LDF. Past service clergy pensions for service before 1 January 1998 are paid by the Church Commissioners at no cost to the LDF.

The LDF is the sponsoring employer for 573 members (2020: 562) of the Scheme out of a total membership of approximately 8,400 active members. The Scheme is considered to be a multi-employer Scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to specific employers and contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions (see below). Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of seven and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025. As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

Notes to the financial statements

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021	**2020**
	£'000	**£'000**
Balance sheet liability at 1 January	**1,941**	**3,422**
Deficit contribution paid	**(979)**	**(1,593)**
Interest cost (recognised in SOFA)	**3**	**29**
Remaining charge to the balance sheet liability*	**3**	**83**
Balance sheet liability at 31 December	**968**	**1,941**

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known:

	December 2021	December 2020	December 2019
Discount rate	0.0% pa	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total pensionable payroll	-1.5% pa	1.6% pa	1.3% pa

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

16. Members' Liability

The London Diocesan Fund is a company registered in England as a company limited by guarantee, having no share capital. At 31 December 2021 there were 43 members (2020: 48) who were liable to contribute £1 each in the event of the company being wound up.

Notes to the financial statements

17. Prior year comparatives

Statement of Financial Activities – for the year to 31 December 2020

		Unrestricted Funds		Restricted	Endowment	Total
		General	Designated	Funds	Funds	2020
		£m	£m	£m	£m	£m
Income and endowments from	Notes					
Donations, legacies & grants						
Common Fund		22.6	-	-	-	**22.6**
Parish reimbursements for clergy costs		4.2	-	-	-	**4.2**
Donations and legacies		0.4	-	0.9	-	**1.3**
Church Commissioners[a]				5.1	-	**5.1**
City Church Fund		2.1	-	-	-	**2.1**
Charitable activities						
Operational property rental income		2.8	-	0.1	-	**2.9**
Parochial fees		0.3	-	-	-	**0.3**
Investment Income						
Dividends and interest receivable	11a	1.2	-	0.3	-	**1.5**
Investment property rentals	11b	3.9	-	-	-	**3.9**
Other income[a]		-	0.4	0.1	-	**0.5**
Total income		**37.5**	**0.4**	**6.5**	-	**44.4**
Expenditure on						
Raising funds						
Investment management costs						
Rental portfolio costs-agent fees		0.4	-	-	-	**0.4**
Investment property repairs and maintenance		0.5	0.1	1.1	0.2	**1.9**
Charitable activities						
Ministry		24.0	0.4	5.0	-	**29.4**
Education and outreach		0.7	-	-	-	**0.7**
Parish and Area support services		1.5	-	0.4	-	**1.9**
Clergy housing and property costs		6.5	0.7	0.4	-	**7.6**
National Church		3.1	-	-	-	**3.1**
Grants to parishes and overseas	6	0.3	0.4	0.9	-	**1.6**
Other expenditure		-	0.5	0.1	-	**0.6**
Total expenditure	5	**37.0**	**2.1**	**7.9**	**0.2**	**47.2**
Net income/(expenditure) before investment gains		0.5	(1.7)	(1.4)	(0.2)	**(2.8)**
Realised gains on tangible fixed assets		-	9.4	3.2	4.1	**16.7**
Net gains/(losses) on investments	8	0.2	1.7	(0.4)	(2.0)	**(0.5)**
Net incoming resources for the year		**0.7**	**9.4**	**1.4**	**1.9**	**13.4**
Transfers between funds	13d	0.8	1.1	(0.2)	(1.7)	-
Other recognised (losses)/gains						
Pension deficit movement		-	(0.1)	-	-	**(0.1)**
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	(0.2)	2.9	(1.6)	**1.1**
Net movement in funds for the year		**1.5**	**10.2**	**4.1**	**(1.4)**	**14.4**
Reconciliation of funds:						
Funds at 1 January 2020		**3.6**	**150.7**	**23.6**	**294.9**	**472.8**
Funds at 31 December 2020		**5.1**	**160.9**	**27.7**	**293.5**	**487.2**

Notes to the financial statements

17. Prior year comparatives (continued)

(b). Balance Sheet as at 31 December 2020

	Notes	Unrestricted Funds General £m	Unrestricted Funds Designated £m	Restricted Funds £m	Endowment Funds £m	Total 2020 £m
Fixed Assets						
Operational property	7a	-	75.9	2.1	245.7	**323.7**
Investment property	7b	-	64.5	10.3	29.4	**104.2**
Non-property investments	8	-	25.2	7.8	12.1	**45.1**
Fixtures and fittings		0.2	-	-	-	**0.2**
		0.2	165.6	20.2	287.2	**473.2**
Current Assets						
Debtors	10a	1.9	10.8	0.5	-	**13.2**
Cash at bank		6.7	(2.9)	7.8	6.4	**18.0**
		8.6	7.9	8.3	6.4	**31.2**
Creditors						
Amounts falling due within one year	12	(3.7)	(1.1)	(0.8)	(0.1)	**(5.7)**
Net Current Assets		4.9	6.8	7.5	6.3	**25.5**
Total assets less current liabilities		5.1	172.4	27.7	293.5	**498.7**
Creditors – amounts falling due after one year						
Pension scheme liabilities	15	-	(2.6)	-	-	**(2.6)**
Other creditors	12	-	(8.9)	-	-	**(8.9)**
Net Assets		**5.1**	**160.9**	**27.7**	**293.5**	**487.2**
Funds						
General		5.1	-	-	-	**5.1**
Designated	13a	-	160.9	-	-	**160.9**
Restricted	13b	-	-	27.7	-	**27.7**
Endowment	13c	-	-	-	293.5	**293.5**
Total Funds		**5.1**	**160.9**	**27.7**	**293.5**	**487.2**

17. Prior year comparatives (continued)

(c). Governance Costs and the allocation of Support Costs between Charitable Activities

	2020 £'000	2019 £'000
Support costs *(allocated below)*		
Salary and employment costs	**2,076**	**1,978**
Office costs	**519**	**494**
Governance costs	**367**	**350**
	2,962	**2,822**

Resources Expended	**Before allocation of support costs £'000**	**Support costs £'000**	**Total 2020 £'000**
Raising funds			
Investment management costs			
Rental portfolio costs – agents fees	355	-	**355**
Investment property repairs and maintenance	1,755	67	**1,822**
Fundraising	1	-	**1**
	2,111	67	**2,178**
Charitable activities			
Ministry	28,468	961	**29,429**
Education and outreach	457	238	**695**
Parish and area support services	1,031	970	**2,001**
Clergy housing and property costs	6,986	642	**7,628**
National Church	3,086	-	**3,086**
Grants to parishes and overseas	1,515	84	**1,599**
Other expenditure	531	-	**531**
	44,185	**2,962**	**47,147**

(d). Grants to Parishes and Overseas

Funding source: *Grants to Parishes from:*	**General funds £'000**	**Designated funds £'000**	**Restricted funds £'000**	**Endowment funds £'000**	**2020 £'000**
Core funds	218	-	4	-	**222**
Area pastoral funds	-	207	-	-	**207**
Bishop of London's Mission Fund	-	192	-	-	**192**
Funds held for parish benefit	-	11	689	-	**700**
	218	410	693	-	**1,321**
Overseas:					
Angola and Mozambique (ALMA) and Lent projects	-	-	195	-	**195**
Grant administration allocation	84	-	-	-	**84**
	302	**410**	**888**	-	**1,600**

Notes to the financial statements

(e). Debtors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000
Contributions to the Common Fund	83	-	-	-	**83**
Rent receivable	1,394	-	175	-	**1,569**
Prepayments and accrued income	185	194	303	-	**682**
	1,662	194	478	-	**2,334**
Loans to Parishes					
Diocesan Bishop's Council awarded	-	507	-	-	**507**
Area Council awarded	-	598	-	-	**598**
	-	1,105	-	-	**1,105**
Loans to individuals	1	353	-	-	**354**
Other debtors	226	9,078	-	-	**9,304**
	1,889	**10,780**	**478**	-	**13,097**

(f). Dividends and Interest Receivable

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000
Dividends	1,088	19	265	-	**1,372**
Cash and deposit interest	51	7	3	-	**61**
Fixed interest investments	-	-	-	-	-
Loan interest	19	-	-	-	**19**
	1,158	**26**	**268**	-	**1,452**

(g). Investment Property Rentals

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000
Investment property rentals	**3,887**	-	**(39)**	-	**3,848**

Notes to the financial statements

17. Prior year comparatives (continued)

(h). Creditors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000
Amounts falling due within one year:					
Parish Loans Payable	-	143	-	-	**143**
Grants Payable	-	719	-	-	**719**
Other Creditors	826	250	621	51	**1,748**
Accruals and deferred income	2,895	10	141	-	**3,046**
	3,271	**1,122**	**762**	**51**	**5,656**
Amounts falling due after one year:					
Church Commissioners Value Linked Loans	-	**8,943**	-	-	**8,943**

Notes to the financial statements

17. Prior year comparatives (continued)

(i). Designated funds

13a. Designated Funds	At 1 January 2020 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2020 £'000
Capital Vision 2020	1,035	94	(455)	-	(253)	421
Richard Chartres Fund for London	9	10	-	-	-	19
Capital Strategy Fund	1,910	-	(771)	281	-	1,420
Operational Property	64,523	-	-	1,462	945	66,930
Investment Property	65,757	-	-	(1,711)	481	64,527
Parsonage Reserve	3,689	7,957	(32)	(403)	1,729	12,940
Fund Operational Property Reserve	4,766	1,485	-	1,882	(946)	7,187
Investment Property Reserve	2,481	2	(72)	-	(481)	1,930
Inspection and Maintenance Funds	310	-	-	-	837	1,147
Designated Trusts	759	19	(11)	22	-	789
Mission Opportunity	176	-	(69)	(31)	424	500
Bishop of London's Mission Fund	179	29	(192)	-	250	266
Clergy Training and Support	420	7	(20)	(33)	-	374
Area Pastoral Funds	1,366	2	(207)	105	381	1,647
Area Bank Accounts	125	45	(38)	-	-	132
Diocesan Loan Capital	4,634	-	-	(166)	(2,314)	2,154
Strategic Development Reserve	2,030	193	(170)	-	(1,553)	500
Clergy Pension Deficit Reserve	(3,422)	-	(29)	(83)	1,593	(1,941)
Lay Church Workers Pension Fund Deficit Reserve	-	-	-	(23)	-	(23)
Total Designated Funds	150,747	9,843	(2,066)	1,302	1,093	160,919

Notes to the financial statements

13a(ii).Designated Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Capital Vision 2020	-	-	421	-	**421**
Richard Chartres Fund for London	-	-	19	-	**19**
Capital Strategy Fund	-	6,903	(5,483)	-	**1,420**
Operational Property	**75,873**	-	-	(8,943)	**66,930**
Investment Property	**64,528**	-	-	-	**64,528**
Parsonage Reserve	-	1,921	11,019	-	**12,940**
Fund Operational Property Reserve	-	11,747	(4,301)	-	**7,187**
Investment Property Reserve	-	-	1,930	-	**1,930**
Inspection and Maintenance Funds	-	-	1,147	-	**1,147**
Designated Trusts	-	670	119	-	**789**
Mission Opportunity	-	147	353	-	**500**
Bishop of London's Mission Fund	-	-	687	-	**266**
Clergy Training and Support	-	382	(8)	-	**374**
Area Pastoral Funds	-	656	1,432	-	**1,647**
Area Bank Accounts	-	-	132	-	**132**
Diocesan Loan Capital	-	2,769	(615)	-	**2,154**
Strategic Development Reserve	-	-	500	-	**500**
Clergy Pension Deficit Reserve	-	-	-	(1,941)	**(1,941)**
Lay Church Workers Pension Fund Deficit Reserve	-	-	633	(656)	**(23)**
Total Designated Funds	**160,534**	**25,195**	**7,986**	**(11,540)**	**160,919**

(j). Restricted Funds

	At 1 January 2020	Income *	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Sole Trust Expendable Funds (inc. ALMA)	**8,746**	412	(881)	(473)	(199)	**7,605**
Closed Church Buildings Fund	**1,062**	3,854	(1449)	75	597	**4,139**
Closed Church Buildings Operational Property	**2,731**	-	-	-	(597)	**2,134**
Closed Church Buildings Investment Property	**7,396**	-	-	2,906	-	**10,302**
Closed Church Buildings Investment Reserve	**2,554**	-	(42)	-	-	**2,512**
Area Church Building Fund	**590**	-	-	-	-	**590**
Strategic Development funds	**195**	2,557	(2,638)	-	(13)	**101**
Projects restricted fund	**347**	2,551	(2,601)	-	-	**297**
Bishops' secretaries fund	-	295	(295)	-	-	-
Total Restricted Funds	**23,621**	**9,668**	**(7,905)**	**2,508**	**(212)**	**27,681**

Notes to the financial statements

17. Prior year comparatives (continued)

13b(ii). Restricted Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Sole Trust Expendable Funds (inc. ALMA)	-	6,665	941	-	**7,606**
Closed Church Buildings Fund	-	1,168	3,734	(763)	**4,139**
Closed Church Buildings Operational Property	**2,134**	-	-	-	**2,134**
Closed Church Buildings Investment Property	**10,302**	-	-	-	**10,302**
Closed Church Buildings Investment Reserve	-	-	2,512	-	**2,512**
Area Church Building Fund	-	-	590	-	**590**
Strategic Development funds	-	-	101	-	**101**
Projects restricted fund	-	-	297	-	**297**
Bishops' secretaries fund	-	-	-	-	-
Total Restricted Funds	**12,436**	**7,833**	**8,175**	**(763)**	**29,969**

(k). Endowment Funds

	At 1 January 2020	Income*	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Expendable Endowment						
Glebe Operational Property Fund	**28,329**	-	-	-	(300)	**28,029**
Glebe Investment Property Fund	**30,593**	-	-	(1,582)	340	**29,351**
Glebe Investment Fund	**10,501**	4,027	(41)	(1,393)	300	**13,394**
Glebe Investment Property Reserve	**29**	-	(121)	-	(340)	**(432)**
Parsonage House Capital	**219,390**	-	-	-	(1,729)	**217,661**
Permanent Endowment						
Sole Trust Permanent Endowment	**6,091**	-	-	(605)	-	**5,486**
Total Endowment Funds	**294,933**	**4,027**	**(162)**	**(3,580)**	**(1,729)**	**293,489**

Notes to the financial statements

	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Expendable Endowment					
Glebe Operational Property Fund	**28,028**	-	-	-	**28,028**
Glebe Investment Property Fund	**29,351**	-	-	-	**29,351**
Glebe Investment Fund	-	6,636	6,809	(51)	**13,394**
Glebe Investment Property Reserve	-	-	(432)	-	**(432)**
Parsonage House Capital	**217,661**	-	-	-	**217,661**
Permanent Endowment					
Sole Trust Permanent Endowment	-	5,486	-	-	**5,486**
Total Endowment Funds	**280,481**	**12,122**	**6,377**	**(51)**	**293,488**

Notes to the financial statements

Custodian Trusts – Custodian Trustee Report and Non-Statutory Financial Statements for the year ended 31 December 2021

The following pages do not form part of the statutory financial statements of the London Diocesan Fund for the year ended 31 December 2021

Contents	Page
Report of the Custodian Trustee	**65**
Non-Statutory Financial Statements	**66**
Notes to the Custodian Trusts Financial Statements	**67**
Independent Auditors' Report to the Custodian Trustee of the Funds	**70**

Report of the Custodian Trustee

The council of the London Diocesan Fund, usually acting as Custodian Trustee under ecclesiastical and UK law, presents the report and non-statutory financial statements for the year ended 31 December 2021.

Legal Status
Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as Diocesan Authority (in effect, custodian trustee) of parish buildings and land. It also acts as custodian trustee for monies held on specific trust. These pages report the specific trust holdings only and provide an aggregation of the financial assets of some 103 separate trusts (111 in 2020). Land and building assets held by the London Diocesan Fund as Diocesan Authority are not shown.

Certain title and trust deeds are held in the name of the Bishop of London's Fund. This is a corporate body that pre-dated the formation of the London Diocesan Fund in 1918 and in which some property and capital were vested. For day to day purposes, its activities have been subsumed into the London Diocesan Fund since 1 January 1918.

Review of the Year
Total incoming resources from interest and dividends for the period was £0.5m (2020: £0.5m)

Funds continue to be expended in line with the purposes for which they were intended, with £1.1m expended for charitable purposes during 2021 (2020: £0.8m). The funds expended vary year on year in line with the specific needs of the managing trustee bodies.

The overall value of funds held by the London Diocesan Fund as custodian trustee at 31 December 2021 was £20.7m (2020: £19.1m). The increase of £1.6m from the prior year is mainly attributable to an increase in the market value of share funds.

Statement of Custodian Trustee's responsibilities
The Charities Act 2011 requires managing trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the funds and of their incoming resources and application of resources, including their income and expenditure.

The Custodian Trustee has chosen to prepare these statements in accordance with the Charities Act 2011. In preparing these financial statements in accordance with the Charities Act 2011, the Custodian Trustee is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

The Custodian Trustee is responsible for keeping proper accounting records with respect to the transactions and the financial position of the funds and to enable them to ensure that the financial statements comply with the Charities Act 2011. The Custodian Trustee has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the funds and to prevent and detect fraud and other irregularities.

Jacquie Driver
Chair of the Diocesan Finance Committee and Lay Vice-Chair of Bishop's Council
5 May 2022

Non-Statutory Financial Statements of the Custodian Trusts

Statement of Financial Activities – for the year ended 31 December 2021

	Permanent Endowment Fund £m	Restricted Capital Fund £m	Restricted Unexpended Income £m	Total 2021 £m	Total 2020 £m
Income and endowments from:					
Investment income	-	-	0.1	**0.1**	**0.1**
Income direct to beneficiaries	-	-	0.4	**0.4**	**0.4**
Total income	**-**	**-**	**0.5**	**0.5**	**0.5**
Expenditure on:					
Income paid to beneficiaries	-	-	(0.4)	**(0.4)**	**(0.4)**
Objects of the trusts	(0.2)	(0.4)	(0.1)	**(0.7)**	**(0.4)**
Total expenditure	**(0.2)**	**(0.4)**	**(0.5)**	**(1.1)**	**(0.8)**
Net (expenditure) before investment gains	**(0.2)**	**(0.4)**	**-**	**(0.6)**	**(0.3)**
Net (losses)/gains on investment assets	1.9	0.2	-	**2.1**	**0.1**
Net (resources expended)/incoming resources for the year	1.7	(0.2)	-	**1.5**	**(0.2)**
Transfers between funds	-	-	-	**-**	**-**
Additional new resources	-	0.1	-	**0.1**	**-**
Net movement in funds for the year	1.7	(0.1)	-	**1.6**	**(0.2)**
Reconciliation of funds:					
Funds at 1 January 2021	**15.4**	**2.8**	**0.9**	**19.1**	**19.3**
Funds at 31 December 2021	**17.1**	**2.7**	**0.9**	**20.7**	**19.1**

Custodian Trusts Balance Sheet – as at 31 December 2021

	Notes	Total 2021 £m	Total 2020 £m
Assets			
Fixed Asset Investments	2	**19.8**	**18.2**
Current Asset Investments	3	**0.9**	**0.9**
Net Assets		**20.7**	**19.1**
Funds			
Permanent Endowment	2	**17.1**	**15.4**
Restricted - Capital	2	**2.7**	**2.8**
Restricted – Unexpended Income	3	**0.9**	**0.9**
		20.7	**19.1**

The notes on pages 67 to 69 form part of these non-statutory financial statements. The non-statutory financial statements of the custodian trustee were approved by the Diocesan Bishop's Council acting as custodian trustee on 5 May 2022.

Jacquie Driver
Chair of the Diocesan Finance Committee
and Lay Vice-Chair of Bishop's Council

The Revd Christopher Trundle
Clerical Vice-Chair of Bishop's Council

Notes to the Custodian Trusts Financial Statements – for the year ended 31 December 2021

1. Accounting policies

These non-statutory financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice, 'Accounting and Reporting by Charities'. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

a. Basis of Preparation

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as custodian trustee of parish buildings and land. The London Diocesan Fund also acts as custodian trustee for monies held on trust. These pages report the specific trust holdings only and provide an aggregation of the transactions and balances of the financial assets of some 103 trusts (111 in 2020).

The Balance Sheet as at 31 December 2021 has been prepared, together with a Statement of Financial Activities, which analyses the movement in funds. Comparative figures for 2020 have been provided.

The non-statutory financial statements have been prepared on a basis consistent with figures included in the LDF's Balance Sheet. As custodian trustee, the LDF prepares these non-statutory financial statements on the historical cost basis of accounting, adjusted for the revaluation of investment.

As the LDF has no day to day control over their disposition, custodian trusts are not included within the LDF's main figures.

A cash flow statement has not been prepared as the custodian trustee considers that each custodian trust meets the criterion of a 'small' company for this purpose.

A specific trust bank account is maintained for trust transactions. Each trust has its own designated investment ledger and account codes.

It is the LDF's policy that where possible all income should go directly to the beneficiaries.

b. Fund Balances

All funds are subject to the specific conditions imposed by the donor or by the terms of the trust deed or other applicable legal instrument. The expendable capital funds and unexpended income are classified as restricted funds. Endowment funds are funds subject to the condition that they be held as permanent capital.

Income and expenditure on restricted funds are taken directly to the appropriate fund except to the extent that income is freely available to the managing trustees; and unexpended income from endowment assets is carried forward as a restricted fund.

c. Investment Income

Dividend and interest income is accounted for on a receipts basis. Rental income is accounted for on an accruals basis.

d. Other Income and Expenditure

Additional capital represents capital introduced to an existing custodian trust, or the creation of a new trust. Expenditure on objects of the trusts represents the spending of capital and income in line with the terms of the trust deed or other applicable governing instrument.

e. Investments

Investments are stated at market value, calculated by reference to the mid-market value at 31 December. Realised and unrealised gains or losses on investments in the year are credited to the appropriate funds.

2. Fixed Asset Investments represented by Permanent Endowment Capital

	1 January 2021	Additions	Disposals	Unrealised Gains/(Losses)	Other Asset/ Liability Movements and Transfers	31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Listed Investments	**19**	-	(19)	-	-	**-**
M&G Charifund	**3,698**	200	(298)	478	-	**4,078**
Investments held by CCLA:						
CBF Fixed Interest	**20**	-	-	(2)	-	**18**
CBF Investment Fund	**9,732**	79	(407)	1,342	(3)	**10,743**
CBF Property Fund	**129**	-	(15)	17	-	**131**
CBF Deposit Fund	**1,807**	420	(40)	-	(29)	**2,158**
Other Assets/(Liabilities)	**46**	-	-	-	(46)	**-**
	15,451	**699**	**(779)**	**1,835**	**(78)**	**17,128**
Fixed Asset Investments represented by Expendable Capital						
M&G Charifund	**219**	-	-	30	-	**249**
Investments held by CCLA:						
CBF Fixed Interest	**169**	-	-	(12)	-	**157**
CBF Investment Fund	**1,702**	-	(294)	202	3	**1,613**
CBF Deposit Fund	**600**	96	(71)	-	29	**654**
	2,690	**96**	**(365)**	**220**	**32**	**2,673**
Total Fixed Assets	**18,141**	**795**	**(1,144)**	**2,055**	**(46)**	**19,801**

3. Current Asset Investments represented by Unexpended Income from Permanent Endowment Assets

	1 January 2021 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2021 £'000
Listed Investments	**3**	-	(3)	-	-	-
M&G Charifund	-					
Investments held by CCLA:						
CBF Investment Fund	**245**	4	(6)	34	-	**277**
CBF Deposit Fund	**662**	110	(151)	-	-	**621**
	910	**114**	**(160)**	**34**	**-**	**898**

Current Asset Investments represented by Unexpended Income from Expendable Capital Assets

	1 January 2021 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2021 £'000
Investments held by CCLA:						
CBF Investment Fund	**2**	-	-	-	-	**2**
CBF Deposit Fund	**19**	12	(5)	-	-	**26**
	21	**12**	**(5)**	**-**	**-**	**28**
Other Assets/(Liabilities)	**2**	-	-	-	-	**2**
Total Current Assets	**933**	**126**	**(165)**	**34**	**-**	**928**
TOTAL	19,074	**921**	**(1,309)**	**2,089**	**(46)**	**20,729**

Independent Auditors' Report to the Custodian Trustee of the Funds

We have audited the non-statutory financial statements of Custodian Funds for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Custodian Trustee as a body. Our audit work has been undertaken so that we might state to the Custodian Trustee 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 Custodian Trustee as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors
As explained more fully in the Statement of Custodian Trustee's Responsibilities set out on page 64, the Custodian Trustee is responsible for the preparation of the non-statutory financial statements which give a true and fair view.

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

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

Opinion on the non-statutory financial statements
In our opinion the non-statutory financial statements give a true and fair view of the financial position of the Custodian Funds as at 31 December 2021 and of their incoming resources and application of resources for the year then ended.

Haysmacintyre LLP
Statutory Auditor
10 Queen Street Place, EC4R 1AG

5 May 2022

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE LONDON DIOCESAN FUND

England & Wales - Charity number 241083

Accounts

DIOCESE OF
LONDON

THE LONDON DIOCESAN FUND

Trustees' report
and financial statements
for the year ended
31 December 2020

The purpose of the London Diocesan Fund is
to do everything that we can to support the mission and growth of the Church in London



Capital Vision 2020 – a vision of a Church that is Christ-centred and outward looking

Company number: 150856
Registered Charity number: 241083
www.london.anglican.org

Contents

Trustees' Annual Report

Financial Summary 2020	page 3
Strategic report	page 4
Achievements and performance	page 4
Financial review	page 12
Governance, structure & management	page 19
Statement of trustees' responsibilities	page 23
Appendices: committee membership and administrative details	page 24
Independent Auditors' Report to the Members of the London Diocesan Fund	page 27

Financial statements

Statement of financial activities	page 30
Balance sheet	page 31
Summary income and expenditure account	page 32
Cash flow statement	page 32
Notes to the financial statements	page 33

Financial Summary 2020

2020 has been dominated by the global pandemic which has impacted all activities of the LDF and the parishes within the Diocese. Changes in how and where people are working has had a profound effect, with central business districts empty of workers and tourists. Churches have adapted to life on-line and meeting local need by, for example, hosting food banks and providing vaccination facilities. We are extremely grateful to all the parishes who have continued to contribute Common Fund during 2020 which has enabled mission and ministry to continue throughout London at this key moment. The LDF has been able to cover the gap where parishes became unable to contribute their original pledged amount.

Across all funds the LDF is reporting an operating deficit of £2.8m before transfers and gains in 2020. Total income decreased by £2.4m and total resources expended also decreased by £0.6m, increasing the deficit by £1.8m.

During the year the LDF recognised £16.7m of realised gains (2019: £3.3m) on tangible fixed assets, resulting from the reshaping of the property portfolio. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over time.

Therefore, the accounts show an overall increase in the value of all funds of £14.4m for the year to £487.2m (2019: £472.8m). The following table summarises the financial position:

	2020 £m	**2019 £m**
Operating Deficit	**(2.8)**	**(1.0)**
Pension deficit movements	**(0.1)**	**5.7**
Sub-total	***(2.9)***	***4.7***
Other recognised gains and losses:		
Net gains/(losses) on investments	**(0.5)**	**7.8**
Unrealised gains on tangible fixed assets	**1.1**	**4.0**
Realised gains on tangible fixed assets	**16.7**	**3.3**
Net movement in funds for the year	**14.4**	**19.8**

General Fund

The LDF has normally achieved a balanced position for its general fund but in 2020 there was a deficit before year-end adjustments of £2.3m, mainly the result of significant reductions in contributions from parishes. It is crucial that the LDF uses reserves to support parishes while they adapt and recover. We have transferred £3.5m from reserves to strengthen the general fund position in anticipation of a further deficit in 2021.

Income decreased by £2.4m from £39.9m to £37.5m.

Donations from parishes through the Common Fund decreased by 8% to £22.6m (2019: £24.5m). Income from investments fell by 30% to £1.2m (2019: £1.7m) and property rentals by 7% to £3.9m (2019: £4.4m). A further £4.2m (2019: £3.8m) was received in reimbursements from parishes towards locally supported clergy costs. Trust and other income in our Statement of Financial Activities included donations generously provided from the City Church Fund (administered by the Trust for London) of £2.1m (2019: £1.8m).

Expenditure decreased by £1.1m from £38.1m to £37.0m.

Significant expenditure streams continue to be ministry costs of £24.0m (2019: £23.3m) and clergy housing and property costs of £6.5m (2019: £8.2m). Some planned property costs have been deferred until 2021 due to lockdown restrictions in 2020 and £0.8m has been transferred to Maintenance Funds to cover the backlog.

Strategic Report

The Church of England in London is vibrant and at the heart of communities within our Diocese. The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the London Diocesan Fund (LDF) helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. In doing so it provides a benefit to the public throughout the LDF's activities. These activities are set out in more detail in the following report, and public benefit is considered in more detail on page 21.

Purpose of the London Diocesan Fund (LDF)

The purpose of the LDF is to do everything we can to support the mission and growth of the church in London. Within this overarching purpose, the LDF had five major objectives in 2020:

1) Delivering Capital Vision 2020 successfully,
2) Investing in establishing a Christian presence in major new housing development areas,
3) Encouraging growth in lay discipleship and leadership, and promoting diversity,
4) Investing in the well-being of our clergy and chaplains - the people in whom we invest most of our financial resource,
5) Developing existing and new services to support our clergy and parishes well

All five of these objectives are underpinned by the **running of an effective organisation.**

The LDF also had to respond to the Covid-19 pandemic, which did not change the LDF's core purpose but did shape how activities were delivered during the year.

Achievements and Performance

1) Delivering Capital Vision 2020 successfully

The Diocese of London's 'Capital Vision 2020' strategy emerged from listening to almost 2,000 people from across the Diocese. In its final year of Capital Vision, we took a comprehensive look at the overall impact of the programme, learned key lessons for our 2020 Vision and prepared a smooth closure and transition to Vision 2030.

The key themes of Capital Vision 2020 were:

- We will be more ***confident*** in speaking and living the Gospel of Jesus Christ.
- We will be more ***compassionate*** in serving communities with the love of God the Father.
- We will be more ***creative*** in reaching new people and places with the Good News in the power of the Spirit.

In 2019, our *Listening to London, Listening to God* survey reached 6,000 people in the diocese who responded to what they felt God is calling the Church of England in London to prioritise over the next decade, building on what has come before. This report primarily focuses on the cumulative impact of Capital Vision 2020 throughout the lifetime of the programme since 2013 and including 2020. A full 'CV2020 impact and lessons learned report' can be made available upon request. Vision 2030 is described in further detail in the Future Plans section of this report.



In order to be ***Confident in speaking and living the Gospel of Jesus Christ*** by 2020 we aimed to:

1) Communicate the Gospel more effectively, using the opportunities offered by new media

2020 saw an acceleration of this work with the Diocese's own social media platforms now showing a total of 10,900+ Twitter followers (over 200% growth since 2013, the start of Capital Vision 2020), 3,076+ Facebook likes (over 550% growth since 2013), 1,314+ Instagram followers (over 550% growth since 2013) and 1,423+ listens to a new podcast series (within 6 months). We have started a digital and social media learning network with over 140 people involved in the regular events and communications, exchanging best practice. Most churches are now streaming live, online, due to Covid-19, which has boosted access. The Senior Staff have also increased their digital presence primarily through two campaigns – at Easter and Thy Kingdom Come in May. Every new incumbent now receives digital impact training.

2) Equip and commission 100,000 Ambassadors representing Jesus Christ in daily life

Forty thousand people were commissioned to serve as Christ's Ambassadors in London in their homes and workplaces. Half of all churches have engaged with the initiative overall, with a significant number of the remaining parishes encouraging and resourcing lay witness in other ways. The 2030 Vision team has built the Confident Disciples programme as one of three key ambitions to 2030 – aimed at bringing about culture change in parishes and the diocese so that discipleship is core to activity, measured and new initiatives are encouraged in partnership with our GROW course, London Institute for Contemporary Christianity and other providers. We have built on the Ambassadors legacy with a refreshed website full of resources and tools to aid growing disciples and making it central to church life and leadership.

3) Invest in leadership and increase the number of ordinands by 50%

Since the launch of Capital Vision 2020, the number of London ordinands beginning training has increased by over 50%, with 70 additional ordinands having started training in autumn 2019 compared to 2013. 47% of 2019 starters were women and 9% were BAME. We successfully ran six Riverside Leadership Programmes, roughly every 18 months, day long clergy conferences, on promoting vocations, recruited and trained more Area Directors of ordinands (now 47 in 2020, up from 25 in 2016), and recruited someone to focus solely on the discernment and vocational process.



In order to be ***Compassionate in serving communities with the love of God the Father*** by 2020 we aimed to:

4) Enable new initiatives to fight poverty, inequality and injustice in London and worldwide, including our joint venture with the Church Urban Fund, Capital Mass

Capital Mass was launched in 2015 as a joint venture with the Church Urban Fund, aiming to engage and support every parish in the Diocese of London in tackling poverty and the causes of poverty. In 2020 it was decided to begin the process of moving the initiative into the diocese under the banner of Compassionate Communities – one of our three ambitions to 2030. We discerned six areas we will focus on in particular as well as responding to the social needs arising from Covid-19:

1. Caring for God's Creation – responding to the climate crisis
2. Mental health and wellbeing

3. Modern Day Slavery and refugees
4. Debt
5. Youth violence and knife crime
6. Homelessness and housing

An impact analysis report on compassionate work undertaken across the Diocese was undertaken, some of which was supported and enabled by Capital Mass. The report found:

- There are over 1,600 (average of 4 per church) compassion projects or ministries serving their local communities each year. Each of our parishes provides at least one service which seeks to serve the isolated. These include older people's drop-ins, community drop-ins, home visits and more.
- 75% of respondents indicated that over half of the projects had no paid workers and that the remaining 47% reported having between 1-5 paid workers. Only one project had more than 5 staff involved. If these figures are representative and replicated across all parishes it would mean church projects are employing between 1,000 - 2,000 staff roles and 12,000 volunteer roles. Together, they are expected to be reaching around 40,000 people at any one time.
- Of those who attended and received training and support provided by Capital Mass (the Diocese of London's Compassion team), 92% surveyed reported an increase in volunteering hours to tackle poverty in London.

Capital Mass also held around 12 speaking engagements each year around the compassionate themes, created over 30 films and posted 20 blogs to equip churches, developed relationships with 26 organisations, including some on a more significant level through responding to the Covid-19 crisis.

5) Open up our church buildings to the wider community

By 2017, 38% of churches reported being open to the public five days a week - the vast majority of which are in London Underground zones one and two. However, in 2018 progress slowed as fewer churches were open and resource-ready to open their doors in new ways. We are also aware of the difficulties many churches further out from central London (in Underground zones three to six) face in staffing open buildings, and in attracting a suburban public. In 2019 it was felt that the majority of the benefits were successfully achieved in the early years of Capital Vision 2020 and any further success would be more likely to come from local parishes as part of their day-to-day witness. As a result, ongoing intentional investment in this project came to end in 2019.

6) Strengthen links between schools and their local Christian communities

Overall, despite a few challenges along the way, this is a Capital Vision 2020 project which has been partially achieved. A Kensington Episcopal Area Schools mission was held in 2018, reaching approximately 4,000 through assemblies and other activities. Edmonton and Two Cities Episcopal Areas were due to host one mission each in 2020 but have been postponed due to Covid-19. Annual conferences were held for school chaplains and youth workers working in schools with 60-70 people attending each. A bridge has been built between schools and the LDF youth team, enhancing our relationship with schools. 26 chaplains are now actively and regularly supported by the Diocese, with several positive outcomes emerging as a result. One example is the high percentage of Spark fund applications (funding youth-initiated youth projects) being received off the back of learner's relationships with their chaplains. 90 head teachers and governors engaged in developing the new 2030 vision for schools with the Bishop of London, including how the church can work better with schools and develop faith at home for young people. The new Chair of London Diocesan Board of Schools is now working to unite the LDBS strategy into the Growing Younger priority within the diocesan 2030 Vision.



In order to be ***Creative in reaching new people and places with the Good News in the power of the Spirit*** by 2020 we aimed to:

7) Double the number of young people involved in local Christian communities

Overall, this Capital Vision 2020 (part SDF funded) project struggled with its target - to double the number of young people (11-18 year olds) from 2,000 to 4,000. The baseline of 2,000 set in 2013 was found not to be reliable. Patchy data and data collection challenges also made trying to assess the changes in numbers of young people across the Diocese difficult. Therefore, in 2017 the team redefined Capital Youth, their objectives and improved impact measurement. Findings show the work they were involved with made a significant impact to growing numbers of youth in church communities:

Numbers of children and young people have been maintained in the Diocese, against a backdrop of decline in other dioceses. Five Youth Minsters engaged over 470 young people in weekly faith-based activities (as of March 2020 - up from 200 in 2017). Youth Minsters, which focus on resourcing parishes to grow and reach unchurched youth, have increased volunteer teams by at least 50 and a new, fifth, Youth Minister was launched at the end of 2020 – St John's Hackney. 20 people have completed the Youth Ministry Toolkit. Eight Apprentices have graduated and four more have been recruited in 2020. 11 apprentice parishes engage around 300 children and young people, weekly. Apprentices are also in contact with a further 300+ in various, creative ways. 37 young people are leading missional Spark Fund projects (engaging their friends and peers in faith), reaching over 300 young people to date. 52 clergy have completed youth ministry training with the majority having either further invested in existing children's work (to ensure better transition into more sustainable youth ministry) or developed new youth initiatives since. A Children and Youth stream of the Church Planting Course now exists and in 2020 we created an online learning platform for children and youth ministry with high initial take up in the first month.

The Kirby Laing Foundation awarded £60,000 over three years to a project at Saint Augustine's Grahame Park for Youth Ministry through Music and Arts, with grant instalments paid in 2018, 2019 and 2020. The project has enabled the parish to engage with local children and young people through art and music, and has continued throughout the Covid-19 pandemic with virtual guitar lessons and YouTube art sessions which have now expanded to include parents as well as children.

The Apprenticeship programme will continue in 2021 with the generous support of Allchurches Trust and the Joseph Rank Trust.

8) Create or renew 100 worshipping communities

Overall, this Capital Vision 2020 project was not far from reaching the ambitious target it had been set. The LDF is very grateful to the Archbishops' Council for the generous Strategic Development Fund grant which was awarded to support this ambition. We have had some great successes including:

- 80 New Worshipping Communities established
- Most individual New Worshipping Communities (NWCs) surveyed doubled in size:
    - i. Average Weekly Attendances saw 6 churches contract, 2 stay the same and 16 grow between 5%-475%
    - ii. Membership saw 5 churches contract and 19 increase between 20% -850%.
    - iii. Growth was not limited to one type or size of church
- NWCs are correlated with increased giving at a rate that outstrips the wider Diocese: NWC parishes have increased contributions from 4% to 6% of Diocesan parish giving (£1.5m out of £35.1m)
- NWCs show commitment to both discipling the newcomer as well as deepening the faith of those already committed. Multiple communities reported an increase in the number of leaders within their communities. Survey respondents often emphasised depth and offered caution around size/numbers as the main measure of success, not least because the NWC journey is long and requires patience.
- Establishing regular, active Deanery engagements (across all Deaneries) - allowing people an avenue through which they were able to participate. It provided a space through which people were given: Permission, Partnerships & Possibilities to make things possible/ happen.

- Established the GROW course, with over 70 parishes undertaking training in growing in depth, impact and numbers

The work is supported by the Gregory Centre for Church Multiplication (CCX) which is overseen by the Bishop of Islington. The CCX team supports the Diocese's goal of creating New Worshipping Communities across the capital. by supporting leaders and church teams across London, as they look to multiply disciples, churches and networks. The trustees of the LDF are grateful for the ongoing support of Allchurches Trust who have supported the church planting work for three years, enabling leaders to be identified, equipped and supported as they plant new churches, and for their inspiring stories to be shared. The Porters Trust has also generously supported this work and in particular has enabled the engagement of two trainers for the Plant course.

9) Engage more closely with sport and the creative arts

Sports:

In 2020 the Diocese's track record in Sports led to us being asked to shape National Church's sports approach & framework, building on our success under Capital Vision. Overall, the project achieved a network of circa 250 people who are interested in, delivering or passionate about sports ministry. Both Hoxton & Bushy Active Sports & Wellbeing Hubs have been established as pioneering models others can learn from, with some investment behind them. We hosted three Sports Ministry Partners conference and presented at many more , established strong relationships across the sports ministry sector especially with the parachurches. Kick is a Christian Charity based in London providing primary and secondary schools with high quality values-based sports coaching, street dance and solutions focused mentoring and sports chaplaincy. They look to build relationships and work with local churches to equip them to run additional sporting provision at the weekend, currently operating mentoring and sporting activity in 35 schools across the diocese. This includes 28 LDBS schools, reaching 4,400 young people. The Kensington Area was announced in 2020 as one of the five Church of England sports and wellbeing pilot Areas, until 2023. We have moved the dial from thinking about traditional men's sport ministry to be talking about sporting activity and wellbeing for all.

Arts:

In 2019, due to lack of volunteer energy, we closed our Arts project - apart from the support given to the Missioner to the Creatives who runs The Haven London, an independent charity. The Haven's work has led to 512 individuals receiving over 2000 hours of pastoral support (over 6% of all creatives working in London struggle predominantly with suicidal thoughts, anorexia and mental health issues).

10) Each pray for at least seven people that we may share with them the story of our faith (Pray for Seven)



As in previous years, during 2020 we joined in with the Archbishops' call to prayer, 'Thy Kingdom Come', linking this to the Pray for Seven initiative. We ran a social media campaign highlighting prayer for Christians in 'essential services' - on the front line of the Covid-19 pandemic. We also ran live online prayer events over Easter, hosted by the Bishops and Archdeacons.

2) Investing in major new development areas

Over the last five years we have built new churches in Millwall and Tottenham Hale and supported the parish of St Barnabas Finchley in its complicated move to a major new church building. The final project of the programme has been the building of a barge, named the Genesis, to be moored on the River Lee Navigation next to the Queen Elizabeth Olympic Park.

The building of the Genesis has taken a year longer than originally planned but it was exciting for it to be delivered to its mooring at Here East in early September. It has already made an impact in the local riverside community but its use has had to be limited due to Covid-19 restrictions on how many people can meet in an indoor space. As we hoped, it has generated significant positive national and local media interest. In October the Guardian ran a full page article entitled 'Heaven and Hull'. In the article it said "Mission Genesis is the latest chapter in the Diocese of London's increasingly entrepreneurial and agile approach, trying to juggle expansion in some areas while maintaining a vast estate of leaky and underused buildings in others." The boat was developed in close collaboration with Turks Shipyard and naval architect Tony Tucker, and funded through generous contributions from The Mercers' Charitable Foundation, The Garfield Weston Foundation Allchurches Trust, The John and Diana Kemp-Welch Charitable Trust, The Wates Family Enterprise Trust and The Jerusalem Trust, as well as many who gave anonymously.

Subject to finalising snagging issues we have now brought this programme of investing in major new development areas to a close. Our focus for the next period will be on how we work with our parishes to support the regeneration of some of our existing church buildings.

3) Lay Discipleship and diversity

The LDF continues to seek ways to enhance Lay Leadership, Lay Ministry and Lay Discipleship. These areas feature highly in planning for our 2030 Vision. A small group under the leadership of the Bishop of London is focusing on ways of increasing our offering for Lay Discipleship. The St Edmund's Course in Lay Discipleship has continued to attract good numbers; this has been further enhanced by an additional online version of the course. The St Edmund's Course is also seeing increasing numbers go forward for Licensed Lay Ministry. We continue to work with St Mellitus College in training candidates for Licensed Ministry, giving us two pathways for training LLMs.

Vocational discernment for ordained and lay vocations has particularly focused on underrepresented groups. We are pleased to see a small increase in the number of people of colour being selected for ordained ministry, but we still have a long way to go in this area. Concern is expressed concerning the small number of people coming forward for ministry amongst those from estates ministry backgrounds, and those with disability. We are delighted to be working with St Mellitus College on the Peter Stream initiative which equips and enables people from underrepresented groups to move forward in ministry and vocation. Addressing diversity issues also features highly in our 2030 Vision.

4) Clergy Wellbeing

During the past twelve months the emphasis of our work in relation to clergy wellbeing has been on support through the Covid-19 pandemic. The first lockdown coincided with the launch of a general 'Wellbeing' section on the Diocesan website, where resources were quickly added for clergy and clergy households which focus specifically on the challenges of the pandemic and lockdown, covering: physical and mental health, living alone, thoughts and reflections, culture, and the care of children in lockdown, as well as signposts to sources of help with pastoral crises related to housing, alcoholism and domestic abuse.

A reference group was set up to advise on the support needs of clergy taking funerals in the time of Covid-19, and evolved to offer wider advice around pastoral care of clergy as the pandemic lengthened. The group identified that pastoral care from senior clergy is for many the most significant factor in wellbeing during such times, together with therapeutic support which can be easily and anonymously accessed. Various offers of such support have been communicated via Virtual Parish News, social media and the Diocesan website. Offers of facilitated process groups have been rolled out in each Episcopal Area in recent months, with the purpose of reflecting with colleagues and supporting one another in these challenging times.

Wellbeing has been a key theme in messages from individual Bishops to their episcopal Area and from the Bishop of London to the Diocese as a whole. Webinars and podcasts have taken mental health and what we are learning through Covid-19 as key themes.

The College of Bishops and Archdeacons are grateful to the Henry Smith charity for providing funds to make grants for clergy welfare.

5) Developing new services to support our parishes
Our services to clergy, parishes and chaplaincies are part of the core of what we do, and run through all the teams that we operate centrally, including:

- HR support and advice
- Finance-related advice and stewardship
- Fundraising guidance and support
- Parish property projects guidance
- Support in local regeneration and developments.

Safeguarding remained a major focus in 2020, including consideration of the recommendations from the Independent Inquiry into Child Sexual Abuse (IICSA), as well as the continued roll-out of core training and improvement to systems. Due to the pandemic the delivery of face-to-face safeguarding training was suspended between March and July 2020. This training has been redesigned and is currently delivered by video-conference. A total of 334 people attended the training during 2020, and a programme of training is in place for 2021. In addition 1,521 DBS checks were completed during 2020.

A major safeguarding project in 2020 was the Past Case Review 2, which has involved the review of all clergy files by an independent reviewer. The review was almost complete by the end of 2020, but due to lockdown restrictions some files are being reviewed in 2021. By the time the review is completed, over 5000 files will have been reviewed by Independent Reviewers in line with the House of Bishops PCR2 Practice Guidance. All concerns which have been raised will have appropriate follow up.

During 2020 we aimed to rollout the Stewardship events following the successful pilot in 2019. Due to the lockdown restrictions, and the need to provide reactive advice to parishes, this Stewardship programme has been deferred until a future year. The Finance Advisers have been actively engaged with parishes throughout the year, providing support on a number of financial issues, and promoting digital giving.

In 2020 the church building condition survey was completed and presented to a number of LDF committees. A number of actions have been agreed in response to the report which will be implemented from 2021.

Net Zero Strategy and Carbon Reporting

In February 2020, the Church of England adopted a target of net zero CO2e emissions by 2030. This resolution was affirmed and adopted by Diocesan Synod in March 2020, as part of a revised Diocesan Environmental Policy. The policy confirms the LDF's commitment to environmental matters, and to coordinate efforts to work towards achieving Net Zero Carbon status by 2030.

This commitment is not new but continues the LDF's long term work to fulfil our duty to Care for God's Creation. The LDF has been very active in promoting an environmentally responsible agenda across parishes and extending into civil society and beyond. For example, from 2005 to 2019, there has been a reduction of 20.9% in energy use by churches in the Diocese (net of renewable energy), reducing net carbon footprint by 29.2%; this is a reduction in net annual footprint from 21,200 to 15,000 tonnes CO2e.

The LDF has also taken significant steps to improve the energy efficiency of the parsonage house portfolio. This has included a window replacement programme to install double glazing across the housing portfolio, a programme which is ongoing. In addition new parsonages were built to Code 6 of the Code for Sustainable Homes, and others since to the Passivhaus standard.

The LDF is not required to make disclosures under the new Streamlined Energy and Carbon Reporting (SECR) requirement. However, due to the LDF's commitment to reduce energy and carbon use, the intention is to make voluntary disclosures from 2021. The deferral in reporting until next year is to enable the collection of the appropriate data.

Responding to Covid-19

The Covid-19 pandemic continues to have a profound effect on the activities of the LDF and London parishes. In March 2020, no one could have predicted how long that marathon would turn out to be or the inexorable uncertainty it would bring to all our communities. The prime purpose of the LDF is to support the mission and growth of the church in London, and now, more than ever, has been an important time for the LDF to be able to support the clergy and parishes in the Diocese.

LDF trustees and senior management have been delighted and proud of the response that our clergy and lay staff have shown over the last year, dealing with the varied challenges that this crisis has presented. For several weeks at the start of the pandemic, London was ahead of the curve with the virus spread. Our senior clergy had to produce guidance for our churches, which was then used by other dioceses and by the national church. As the situation became more serious across the country, the national church took a lead in producing the instructional documents for parishes, and since May 2020 London diocese has pointed to the national Church of England website for the latest updates.

The response from our clergy and their communities to the pandemic has been nothing short of outstanding. They have adapted time and time again, many of them taking services online, creating community in the digital sphere, providing prayer and support through social media or their websites. We have seen services streamed through YouTube, Facebook, Instagram and Zoom, often reaching people who would not have gone to the physical church building. Bible studies and small groups have continued to meet online. Then, where possible, parishes have opened their buildings for private prayer or for services, in a socially distanced covid safe way. Many clergy have also made huge efforts to support the isolated in their communities – those who do not access to technology or the internet.

Parishes have continued with compassion ministries, with outreach projects such as food banks in more need than ever. The 'Love Christmas' campaign, initiated by Holy Trinity Brompton, encouraged churches to give gifts to the most vulnerable and isolated in their communities over the Christmas period, letting them know we stand with them and for them during such a difficult season.

At the end of December, St Margaret's Church in Edgware became the first COVID19 Asymptomatic test site for Barnet, testing members of the public who were not displaying virus symptoms.

Financially, challenges continue to be felt at all levels. For the LDF, Common Fund remains vital to the functioning of the Church in London, in order to continue to provide clergy stipends, housing and other support. Churches

are facing financial challenges across the Diocese, and the LDF has provided support to them in a variety of ways. This has included liaising with parishes about their financial situation, and agreeing to reducing Common Fund offers where appropriate. On a more positive note the Children and Youth team have provided a range of online support to children and youth workers across the diocese to support them in their ministry.

The priorities for the LDF over the past year in response to the pandemic have been:

- Actively monitoring the LDF's financial position, notably Common Fund receipts, and managing liquidity during this period of uncertainty. The trustees of the LDF are delighted that almost all parishes have continued to contribute to the Common Fund and nearly 90% of the amount offered was received during the year.
- Supporting parishes with move to online services, and advising on building security and serving local communities, as well as governance issues such as holding virtual PCC meetings.
- Adapting to remote working, with support from IT department, and introducing new tools to facilitate video conferencing and team collaboration across the LDF.
- Continuing to make the office space available to tenants, particularly to the London Diocesan Board of Schools who have been supporting their schools throughout the year

Running an effective organisation
Underpinning the key objectives and purposes of the LDF is the running of an effective organisation to support the mission and growth of the church in London.

The effectiveness of the LDF continues to be demonstrated through a wide range of areas, for example:

- smooth running of governance bodies and committee meetings, which transitioned well to virtual meetings during 2020;
- regular reporting to senior staff and trustees;
- regular financial reporting, including accurate and timely budgeting and management accounting;
- risk management;
- efficient process of receiving and agreeing Common Fund offers, as well as the monitoring receipt of Common Fund pledges;
- targeted support to parishes and clergy.

Financial Review

Financial summary

Total income decreased by £2.4m from £46.8m in 2019 to £44.4m in 2020. This is a modest decrease in light of the pandemic, and is due to the continuing generosity of the thousands of people in the parishes who support the LDF's work and the continued use of our capital assets to generate additional income. During the year, £2.6m (2019: £1.7m) was drawn down from the restricted Strategic Development funding awarded by the Church Commissioners.

Total resources expended decreased by £0.6m from £47.8m in 2019 to £47.2m in 2020, due to modest savings as a result of lockdown restrictions which deferred some planned activities.

The property team continued to manage the LDF's properties, providing the best possible service to clergy and parishes and maximising revenue from investment property and operational property temporarily not in use. Included in the activity were £16.7m of realised gains (2019: £3.3m) on tangible fixed assets, resulting from the reshaping of the property portfolio: a substantial part of this gain was reinvested in property as part of that reshaping. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over the time it has been owned by the LDF, which in some cases was several decades.

Net expenditure for the year before investment gains, and other recognised gains and losses, across all funds was £2.8m (2019: net expenditure of £1.0m).

The following table shows an overall increase in net assets of £14.4m for the year to £487.2m (2019: £472.8m).

	2020 £m	2019 £m
Net expenditure	**(2.8)**	**(1.0)**
Pension deficit movements	**(0.1)**	**5.7**
Sub-total	***(2.9)***	***4.7***
Other recognised gains and losses:		
Net gains/(losses) on investments	**(0.5)**	**7.8**
Unrealised gains on tangible fixed assets	**1.1**	**4.0**
Realised gains on tangible fixed assets	**16.7**	**3.3**
Net movement in funds for the year	**14.4**	**19.8**
Balances as at 1st January	**472.8**	**453.0**
Balances as at 31st December	**487.2**	**472.8**

Budget and outlook for 2021

The Covid-19 pandemic continues to have a profound effect on the activities of the LDF and London parishes. As the prime purpose of the LDF is to support the mission and growth of the church in London, now, more than ever, is an important time for the LDF to be able to support the clergy and parishes in the Diocese.

A deficit budget for the general fund has been set for 2021, which can be funded by redesignating some existing reserves, although this will reduce our capacity to respond to future mission and growth opportunities. The trustees and senior management have agreed to undertake a comprehensive review of all services and costs during the course of 2021 in order to agree the most appropriate organisational structure and priorities for future years. While it hoped to return to balanced budgets within the next couple of years, having reviewed cash reserves and financial projections, the Trustees are confident that the LDF finances are sufficiently robust to weather this ongoing uncertainty, and the Trustees have no doubts over the continued operation of the LDF.

In the midst of this extraordinary crisis, we look to deepen trust and dependence on God and to encourage each other in prayer and faith.

Policies

Reserves policy and management

At the end of the year to 31 December 2020 the LDF held net assets of £487.2m (2019: £472.8m), split between the various funds as shown in the table below:

Fund categories	2020 £m	2019 £m
General	5.1	3.6
Designated	160.9	150.7
Restricted	27.7	23.6
Endowment	293.5	294.9

General reserves are held to finance working capital requirements (principally stipends, salaries and property costs) not matched by simultaneous receipt of Common Fund and investment income. The policy was revised in 2020 in response to the greater financial volatility and uncertainty caused by the Covid-19 pandemic. Previously the policy was that General Fund (or free) reserves (unrestricted and undesignated) equivalent to approximately one month's expenditure should be held in cash or near cash. The policy from July 2020 is to hold General Fund reserves of c.£5.1m, which was calculated by reference to the expected deficits and the need for greater resilience over the next few years.

General reserves at 31 December 2020 were £5.1m (2019: £3.6m)

Designated reserves to the value of £160.9m (2019: £150.7m) are in four principal groups: clergy housing, investment property, clergy pension deficit reserve, and other funds, as follows:

- Operational property used to house clergy of £66.9m (2019: £64.5m).

- Investment property of £64.5m (2019: £65.8m), used to generate income for the following purposes:
    - To mitigate financial risk, such as significant changes in the environment in which the LDF operates and to protect the LDF from insolvency or serious disruption to its work.
    - To aid an equitable balance of expenditure between generations. Many of the assets used by the LDF today were provided by past generations and there is a need to preserve these assets for future generations.
    - To supplement the Common Fund in furtherance of the LDF's charitable objectives.

- The clergy pension deficit reserve which now stands in deficit of £1.9m (2019: deficit of £3.4m). Further details can be found within note 15(b).

- Other designated funds include the Diocesan Loan Capital fund of £2.2m (2019: £4.6m) used to provide loans to parishes, often to enable them to undertake major capital projects that would otherwise not be able to proceed and a Capital Vision 2020 reserve, which at 31 December 2020, had a value of £0.4m (2019: £1.0m). More information can be found in Note 13a.

- The remainder of the designated funds have a value of £29.2m (2019: £18.2m), many of which are gradually being exhausted as they are expended for the purposes for which they were designated. Some of these funds may be replenished over time by further donations and designations. More information can be found in Note 13a.

Restricted reserves with a value of £27.7m (2019: £23.6m) are restricted in their application in accordance with conditions specified by the donors, the main reserves being Sole Trust Expendable Funds, Closed Church Buildings Operational Property and Closed Church Buildings Investment Property. The funds include those managed by the Angola, London and Mozambique Association (ALMA) of £1.8m (2019: £1.8m).

Endowment reserves with a value of £293.5m (2019: £294.9m) mainly comprise of restricted expendable endowment funds. These include glebe assets, consisting of historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF, and Parsonage House capital, representing the net book value of freehold and leasehold benefice houses.

Investment policy and performance

The LDF regularly reviews its investment policy and receives periodic guidance from its Non-Property Investment Guidance Group and from the Property Guidance Group.

The overarching investment objective is to seek the maximum return over the long term, taking into account both income and capital appreciation, with minimum risk to the real value of the assets.

In relation to non-property investments the LDF currently seeks an income return of at least 3.5%, whilst at least maintaining the capital value of its non-property investments in real terms. The distribution yield in blended aggregate almost met the nominal target in 2020.

Targets set for the strategic allocation of assets between different classes of investment reflect the trustees' views on achieving the appropriate balance between returns and risks.

The LDF has an ethical investment policy which covers principally its non-property investments. The LDF will invest only in investment funds that have exclusions as set out in the table below. In instances where fund managers have such exclusions by practice rather than by policy, the LDF will continue to engage regularly with the fund managers and review the portfolio. It is recognised that there are few funds that comply entirely with these requirements, and therefore in practice the LDF policy divides investment types into two distinct categories:

- Absolute requirements: these are areas where the LDF will not invest unless the investment managers meet the exclusion levels set.
- Preference: areas where the LDF would expect managers to align to the exclusions, but the LDF may choose to invest with managers who do not fully align. These would be considered on a case-by-case basis, and each decision, and the rationale, would be fully documented.

LDF stance	***Investment type/requirement***	***LDF Policy****
LDF absolute requirement	Arms - indiscriminate weaponry - conventional weaponry	Total exclusion 10% revenue exclusion
	Pornography	3% revenue exclusion
	Tobacco	10% revenue exclusion
	Gambling	10% revenue exclusion
	UNPRI	Signatories to UNPRI
	UK Stewardship Code	Adopted UK Stewardship Code
LDF preference	High interest lending	10% revenue exclusion
	Tar sands/thermal coal	10% revenue exclusion

**Revenue exclusions prohibit individual underlying holdings which generate revenue in excess of the stated rate from the specified investment category.*

Investment returns

Investment property

The strategic work to reshape the investment property portfolio continues as we look to increase the level of income we generate from the asset base. This work commenced in 2013, when net income of £1.3m was generated. Investment property net income is now expected to be of the order of £3m+. From 2018, further steps have been taken to develop the portfolio, by selling relatively low yield properties and reinvesting the proceeds in higher yield properties. In total the investment property portfolio generated in excess of £3.4m of net income in 2020 (2019: £2.8m).

In addition, the portfolio has seen significant capital growth. During 2020, the asset base has increased from £103.8m to £104.2m.

Equity Investments

Investments in equities, fixed interest securities and other quoted securities amounted to £45.1m (2019: £50.0m). During the year, the LDF chose to dispose of some units of the CCLA Investment fund in order to increase liquidity. Disposals of £4.3m and no additions occurred during the year (2019: disposals of £3.3m and additions

of £5.0m). Losses of £0.6m (2019: gains of £7.7m) were recorded and investment income of £1.5m (2019: £1.9m) received.

The gains in the capital value of the above investments, of the order of 1.3% were ahead of the movement in the value of the FTSE all-share index, which fell 12.5% in 2020. As a result of the Covid-19 pandemic, global markets have seen significant volatility in share value. LDF investments are held with a view to long term growth and income generation. In addition, Initial indications from LDFs investment managers suggest that active management of the funds should actively manage the risks.

	2016 %	**2017 %**	**2018 %**	**2019 %**	**2020 %**
Historical gains/(losses) on LDF investments	9.0	7.5	(11.2)	19.9	1.3
Historical gains/(losses) on FTSE all-share index	12.0	7.7	(12.3)	14.0	(12.5)

Valuation of operational property assets

The majority of the operational property assets are held for the long-term use of the LDF, rather than for re-sale, and are valued in the accounts at their deemed cost in accordance with the provisions of FRS 102.

Pension schemes

Church of England Funded Pension Scheme – Clergy: Since 1 January 2015, the LDF's contribution rate has been 39.9% of pensionable stipends, of which 14.1% was in respect of the shortfall in the Scheme and 25.8% in respect of future benefits and the day-to-day expenses of running the Scheme. Since 1 January 2018 the percentages are now 11.9% and 28% respectively, with the total contribution rate still 39.9%. From January 2021, the deficit repair contribution is 7.1%, but the current service contribution is 32.8%, so still an overall contribution rate of 39.9%.

In these financial statements we have included as a liability the present value of the agreed deficit contributions towards the clergy pension scheme, which at 31 December 2020 was £1.9m (2019: £3.4m).

Lay Church Workers' Pension Fund:
During 2020, the LDF contributed at a rate of 33.6% of pensionable salary. This will increase to 36.3% from April 2021.

Lay Defined Contribution Scheme:
Since the lay CWPF closed to new members in 2008, the LDF has a defined contribution pension scheme for lay staff which is currently managed by Aviva.

Risk management

The Senior Management Group and the Archdeacons regularly consider, evaluate and record the major areas of risk to which the LDF is exposed, assessing both the likelihood and impact of those risks crystallising, together with measures to manage and mitigate such risks.

The process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit and Risk Committee. The risk register is available for inspection by all directors and trustees. As part of new directors' and trustees' induction, details of the risk management process are provided. A formal report on risk management is considered by the Bishop's Council annually.

In March 2020, the effects of the Covid-19 virus pandemic started to be felt in the UK. In accordance with the government guidance, the LDF put measures in place to protect the welfare of its staff and stakeholders. By the end of March 2020, all LDF employees were working remotely with all key processes and operations successfully carried out off-site. Church buildings have closed as necessary in response to Government advice and in light of local risk assessments. The closure of church buildings has had an ongoing and profound effect on our parishes and their mission.

The pandemic raises key risks for the LDF, as follows:

Risk that project and property activity will be impeded due to the lockdown.

Financial risk that key sources of LDF income fall significantly – significant streams likely to be affected into the medium term including Common Fund as parishes experience reduced giving and rental income, and reduced income from LDF investment properties as other businesses encounter reductions in income. Mitigation includes close monitoring of LDF cash flows, pursuing other sources of finance and close communication with parishes to ensure accurate information is received in a timely fashion. The LDF is also reviewing all of its own costs.

The other risks which are currently assessed as scoring highest, and the plans to address them, include:

- **Current abuse of a child or a vulnerable adult in the Diocese** results in reduced trust and negative impact on the victims.
  Mitigation includes having an independently audited safeguarding programme, which is professionally run. We aim to have safeguarding officers and children's champions in every relevant parish.
- **Historic abuse of a child or a vulnerable adult in the Diocese** results in reduced trust and negative impact on the victims.
  Mitigation includes regular reporting to the Diocesan Safeguarding Team, the ongoing Past Cases Review 2 and the support of an independently audited safeguarding programme.
- **Nationally divisive issues** lead to loss of clergy and/or congregations and finances.
  Mitigation includes strong episcopal leadership and professional support in handling difficult issues.
- **Appointment of clergy** who weaken the missional and financial health of parishes.
  Mitigation includes seeking the fullest possible information about candidates for posts and ensuring that knowledge about parish opportunities is shared in a timely fashion.
- **Common Fund** system loses support from PCCs, or there is an inability to sustain sufficient incremental increases each year, resulting in insufficient income to cover committed LDF budget.
  Mitigation includes annual Common Fund presentations to engage parishes and provide support where necessary. Existing trends are reviewed regularly alongside consideration of parishes' future capacity to sustain Common Fund increases. Targeted interventions are carried out as necessary with concerned parishes.

As identified, the main risk to the LDF's income is that parishes will be unable to donate as generously as they have pledged or would wish. The LDF works to mitigate this risk by supporting parishes through offers of fundraising advice, stewardship support and other income generating input.

The principal risks relating to expenditure are that there may be additional pension deficits to be funded; the costs of training ordinands may rise further; or there may be unexpected property maintenance expenditure. The LDF's management keep the risks under review and ensure that proportionate mitigation strategies continue to be in place.

Funds held as custodian trustee

The LDF is custodian trustee for trust assets of £19.1m (2019: £19.3m). Most of these trusts are held on behalf of parishes whose charitable purposes are broadly parallel to those of the LDF. Assets held under these trusts are held separately from those of the LDF. Detailed certificates of holdings as at 31 December 2020 have been sent to parishes and other managing trustees.

Other matters

The LDF also supports connected charities, one of which is the London Diocesan Board for Schools, with whom facilities to the value of £287k (2019: £338k) are shared at London Diocesan House, and to whom a cash grant of £180k was made in 2020 (2019: £180k).

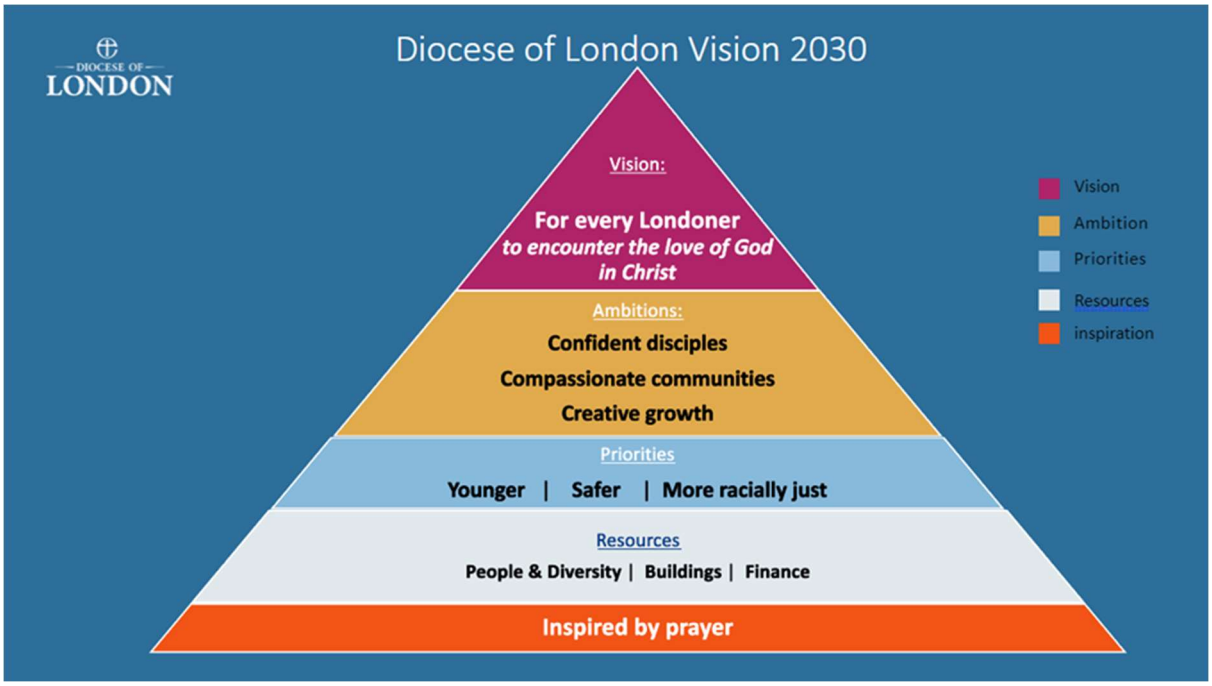
Other support is provided to parishes in the form of grants and loans. In 2020 grants to London parishes totalled £1.3m (2019: £1.2m).

Plans for future periods

We believe that the effect of the Covid-19 pandemic will continue to be felt for months if not years to come and we will continue to support London parishes and worshipping communities through this time. However, our aim to support the mission and growth of the Church in London in the years ahead remains. It is recognised that pandemic has changed the way we work and lessons learnt will be incorporated into future plans.

Vision 2030

During 2019 we began the process of discerning the Vision for the next decade. Over 6,000 people responded to the listening campaign which helped to discern the way forward. Clear priorities and ambitions emerged, and these still stand despite the pandemic, although the way we will apply them has changed. Over the course of 2020 the ambitions and priorities have been defined and refined in order to create a plan for the coming years. Due to the ongoing pandemic, which has left many feeling fatigued, we will be slowly launching the new Vision 2030 throughout 2021. Parishes will be invited to engage as and when they are able to do so. Vision 2030 is expressed in the following graphic:



Going concern

The trustees have reviewed the charity's financial position, particularly in light of the ongoing Covid-19 pandemic. While it is expected that the LDF may experience a reduction in the level of income received, particularly in respect of Common Fund received from parishes, detailed reviews of the LDF cash flows and forecasts show that it is expected that the LDF has sufficient cash levels to operate successfully for the foreseeable future. Therefore, taking account of the satisfactory levels of reserves and cash, the annual plan and the five-year financial plan, and our systems of financial and risk management, it is the trustees' opinion that the charity is well placed to manage operational and financial risks successfully.

Accordingly, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis of accounting in preparing the annual accounts.

Governance, structure and management

The Diocese of London

The Diocese of London was founded in Roman times and was re-founded in 604 by St Mellitus. In its current form, it covers 18 boroughs in Greater London and Surrey, north of the River Thames and west of the River Lea. It serves over six million people in 277 square miles.

The Diocese is led by the Bishop of London, the Rt Revd and Rt Hon Dame Sarah Mullally. The Bishop of London has delegated certain powers to four area bishops, the Bishops of Edmonton, Kensington, Stepney and Willesden, and two Suffragan bishops, the Bishops of Fulham and Islington.

There is an archdeacon for each of the episcopal areas. There is also an Archdeacon of London and an Archdeacon of Charing Cross, for the Two Cities area which is led by the Bishop of London.

There are 21 deaneries within the Diocese. Each deanery consists of between 10 and 26 parishes; there are approximately 400 parishes in the Diocese, each of which is governed by a Parochial Church Council (PCC). The PCC is made up of the incumbent as chair, the churchwardens and a number of other ex officio, elected and possibly also, co-opted members. Each PCC is a corporate body and a separate charity. PCCs are responsible for, inter alia, the maintenance of churches and certain other buildings. Except where shown, the transactions of PCCs do not form part of these financial statements. In total, the PCCs across London have unrestricted income of in excess of c.£115m a year.

The LDF's activities are only one aspect of the vibrant and diverse mission of the church in London. At the turn of the year, we had 86 new worshipping communities, some of which are established under a Bishop's Mission Order (BMO).

The statutory governing body of the Diocese is its Synod, which is a largely elected body with representation from all parts of the Diocese. The Diocese conducts its financial and operational affairs through a number of corporate bodies, the main ones being the London Diocesan Fund (LDF) – relating to churches - and the London Diocesan Board for Schools (LDBS), an independent registered charity – relating to schools.

The London Diocesan Fund

The LDF is a company limited by guarantee and registered in England & Wales (150856). It is also a registered charity (241083). Its registered and principal office is at London Diocesan House, 36 Causton Street, London SW1P 4AU. The LDF was incorporated in England & Wales on 29 June 1918.

All members of the Bishop's Council are directors of the company for the purposes of the Companies Act 2006 and are trustees under charity law.

Management and senior staff

The bishops and archdeacons exercise day to day oversight of the Diocese. Mr Richard Gough is the General Secretary and also acts as secretary to the Bishop's Council.

Some Senior Management Group (SMG) members have the title Director in their job titles but they are not directors of the LDF for the purposes of company law nor are they trustees of the charity. The SMG comprises:

General Secretary:	Mr Richard Gough
Director of Property:	Mr Michael Bye (until June 2020)
Director of Housing and Investment Property:	Mr William Hagger (from March 2020)
Director of Human Resources and Safeguarding:	Mrs Suzanne Long
Director of Finance and Operations:	Mr Richard Antcliffe (until August 2020)
	Mr Christopher Harris (from June 2020)
Director of Capital Vision:	Mr Angus Stephenson

Remuneration

The HR Committee (formerly named the Remuneration Committee) meets at least annually to provide assurance to the Diocesan Finance Committee (DFC) that the LDF has appropriate remuneration procedures in place and to oversee issues relating to the remuneration of all LDF clergy and staff. It makes recommendations to the DFC regarding the LDF's remuneration policy and pay increases.

Statutory functions

The LDF has a statutory responsibility for management of glebe assets (historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF), to generate income to support the cost of stipends. It is the Diocesan authority for parochial and other trusts, and also discharges the responsibilities of the Diocesan Parsonages Board.

Charity Governance Code

The LDF has incorporated the 'Charity Governance Code' as a key tool in its governance management framework. Each year the charity's Audit and Risk Committee reviews the LDF's application of the Code, building on the work of the previous year, to develop and embed the Code's principles and practices in the organisation's operations.

Principal activities

The principal activity of the LDF is to serve and support the parishes and people within the Diocese in their mission of proclaiming the Gospel of Jesus Christ.

It does this operationally through the provision of stipend and housing to parish clergy and chaplains and supporting their ministry. The LDF also provides community space and facilities to the wider population and visitors to London.

Ministry and associated costs, including property, account for the majority of the LDF's expenditure. This is financed principally by the collection of voluntary income from the parishes, termed 'Common Fund', supplemented by rental and investment income.

Grants are awarded to parishes by the Area Councils and to mission initiatives by the Bishop of London's Mission Fund (BLMF), which is a designated fund within the LDF.

The LDF also acts as custodian trustee and as agent to other boards, committees and trusts within the London Diocese.

Fundraising

The LDF fundraising plan incorporates three streams:

- To provide parishes with advice and guidance to encourage them to adhere to best practise in their fundraising activities.
- To drive campaigns around specific and strategic fundraising needs.
- To support and enable strategic relationship management.

Officers meet at least quarterly to review current performance and agree future fundraising strategy.

The LDF does not engage with any direct marketing activities, nor does it share or purchase any donor data with or from third parties. The LDF occasionally engages with independent professional fundraisers and if so will always ensure there is an appropriate contract in place. The LDF has signed up to the regulation scheme established by the Fundraising Regulator. No complaints regarding fundraising have been received.

Public benefit of activities

The trustees have a statutory duty under the Charities Act 2011 to have regard to the guidance issued from time to time by the Charity Commission. The trustees have noted the Charity Commission's guidance *Charities and Public Benefit* and have regard to this in making relevant decisions. Guidance was included in the Trustee Induction material distributed to the Diocesan Bishop's Council in Spring 2019. The trustees believe that this report, taken as a whole, provides evidence of the public benefit of the charity's work in 2020.

The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the LDF helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. The principal public benefits of the LDF are the advancement of the Christian religion by supporting ministers of religion and others who lead, encourage and support members of the various and diverse communities of the world city of London by and in:

- the provision of public worship and ceremonies
- the moral and spiritual improvement of the public
- the provision of comfort to the bereaved and distressed
- contributing towards a better society, by promoting social cohesion and social capital
- contributing to the spiritual and moral education of children
- carrying out, as a practical expression of religious belief, other activities to meet needs
- contributing to good mental and physical health
- the provision and maintenance of sacred spaces, principally churches (many of which are listed buildings) and churchyards, open to the public and
- the provision of public spaces, such as church halls, as an expression of faith.

Parishes are independently registered charities, and therefore distinct from the LDF. However, the support provided to parishes by the LDF directly contributes towards their mission and ministry, and therefore how they provide public benefit. Parishes across the Diocese carry out diverse activities, including provision of night shelter work, debt advice, specialised ministries and numerous community projects.

Committees

The Diocesan Synod has appointed the Bishop's Council as the Diocesan Mission and Pastoral Committee. The Council has delegated certain powers to Area Councils.

The Bishop's Council has also delegated certain powers to its Diocesan Finance Committee (DFC). These committees and councils have power to co-opt members, subject to elected and ex officio members being the majority.

Diocesan Finance Committee

The DFC is a sub-committee of the Bishop's Council. Its membership comprises laity and clergy. The DFC meets at least six times each year. The Bishop of London, the archdeacons, and the clerical and lay vice chairs are ex officio members.

The DFC makes recommendations to the Bishop's Council on matters in connection with finance, property and staff business of the LDF.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is a sub-committee of the Bishop's Council. Members are appointed by the Bishop's Council for three years. Its membership may be drawn from the Council, the Diocesan Synod, the DFC, and from outside bodies.

The ARC ensures that proper regard is had to statutory and regulatory obligations, and to best practice. The committee also reviews the systems of internal financial control and the risk register.

Trustee training

The trustees regularly review their knowledge, skills and experience. Appropriate training sessions are designed to address any gaps in skills and knowledge.

New trustees are provided with documentation outlining their main responsibilities and new trustee induction sessions are conducted each triennium.

Staff, volunteers and stakeholders

Staff incentives include a generous pension scheme, access to a free Employees Assistance Programme, and other benefits through the LDF's Wellbeing Strategy. Staff engagement occurs through regular staff briefings and a staff forum, comprising staff representatives and members of the Senior Management Group. Staff are asked to provide feedback on employer engagement as part of their annual Performance and Development Review. Regular staff social events are organised by the Staff Social Committee.

The LDF (as distinct from the parishes) has four regular volunteers who generously contribute their time and expertise to advance the mission of the LDF. Volunteers are invited to the staff briefings and staff social events.

Clergy, chaplains and members of PCCs are key stakeholders of the LDF. Support provided to and engagement with these groups is detailed within sections 4 and 5 of the Achievement and Performance section of this report.

Disclosure of information to auditors

Each trustee who held office at the date of approval of this trustees' report confirms that, so far as he or she is each aware, there is no relevant audit information of which the LDF's auditors are unaware, and that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the LDF's auditors are aware of that information.

'Relevant audit information' means information needed by the LDF's auditors in connection with the preparation of their report.

In doing so, the trustees have made enquiries of their fellow directors and of the LDF's auditors and have taken such other steps (if any) for that purpose, as are required by their duty as directors of the LDF to exercise reasonable care, skill and diligence.

Statement of trustees' and directors' responsibilities in respect of the Trustees' Report and the Financial Statements

The trustees are responsible for preparing the Directors' and Trustees' Report, incorporating the Strategic Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for that financial year. In preparing these financial statements, the trustees are required to:

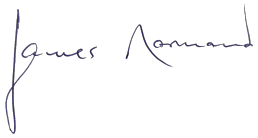
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

In approving this trustees' report, the trustees are also approving the Strategic Report included here, in their capacity as company directors.



James P Normand
Chair of the Diocesan Finance Committee
and Lay Vice-Chair of Bishop's Council
12 May 2021

Appendices – committee membership and administrative details

Directors, Trustees and Members of the Diocesan Bishop's Council

All members of the Bishop's Council are directors and members of the company for the purposes of the Companies Acts and are trustees under charity law. The following members served during the period from 1 January 2020 until 12 May 2021, the date of approval of this report:

Chair
The Rt Revd and Rt Hon Dame Sarah E Mullally DBE BSc MSc DSc (Hon) Bishop of London

Lay & Clerical Vice Chairs
Mr James P Normand,
Diocesan Synod House of Laity
The Revd Jody Stowell,
Diocesan Synod House of Clergy

Ex Officio
The Bishop of Stepney,
the Rt Revd Joanne Woolway Grenfell
The Bishop of Kensington,
the Rt Revd Dr Graham S Tomlin
The Bishop of Edmonton,
the Rt Revd Robert J Wickham
The Bishop of Willesden,
the Rt Revd Peter A Broadbent
The Bishop of Fulham,
the Rt Revd Jonathan M R Baker
The Bishop of Islington,
the Rt Revd Ric C Thorpe
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Elizabeth Adekunle
The Archdeacon of Middlesex,
the Ven Richard Frank (from 20/04/20)
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford (from 01/09/20)
The Archdeacon of Charing Cross,
The Ven Adam Atkinson (from 23/03/20)
The Dean of St Paul's Cathedral,
the Very Revd Dr David J Ison

Elected by the House of Laity, Diocesan Synod
Mr James Behrens
Mr George Huntley
Miss Susan Cooper
Mrs Sarah Finch

Nominated by the Bishop of London
Mr Richard N Perry

The following members were elected by the Diocesan Synod members of the respective areas:

Two Cities
The Revd Canon Dr Alison J Joyce
The Revd Kathryn Harrison
Mr Brian O'Donoghue
Mr Jeremy Thomas
Mr Christopher Longden
Mr Cedric Stephens

Stepney
The Revd James Hughesdon (until 31/01/21)
The Revd Graham Hunter
Dr Philip Rice
Mrs Christina T Sosanya
Ms Josile Munro

Kensington
The Revd William Rogers
The Revd Andrew Downes
Mr David Hurst
Mrs Sarah Tett
Mr Kenneth Riley
Ms Catrin Lee (until 17/01/21)

Edmonton
The Revd Christopher Smith
The Revd Jonathan Kester
Mr Inigo R M Woolf
Dr Christopher R M Ward
Miss Amanda McIntyre
Miss Abimbola Sanu

Willesden
The Revd Edmund A J Cargill Thompson
Mr John R Dolling

Mr Clive R Scowen
Mr Michael J Bithell
Mr Julian Duffus (until 30/11/20)

Members are shown in the categories in which they are currently appointed. They may previously have served as members in a different capacity.

Members of the Diocesan Finance Committee as at 12 May 2021

(also Members of the Bishop's Council)
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Elizabeth Adekunle
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
The Ven Catherine R Pickford
The Archdeacon of Charing Cross,
The Ven Adam Atkinson
The Revd Jody Stowell
Mr James P Normand (Chair)
Mr John R Dolling
Dr Phillip Rice
Dr Christopher R M Ward
Mr Inigo R M Woolf
Mr Michael J Bithell
Ms Josile Munro
Mr Clive Scowen
The Revd James Hughesdon (until 31/01/21)

(not Members of the Bishop's Council)
Mr Roger Dean
Mr Antonio Joseph
Mr Noel Manns
Mr Paul Nicholas
The Revd Preb V Akintunde Roberts
Dr Susan Willmington
Mr Anthony Dixon
Ms Juliet Maggs
Mr Rich Spens
Mr Richard Myers

Members of the Audit and Risk Committee as at 12 May 2021

(also Members of the Bishop's Council)
Mr Richard N Perry (Chair)
Dr Phillip Rice
Mr Christopher Longden

(not Members of the Bishop's Council)
Mr Don Bawtree
Mrs Elizabeth Marshall
Mr Mohan Yogendran
The Revd Owen Higgs
Dr Judith Richardson

The Bishop of London's Fund

Patron: The Most Revd and Rt Hon the Lord Archbishop of Canterbury, Justin Welby
President: The Rt Revd and Rt Hon the Lord Bishop of London
Dame Sarah E Mullally DBE BSc MSc DSc

Treasurer: Mr Inigo R M Woolf
The president and treasurer are ex officio trustees.

Other trustees of the Bishop of London's Fund
The Ven Luke J Miller
Mr David Roberts
Secretary: Mr Richard Gough

The Bishop of London's Fund (BLF) was established in 1863 and was incorporated by the Board of the Charity Commissioners for England and Wales under the Charitable Trustees Incorporation Act 1872 (since replaced by other legislation) on 7 July 1882.

The BLF is a registered charity (249021). The Finance Committee of the LDF constitutes its Executive Committee. Certain title and trust deeds are in the name of the BLF.

For day to day purposes and in accordance with a special resolution of 29 October 1918, its activities are subsumed into the LDF, with which it shares common objectives. The majority of the BLF's assets were transferred to the LDF in the last century.

The London Diocesan Board of Finance

President and Chair: The Rt Revd and Rt Hon the
Lord Bishop of London
The Rt Revd and Rt Hon Dame Sarah E
Mullally DBE BSc MSc DSc

Trustees: The Trustees of the LDF
Secretary: Mr Richard Gough

The London Diocesan Board of Finance (LDBF) was registered in England as a company limited by guarantee on 30 April 1914. The Diocesan Boards of Finance Measure 1925 provides that every Diocese in the Church of England should have a DBF. It stipulates however that those Dioceses with existing trust bodies (provided they are incorporated under the Companies Acts) are allowed to use these bodies to carry out the functions of the DBF.

Clause 3(c) of the Memorandum of Association of the LDF (company number 150856) formed in 1918 specifically empowers the LDF to carry out (inter alia) all of the functions of the LDBF. The Articles of Association of the LDBF were amended on 7 June 1926 to amalgamate the functions of the DBF into the LDF, except anything which was unable to be amalgamated because of statutory provisions.

The LDBF is a registered charity (249022) and a company limited by guarantee (135519).

Professional Advisers

Auditors
Haysmacintyre LLP
10 Queen Street Place,
London EC4R 1AG

Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

Insurers
Ecclesiastical Insurance
Group PLC
Beaufort House
Brunswick Road
Gloucester GL1 1JZ

Solicitors
Birketts LLP
106 Leadenhall Street
London EC3A 4AA

Communications Consultants
Luther Pendragon Limited
3 Priory Court
Pilgrim Street
London EC4V 6DR

Independent Auditors' Report to the Members of the London Diocesan Fund

Opinion

We have audited the financial statements of London Diocesan Fund for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Summary Income and Expenditure Account, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement set out on page 23**,** the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and concluded that the risk was low. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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 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.



Adam Halsey
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 12 May 2021

10 Queen Street Place
London EC4R 1AG

Statement of Financial Activities – for the year to 31 December 2020

		Unrestricted Funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2020	2019
		£m	£m	£m	£m	£m	£m
Income and endowments from	Notes						
Donations, legacies & grants							
Common Fund		22.6	-	-	-	**22.6**	**24.5**
Parish reimbursements for clergy costs		4.2	-	-	-	**4.2**	**3.8**
Donations and legacies		0.4	-	0.9	-	**1.3**	**2.5**
Church Commissioners[a]				5.1	-	**5.1**	**3.7**
City Church Fund		2.1	-	-	-	**2.1**	**1.8**
Charitable activities							
Operational property rental income		2.8	-	0.1	-	**2.9**	**3.1**
Parochial fees		0.3	-	-	-	**0.3**	**0.4**
Investment Income							
Dividends and interest receivable	11a	1.2	-	0.3	-	**1.5**	**1.9**
Investment property rentals	11b	3.9	-	-	-	**3.9**	**4.4**
Other income[a]		-	0.4	0.1	-	**0.5**	**0.7**
Total income		**37.5**	**0.4**	**6.5**	**-**	**44.4**	**46.8**
Expenditure on							
Raising funds							
Investment management costs							
Rental portfolio costs-agent fees		0.4	-	-	-	**0.4**	**0.4**
Investment property repairs and maintenance		0.5	0.1	1.1	0.2	**1.9**	**1.2**
Charitable activities							
Ministry		24.0	0.4	5.0	-	**29.4**	**27.3**
Education and outreach		0.7	-	-	-	**0.7**	**0.7**
Parish and Area support services		1.5	-	0.4	-	**1.9**	**2.1**
Clergy housing and property costs		6.5	0.7	0.4	-	**7.6**	**10.5**
National Church		3.1	-	-	-	**3.1**	**3.1**
Grants to parishes and overseas	6	0.3	0.4	0.9	-	**1.6**	**1.3**
Other expenditure		-	0.5	0.1	-	**0.6**	**1.2**
Total expenditure	5	**37.0**	**2.1**	**7.9**	**0.2**	**47.2**	**47.8**
Net income/(expenditure) before investment gains		0.5	(1.7)	(1.4)	(0.2)	**(2.8)**	**(1.0)**
Realised gains on tangible fixed assets		-	9.4	3.2	4.1	**16.7**	**3.3**
Net gains/(losses) on investments	8	0.2	1.7	(0.4)	(2.0)	**(0.5)**	**7.8**
Net incoming resources for the year		**0.7**	**9.4**	**1.4**	**1.9**	**13.4**	**10.1**
Transfers between funds	13d	0.8	1.1	(0.2)	(1.7)	-	-
Other recognised (losses)/gains							
Pension deficit movement		-	(0.1)	-	-	**(0.1)**	**5.7**
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	(0.2)	2.9	(1.6)	**1.1**	**4.0**
Net movement in funds for the year		**1.5**	**10.2**	**4.1**	**(1.4)**	**14.4**	**19.8**
Reconciliation of funds:							
Funds at 1 January 2020		**3.6**	**150.7**	**23.6**	**294.9**	**472.8**	**453.0**
Funds at 31 December 2020		**5.1**	**160.9**	**27.7**	**293.5**	**487.2**	**472.8**

[a] *SDF grant income is reported in Church Commissioners income. 2019 has been adjusted for comparative purposes.*

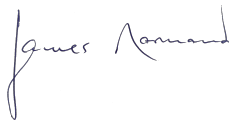
The Cash Flow Statement and Notes on pages 32 to 62 form part of these financial statements.

Balance Sheet – as at 31 December 2020

Company number: 150856

	Notes	Unrestricted Funds General £m	Unrestricted Funds Designated £m	Restricted Funds £m	Endowment Funds £m	Total 2020 £m	Total 2019 £m
Fixed Assets							
Operational property	7a	-	75.9	2.1	245.7	**323.7**	**323.4**
Investment property	7b	-	64.5	10.3	29.4	**104.2**	**103.8**
Non-property investments	8	-	25.2	7.8	12.1	**45.1**	**50.0**
Fixtures and fittings		0.2	-	-	-	**0.2**	**0.2**
		0.2	165.6	20.2	287.2	**473.2**	**477.4**
Current Assets							
Debtors	10a	1.9	10.8	0.5	-	**13.2**	**4.8**
Cash at bank		6.7	(2.9)	7.8	6.4	**18.0**	**8.4**
		8.6	7.9	8.3	6.4	**31.2**	**13.2**
Creditors							
Amounts falling due within one year	12	(3.7)	(1.1)	(0.8)	(0.1)	**(5.7)**	**(5.1)**
Net Current Assets		4.9	6.8	7.5	6.3	**25.5**	**8.1**
Total assets less current liabilities		5.1	172.4	27.7	293.5	**498.7**	**485.5**
Creditors – amounts falling due after one year							
Pension scheme liabilities	15	-	(2.6)	-	-	**(2.6)**	**(4.2)**
Other creditors	12	-	(8.9)	-	-	**(8.9)**	**(8.5)**
Net Assets		**5.1**	**160.9**	**27.7**	**293.5**	**487.2**	**472.8**
Funds							
General		5.1	-	-	-	**5.1**	**3.6**
Designated	13a	-	160.9	-	-	**160.9**	**150.7**
Restricted	13b	-	-	27.7	-	**27.7**	**23.6**
Endowment	13c	-	-	-	293.5	**293.5**	**294.9**
Total Funds		**5.1**	**160.9**	**27.7**	**293.5**	**487.2**	**472.8**

The financial statements on pages 30 to 62 were approved, and authorised for issue, by the Diocesan Bishop's Council on 12 May 2021.



James P Normand
Chair of the Diocesan Finance Committee
and Lay Vice-Chair of Bishop's Council



The Revd Jody Stowell
Clerical Vice-Chair of Bishop's Council

Summary income and expenditure account – for the year to 31 December 2020

	2020 £m	2019 £m
Income	**44.4**	**46.8**
Expenditure	**(47.0)**	**(47.6)**
Net (expenditure) before investment gains	**(2.6)**	**(0.8)**
Net gains on investments	**1.5**	**5.8**
Realised gains on property assets	**12.6**	**2.1**
Net income /(expenditure) for the year	**11.5**	**7.1**
Other comprehensive income:		
Unrealised gains on property assets	**2.7**	**1.1**
Net movement on defined benefit pension schemes	**(0.1)**	**5.7**
Total comprehensive income	**14.1**	**13.9**

All incoming and expended resources relate to continuing operations.

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 30 with movements in endowment funds excluded to comply with company law.

Cash flow statement – for the year 31 December 2020

	Notes	2020 £m	2019 £m
Net cash inflow/(outflow) from operating activities	14a	**(16.4)**	**0.3**
Net cash (outflows)/inflows from investing activities	14b	**26.0**	**(2.2)**
Increase/(Reduction) in cash in the year		**9.6**	**(1.9)**
Cash and cash equivalents			
As at 1 January		**8.4**	**10.3**
As at 31 December		**18.0**	**8.4**

The notes on pages 33 to 62 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2015) (Second Edition, effective 1 January 2019) and with regard to the Diocesan Annual Report and Financial Statements Guide (v5. 2015).

The accounts comply with the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

1.1 Basis of preparation

The LDF prepares its annual financial statements on the historical cost basis of accounting as adjusted for the revaluation of investments and investment properties. The financial statements are prepared on a going concern basis (see page 18).

1.2 Key judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- non-depreciation of fixed assets as per accounting policy (see note 1.7)
- pension scheme liabilities (see note 15)

1.3 Funds

The LDF has various types of fund for which it is responsible and which require separate disclosure. Note 13 shows the balances and movements on each fund together with details of their uses. The directors' and trustees' report gives an overview of the LDF's Reserves Policy.

Unrestricted Funds

Unrestricted funds arise from all the accumulated surpluses and deficits in the provision of general charitable activities:

- General Funds
- Designated Funds (note 13a)

The latter are funds earmarked by the LDF trustees for a specific purpose. The trustees have discretion over the purpose and use of the funds. They can be re-allocated or otherwise undesignated without reference to outside agencies.

Restricted Funds (note 13b)

These are funds subject to specific conditions imposed by the donor or by the specific terms of a trust deed or other legal measure. Income and expenditure on restricted funds are taken directly to those in the Statement of Financial Activities except to the extent that income is freely available for the general purpose of the LDF.

Endowment Funds (note 13c)

Permanent endowment capital must be held permanently, whereas expendable endowment capital can be used but only in certain circumstances. Income arising is included in general or restricted funds depending on the terms of the trust instrument.

Notes to the financial statements

1.4 Taxation status

The LDF is a registered charity and as such is able to take advantage of exemptions granted under the relevant tax legislation including part 10 of the Income Tax Act 2007. It is not liable to corporation tax on charitable income or income from charitable activities.

1.5 Pensions

The LDF participates in two defined benefit pension schemes: the Church of England Defined Benefit Scheme (DBS), for some of its lay employees but now closed to new joiners, and the Church of England Pensions Scheme, for clergy. The schemes are considered to be multi-employer schemes as described in Section 28 of FRS 102. This means it is not possible to attribute the Schemes' assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability.

1.6 Statement of Financial Activities

All material income and expenditure is accounted for on an accruals basis.

Income	Explanation
Donations, legacies and grants	
Common Fund	Contributions paid by the churches in the Diocese of London to the LDF
Parish reimbursements for clergy costs	Amounts received in respect of clergy involved in largely local initiatives, financed directly by parishes or other institutions
Donations	Gifts from external organisations and individuals
Church Commissioners	Grant income from the Church Commissioners
City Church Fund	Grant income from the City Church Fund
Charitable Activities	
Operational property rental income	Operational property is usually held to house clergy. Where property is not used for this purpose in the short-term, it is let out at market rates to generate additional income. Designated and glebe operational rental income is receivable within general funds.
Parochial fees	Parochial fees are statutory charges for weddings and funerals, of which part is due to the local PCC, and part is due to the LDF. The LDF element is used to help fund the overall stipends bill.
Investment Income	
Dividends and interest receivable	Income arising is credited to the relevant funds on a receipts basis for dividends, and on an accruals basis for interest income.
Investment property rental income	Investment property is let out at the market rate. Designated and glebe investment rental income is receivable within general funds.

Expenditure	Explanation
Raising funds – investment management costs	
Rental portfolio costs: agent fees	Agent fees paid in relation to the management of the property portfolio.
Investment property repairs and maintenance	Repairs and maintenance relating to the investment property portfolio.
Charitable activities	
Ministry	Ministry primarily includes the payment of clergy stipends, national insurance and pension contributions.
Education and outreach	Annual cash grant to the London Diocesan Board for Schools plus direct costs related to children's ministry, community ministry and social justice.
Parish and area support services	Costs associated with the areas including office costs, senior clergy expenses and the costs of advisers.
Clergy housing and property costs	Clergy housing and property costs represents the repairs, maintenance, and other property costs associated with the operational property portfolio, and the relevant costs of the Diocesan Advisory Committee and property department. In accordance with the implementation of FRS 102, annual depreciation is no longer charged on benefice and operational freehold properties.
National Church	The LDF's contribution to the National Church's costs.
Grants to parishes and overseas	Grants made to London parishes and overseas Dioceses.

1.7 Tangible Fixed Assets

Property

Operational property is generally held at deemed historic cost and investment property at market value. Assets in the course of construction are held at cost.

(a) Benefice Houses

The LDF has adhered to the requirements of FRS 102 in its accounting treatment of benefice houses in following the substance of arrangements rather than their strict legal form. Although the LDF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over future use, the legal title and right to beneficial occupation is vested in the incumbent. The trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and, in line with the transitional arrangements under FRS 102, value such properties at deemed historic cost being the net book value as at 1 January 2015.

Depreciation

In accordance with the implementation of FRS 102, annual depreciation is not charged on benefice and operational, freehold properties. Until 2015, fixed assets were depreciated over their useful economic life as follows:

Benefice Houses	150 years
Other freehold properties	50 years
Leasehold properties	Lease term

(b) Burial Grounds
Burial grounds owned by the LDF are held at £nil value as the trustees believe that the cost of a practical valuation is onerous compared to any additional benefits to be gained. The LDF is unable to sell or change the use of any of these assets without reference to external organisations such as the Church Commissioners. These restrictions, together with the inherent difficulties of applying conventional property valuation methods, are all significant factors in the adoption of the valuation approach for this class of assets.

(c) Closed Church Buildings
Church buildings closed for regular public worship (referred to as 'Closed Church Buildings', and formerly known as 'Redundant Churches') are valued at suitable multiples of annual rental income where this is significant. Where this approach is not applicable, the asset is held at £nil value.

(d) Properties purchased using Church Commissioners' value linked loans
Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value.

(e) Assets in the course of construction and major capital projects
Property costs over £10,000 are capitalised where there has been significant enhancement to the underlying assets. This means in practice, all major capital projects are capitalised.

(f) Fixtures, fittings and equipment
Fixtures, fittings and equipment additions under £10,000 are written off fully in the year of purchase. Items over £10,000 are capitalised.

Depreciation
Depreciation is charged on fixtures, fittings and equipment over four years, being their expected useful life.

1.8 Financial instruments
Financial assets measured at fair value comprise listed investments. Financial assets measured at amortised cost comprise contributions to the Common Fund, rent receivable, loans to parishes, loans to individuals and other debtors. Financial liabilities measured at amortised cost comprise parish loans payable, grants payable and other creditors. Financial liabilities measured at fair value comprise Church Commissioners' value linked loans.

1.9 Investments

Investment Property
The trustees' policy is that freehold and long leasehold properties held for investment purposes have been included at the trustees' best estimate of market value. In 2019 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Valuations were conducted by Cluttons LLP, Savills Plc and Strutt & Parker. Future external valuations will take place as required, in accordance with relevant accounting standards. Interim valuations are undertaken in intervening years by a suitably qualified officer of the LDF.

Investment property is not depreciated. Realised gains and losses on investment property are taken to the Statement of Financial Activities under the heading of realised gains/(losses) on tangible fixed assets.

Other Investments
Non-property investments are stated at fair value calculated by reference to the bid market value at 31 December. Realised gains or losses on disposal are calculated as the difference between disposal proceeds and carrying value.

Notes to the financial statements

1.10 Custodian Trusts

Trusts where the LDF acts as custodian trustee with no control over the management or use of the funds are not included in the Balance sheet or Statement of Financial Activities of the LDF. A separate Balance sheet and Statement of Financial Activities is set out on page 65 with supporting notes on pages 66 to 68. The custodian trustee funds have been subject to a non-statutory audit and the audit report thereon covering pages 65 to 68 is to be found on page 69.

2. Post balance sheet events

There have been no material events to report since 31 December 2020 which affect the values stated in these accounts.

3. Net incoming resources for the financial year

The net incoming resources for the financial year is stated after charging	2020	2019
	£'000	£'000
Depreciation (release)/charge –property	-	-
Depreciation – fixtures, fittings and equipment	42	31
	42	31
Auditors' Remuneration (including VAT)		
Statutory audit	28	27
Non-Audit Services:		
▪ Tax advice	3	2
▪ Non-statutory review of Custodian Trusts	2	2
	33	31

4. Staff and Clergy Costs

Costs of lay staff	2020	2019
	£'000	£'000
Wages and Salaries	3,403	3,528
Employer's National Insurance	331	336
Employer's Pension contributions	743	752
	4,477	4,616
Charge to pension deficit (Lay staff pension scheme) *See note 15(a)*	(23)	(23)
	4,454	4,593

The number of lay employees employed on diocesan business, and funded out of unrestricted general funds, was 69 (2019: 72). A further 38 lay employees (2019: 36) were funded from restricted or designated funds. Therefore, the total number of lay employees was 107 (2019: 108).

The Full Time Equivalent average number of lay people employed on diocesan business, and funded out of unrestricted general funds, was 59 (2019: 64). A further 25 Full Time Equivalent lay employees (2019: 24) were funded from restricted or designated funds. Therefore, the Full Time Equivalent average number of people employed was 84 (2019: 88).

Notes to the financial statements

4. Staff and Clergy Costs (continued)

The number of employees whose emoluments for the year exceeded £60,000 are as follows

	2020	2019
	No	No
£100,001 - £110,000	1	1
£90,001 - £100,000	-	1
£80,001 - £90,000	1	-
£70,001 - £80,000	3	3
£60,001 - £70,000	3	1

Emoluments, above, is defined as gross salary.

Aggregate employer normal pension contributions for all the higher-paid employees overleaf were £115,505 (2019: £102,696) payable to various pension schemes, of which £115,505 was payable to defined contribution pension schemes (2019: £53,521). There were 0 (2019: 2) higher-paid employees who were members of the defined benefit pension scheme.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees for planning, directing and controlling the activities of the diocese. For these purposes, key management are deemed to be the senior management group (see page 20) and the trustees.

Remuneration and pension for the Senior Management Group amounted to salary of £436,518 (2019: £422,636), Employer's NI of £56,054 (2019: £49,026) and Employer's pension contributions of £108,451 (2019: £83,087). Expenses reimbursed amounted to £2,695 (2019: £4,416).

Clergy costs

As at 31 December 2020 there were 2 individuals (2019: 3) – mainly chaplains - who (following the implementation of the Ecclesiastical Offices (Terms of Service) Measure 2009 in February 2011) are legally employees of the LDF, despite being on the clergy payroll. Where their costs fall to the LDF, they are included in the clergy disclosure note below. In total for 2020, costs for those individuals who were included on the clergy payroll at any point in the year included gross stipends of £75,182 (2019: £81,218), employer's NI of £6,474 (2019: £7,126) and employer's pension contributions of £29,503 (2019: £28,920).

In addition, in 2020 there were 27 ordained clergy (2019: 26) who, whilst undertaking ministerial work, were required to be included in the LDF payroll. In total for 2020, their costs included gross stipends of £707,558 (2019: £592,946), employer's NI of £65,849 (2019: £55,909) and employer's pension contributions of £222,011 (2019: £188,661). These costs are excluded from the cost of lay staff on page 37.

Clergy holding parochial or archidiaconal posts

(including Common Fund clergy, off-Common Fund clergy and chaplains.)	2020	2019
	£'000	£'000
Gross stipends	14,604	14,142
Employer's National Insurance contributions	1,189	1,155
Employer's pension contributions	5,340	5,147
	21,133	20,444
Average number of total stipendiary clergy posts	535	529
Number of total stipendiary clergy posts at 31 December	543	528

Notes to the financial statements

5. Governance costs and the allocation of Support Costs between Charitable Activities

	2020 £'000	2019 £'000
Support costs *(allocated below)*		
Salary and employment costs	**2,076**	**1,978**
Office costs	**519**	**494**
Governance costs	**367**	**350**
	2,962	**2,822**

Resources Expended	**Before allocation of support costs £'000**	**Support costs £'000**	**Total 2020 £'000**	**Total 2019 £'000**
Raising funds				
Investment management costs				
Rental portfolio costs – agents fees	355	-	**355**	**384**
Investment property repairs and maintenance	1,755	67	**1,822**	**1,195**
Fundraising	1	-	**1**	**6**
	2,111	67	**2,178**	**1,585**
Charitable activities				
Ministry	28,468	961	**29,429**	**27,250**
Education and outreach	457	238	**695**	**709**
Parish and area support services	1,031	970	**2,001**	**2,084**
Clergy housing and property costs	6,986	642	**7,628**	**10,458**
National Church	3,086	-	**3,086**	**3,086**
Grants to parishes and overseas	1,515	84	**1,599**	**1,350**
Other expenditure	531	-	**531**	**1,227**
	44,185	**2,962**	**47,147**	**47,749**

Support costs are allocated based on full time equivalent (FTE) staff numbers as administrative costs primarily consist of salary and employment costs, subject to a de minimis threshold. Office costs that are incurred are directly attributable to the staff employed and are also analysed on this basis. In accordance with SORP 2015 governance costs of £367,000 (2019: £350,000) have been allocated on the same basis. Finally, residual administration costs are apportioned in proportion to expenditure.

Notes to the financial statements

6. Grants to Parishes and Overseas

Funding source:	General funds	Designated funds	Restricted funds	Endowment funds	2020	2019
Grants to Parishes from:	£'000	£'000	£'000	£'000	£'000	£'000
Core funds	218	-	4	-	**222**	**312**
Area pastoral funds	-	207	-	-	**207**	**349**
Bishop of London's Mission Fund	-	192	-	-	**192**	**264**
Funds held for parish benefit	-	11	689	-	**700**	**259**
	218	410	693	-	**1,321**	**1,184**
Overseas:						
Angola and Mozambique (ALMA) and Lent projects	-	-	195	-	**195**	**98**
Grant administration allocation	84	-	-	-	**84**	**80**
	302	**410**	**888**	-	**1,600**	**1,362**

Grants from core funds represent funds awarded from primarily general fund sources such as Archdeacons Discretionary funds and other monies held to support parishes. The above monies funded grant awards to 72 institutions (2019: 96)

7a. Tangible Fixed Assets – Operational Property

Properties are valued in accordance with the accounting policies set out in note 1.

In accordance with transitional arrangements upon the implementation of FRS 102, first adopted in 2015, the LDF took advantage of the concession whereby benefice and operational houses, previously valued under UK GAAP at depreciated insurance value, are carried forward at deemed historical cost being the book value of these assets at 1 January 2015, with the exception of properties purchased using value linked loans (see page 41).

Notes to the financial statements

7a. Tangible Fixed Assets – Operational Property (continued)

	Unrestricted – designated funds			Restricted funds	Expendable endowment funds				
At cost or valuation	**Freehold Property £'000**	**Long leasehold Property £'000**	**Total £'000**	**Closed Church Property £'000**	**Leasehold Benefice Houses £'000**	**Freehold Benefice Houses £'000**	**Glebe Property £'000**	**Total £'000**	**Combined Total £'000**
At 1 January 2020	76,912	5,144	82,056	2,731	2,880	234,264	30,940	268,085	**352,872**
Additions	10,249	3	10,252	169	-	368	99	467	**10,888**
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(9,434)	-	(9,434)	(767)	-	(2,266)	(416)	(2,862)	**(12,882)**
Revaluation	1,891	-	1,891	-	-	-	-	-	**1,891**
At 31 December 2020	79,618	5,147	84,765	2,134	2,880	232,366	232,366	265,870	**352,769**
Depreciation									
As 1 January 2020	8,664	349	9,013	-	426	17,328	2,611	20,366	**29,378**
Charge/(release) for the year	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(124)	-	(124)	-	-	(171)	(16)	(187)	**(311)**
At 31 December 2020	8,540	349	8,889	-	426	17,157	2,595	20,178	**29,067**
Net Book Value At 31 December 2020	**71,078**	**4,798**	**75,876**	**2,134**	**2,454**	**215,209**	**28,028**	**245,692**	**323,702**
Net Book Value At 31 December 2019	**68,245**	**4,795**	**73,040**	**2,732**	**2,454**	**216,937**	**28,328**	**247,719**	**323,491**

Notes to the financial statements

7a. Tangible Fixed Assets – Operational Property (continued)

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value. As at 31 December 2020, the value of these properties was £8,943,000 (2019: £8,514,000). The valuation as at 31 December 2020 was undertaken by a suitably qualified officer of the LDF, based on knowledge of the properties (such as refurbishment levels and general condition) with reference to available market data for similar properties in similar locations. Future external valuations will take place as required. The carrying amount on a cost basis of the revalued properties is £3,627,000.

Capital Commitments
As at 31 December 2020, the LDF had £nil of capital commitments (2019: £0.4m) in relation to capital work on major developments planned for 2021 and onwards.

7b. Tangible Fixed Assets – Investment Property

	Unrestricted – Designated funds			**Restricted funds**	**Expendable Endowment funds**	
	Freehold Property	Long Leasehold Property	Total	Closed Church Property	Glebe Property	**Combined Total**
At cost or valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2020	58,707	7,050	65,757	7,396	30,593	**103,746**
Additions	481	-	481	-	340	**821**
Transfers	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	**-**
Revaluation	(1,460)	(250)	(1,710)	2,906	(1,582)	**(386)**
At 31 December 2020	**57,728**	**6,800**	**64,528**	**10,302**	**29,351**	**104,181**
Depreciation						
As 1 January 2020	-	-	-	-	-	**-**
Transfers	-	-	-	-	-	**-**
At 31 December 2020	-	-	-	-	-	**-**
Fair Value						
At 31 December 2020	**57,728**	**6,800**	**64,528**	**10,302**	**29,351**	**104,181**
Fair value						
At 31 December 2019	**58,707**	**7,050**	**65,757**	**7,396**	**30,593**	**103,746**

The trustees' policy is that freehold properties held for investment purposes are included at the trustees' best estimate of market value. In 2019 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Future external valuations will take place as required, in accordance with relevant accounting standards. Valuations were conducted by Cluttons LLP, Savills Plc and Strutt & Parker. Interim valuations are performed in intervening years by a suitably qualified officer of the LDF.

Notes to the financial statements

8. Non-Property Investments

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
Market value at 1 January 2020	3,605	23,539	8,791	14,120	**50,055**	**40,555**
Additions (at cost)		-	-	-	**-**	**5,044**
Disposals	(3,769)	-	(559)	-	**(4,328)**	**(3,253)**
Net (losses)/gains on revaluations	164	1,656	(398)	(1,998)	**(576)**	**7,709**
Market value at 31 December 2020	**-**	**25,195**	**7,834**	**12,122**	**45,151**	**50,055**

Non-property investments are represented by:

	2020 £'000	2019 £'000
M&G Charifund	**19,256**	**23,740**
CBF Global Equity Income Fund	**16,582**	**17,534**
CBF Investment Fund	**9,313**	**8,781**
	45,151	**50,055**

CBF investments are valued by the CCLA.
The historic cost of the investments held at 31 December 2020 was £28,053,000 (2019: £30,285,000).

9. Investments in subsidiary undertakings

The LDF owns 100% of the issued share capital of a subsidiary undertaking, Causton Street Farms Limited (registered company number 2768104). The company has been dormant since 1 January 2005. The subsidiary is excluded from consolidation because it is not material to the financial statements of the LDF.

10a. Debtors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
Contributions to the Common Fund	83	-	-	-	**83**	**120**
Rent receivable	1,394	-	175	-	**1,569**	**1,445**
Prepayments and accrued income	185	194	303	-	**682**	**792**
	1,662	194	478	-	**2,334**	**2,357**
Loans to Parishes						
Diocesan Bishop's Council awarded	-	507	-	-	**507**	**979**
Area Council awarded	-	598	-	-	**598**	**727**
	-	1,105	-	-	**1,105**	**1,706**
Loans to individuals	1	353	-	-	**354**	**386**
Other debtors	226	9,078	-	-	**9,304**	**304**
	1,889	**10,780**	**478**	**-**	**13,097**	**4,753**

Notes to the financial statements

10a. Debtors (continued)

Movements in Loans to Parishes	**2020**	**2019**
	£'000	**£'000**
As at 1 January 2020	**1,706**	**2,067**
Additions (new loans and interest)	**189**	**265**
Repayments	**(790)**	**(626)**
As at 31 December 2020	**1,105**	**1,706**

During the year, interest on Diocesan Bishop's Council (Finance Committee) loans to parishes was charged, depending upon the rules in force when the loan was awarded, at rates of 1% above the Central Board of Finance (CBF) rate, or 2% above the Bank of England base rate depending on the balance of an individual loan. No interest was charged on other loans.

Certain loans to parishes and individuals fall due after more than one year, and the total of these at 31 December 2020 was £1,402,000 (2019: £1,373,000).

10b. Related Parties

London Diocesan Board for Schools (LDBS)
The LDBS is a charitable company (charity registration no. 313000, company registration no. 00198131). The LDF and the LDBS are separate charities but the members of various Diocesan bodies appoint or elect the majority of the trustees/directors of the two organisations. A number of members are trustees/directors of both charities:

- The Rt Revd and Rt Hon Bishop of London, Dame Sarah E Mullally DBE BSc MSc DSc was a trustee of both charities during the year, being Chair of the LDF and President of the LDBS.
- The Archdeacon of London, the Venerable L J Miller, trustee of the LDF, served as trustee of both the LDF and the LDBS during the year.
- The Revd C Smith was also a trustee of both the LDF and the LDBS during the year.
- Mr D W Richards was a trustee of both the LDF and the LDBS during the year.
- Mr I R M Woolf, a trustee of the LDF, is employed by the LDBS.

The LDF makes an annual grant to the work of the LDBS amounting to £180,000 (2019: £180,000) and a contribution towards the cost of staff time of £15k (2019: £7k). At 31 December 2020 other creditors included £10k for payroll items relating to the LDBS (2019: other creditors - £5k).

In addition to the grant described above, the LDF makes the following donations in kind to the LDBS. These relate to office space and provision of house services including reception, cleaning, utilities, IT and payroll support. The estimated value of such services is:

	2020	**2019**
	£'000	**£'000**
Accommodation - rent	**131**	**131**
House services and meeting rooms	**156**	**207**
	287	**338**

Notes to the financial statements

10b. Related Parties (continued)

Trustees' expenses and remuneration

In 2020 the LDF reimbursed a total of £20,453 to 7 members of the Bishop's Council (2019: £22,403 to 12 members). The vast majority of these expenses related to working expenses, for example as Archdeacons, Area Dean or other ecclesiastical roles, rather than as expenses reimbursed in their role as trustees. In 2020, a further £24,689 (2019: £12,028) was paid to 12 trustees, representing removal grants for clergy and other clergy grants. These amounts are in line with the LDF's usual practice regarding clergy expenses and are not related to their roles as trustees.

The LDF is responsible for a substantial part of the stipend of the clerical members of the Bishop's Council by virtue of their clerical office, along with National Insurance and costs associated with housing. The stipends, National Insurance and pensions of Bishops are borne and funded by the Church Commissioners.

The following was paid to 16 (full time equivalent: 16) other members of the clergy in 2020 who were members of the Bishop's Council (2019: 15 members; full time equivalent: 15).

	2020 £'000	2019 £'000
Gross Stipends	**468**	**453**
Employer's National Insurance contributions	**40**	**38**
Employer's pension contribution	**162**	**156**
	670	**647**

Under the Repair of Benefice Buildings Measure 1972 the Diocese is responsible for the upkeep of parsonages. Twelve members of Bishop's Council during the year (2019: 11) were housed in parsonages by virtue of their clerical office. Two employees (2019: 2) were housed in a parsonage, though not by virtue of their employment.

A further 7 members of Bishop's Council and Diocesan Finance Committee (2019: 7) and 9 employees who are also clergy, including chaplains (2019: 11), were housed in properties owned by the London Diocesan Fund.

For the purpose of this disclosure note transactions with other Parochial Church Councils, where there may be a relationship because members of Bishop's Council are also trustees of those bodies, have not been included.

11a. Dividends and Interest Receivable

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
Dividends	1,088	19	265	-	**1,372**	**1,824**
Cash and deposit interest	51	7	3	-	**61**	**85**
Fixed interest investments	-	-	-	-	**-**	**-**
Loan interest	19	-	-	-	**19**	**22**
	1,158	**26**	**268**	**-**	**1,452**	**1,931**

Notes to the financial statements

11b. Investment Property Rentals

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
Investment property rentals	**3,887**	**-**	**(39)**	**-**	**3,848**	**4,462**

12. Creditors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
Amounts falling due within one year:						
Parish Loans Payable	-	143	-	-	**143**	**216**
Grants Payable	-	719	-	-	**719**	**779**
Other Creditors	826	250	621	51	**1,748**	**1,541**
Accruals and deferred income	2,895	10	141	-	**3,046**	**2,571**
	3,271	**1,122**	**762**	**51**	**5,656**	**5,107**
Amounts falling due after one year:						
Church Commissioners Value Linked Loans	**-**	**8,943**	**-**	**-**	**8,943**	**8,514**

A Value Linked Loan due to the Church Commissioners becomes repayable when the house on which it is secured is sold. It is a concessionary loan made by the Church Commissioners for onward lending to a parish, usually for housing assistant clergy. The properties purchased with Value Linked Loans are held within Designated Operational Property. Value Linked Loans are shown at fair value, being the estimated market value of the property bought with the Value Linked Loan.

Notes to the financial statements

13a. Designated Funds	At 1 January 2020 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2020 £'000
Capital Vision 2020	**1,035**	94	(455)	-	(253)	**421**
Richard Chartres Fund for London	**9**	10	-	-	-	**19**
Capital Strategy Fund	**1,910**	-	(771)	281	-	**1,420**
Operational Property	**64,523**	-	-	1,462	945	**66,930**
Investment Property	**65,757**	-	-	(1,711)	481	**64,527**
Parsonage Reserve	**3,689**	7,957	(32)	(403)	1,729	**12,940**
Fund Operational Property Reserve	**4,766**	1,485	-	1,882	(946)	**7,187**
Investment Property Reserve	**2,481**	2	(72)	-	(481)	**1,930**
Inspection and Maintenance Funds	**310**	-	-	-	837	**1,147**
Designated Trusts	**759**	19	(11)	22	-	**789**
Mission Opportunity	**176**	-	(69)	(31)	424	**500**
Bishop of London's Mission Fund	**179**	29	(192)	-	250	**266**
Clergy Training and Support	**420**	7	(20)	(33)	-	**374**
Area Pastoral Funds	**1,366**	2	(207)	105	381	**1,647**
Area Bank Accounts	**125**	45	(38)	-	-	**132**
Diocesan Loan Capital	**4,634**	-	-	(166)	(2,314)	**2,154**
Strategic Development Reserve	**2,030**	193	(170)	-	(1,553)	**500**
Clergy Pension Deficit Reserve	**(3,422)**	-	(29)	(83)	1,593	**(1,941)**
Lay Church Workers Pension Fund Deficit Reserve	**-**	-	-	(23)	-	**(23)**
Total Designated Funds	**150,747**	**9,843**	**(2,066)**	**1,302**	**1,093**	**160,919**

**Income includes realised gains/(losses)* *Note 13d*

Capital Vision 2020

The LDF's strategic plan was encompassed within Capital Vision 2020, a vision of a Church that is Christ-centred and outward looking. During 2013 the trustees approved the creation of a new Capital Vision 2020 designated reserve to fund the strategy, and details of the activities of Capital Vision 2020 can be found within the Strategic Report on pages 4 to 9 of this document. During 2021 the balance of the fund will provide the initial funding for implementing Vision 2030.

Richard Chartres Fund for London

Funds have been raised to support a number of projects and activities which are in alignment with our CV2020 strategy. The fund will be utilised over the next 12 months.

Capital Strategy Fund

The Capital Strategy Fund holds the net capital proceeds from the sale of assets that have been identified as appropriate sites for development. The proceeds from such developments release capital to be redeployed elsewhere in the Diocese, as part of the LDF's Capital Strategy. In particular the fund is used to support work to establish a Christian presence in major new housing development areas, in addition to releasing funds to carry out operational housing improvements.

13a. Designated Funds (continued)

Operational Property
As well as incorporating the Diocesan offices, operational property comprises over 100 units of property generally used to house clergy who are not housed in parsonages. These include area bishops, archdeacons, chaplains, team vicars, and many others. Of the fund value of the year-end of £66.9m, £75.8m is represented by actual properties which are partially offset by (£8.9m) of Value Linked Loans creditors (as described in note 12). This fund also includes the revaluation reserve of £5.5m (2019: £5.5m).

Investment Property
Investment property comprises over 50 freehold and leasehold properties, with a year-end fund value of £64.5m (2019: £65.8m) held to generate income and capital growth, which helps fund stipends and other charitable activities.

Parsonage, Fund Operational Property and Investment Property Reserves
The Parsonage, Fund Operational Property and Investment Property reserves are used for the purchase and refurbishment of houses that form part of Parsonage House Capital (Endowment), Operational Property (Designated), and Investment Property (Designated) respectively. When a property is sold, the sale proceeds are credited to the relevant fund.

Inspection and Maintenance Funds
This fund comprises the Quinquennial Fund, with a year-end fund value of £1,147k (2019: £310k), and the Ingoing Works Fund with a year-end fund value of £nil (2019: £nil). We carry out planned maintenance on an average of one-sixth of our operational properties each year (88 of approximately 540), but the actual number varies from year to year. This fund smooths the impact of these works on the General Fund from year to year, and thus aids budgeting and financial planning. Due to lockdown restrictions, as a result of the pandemic, planned quinquennial works were postponed. Therefore a transfer of £837k was made to Quinquennial Fund from the General Fund to help pay for future works. All necessary works in accordance with the Repair of Benefice Buildings Measure 1972 are undertaken, and the funds support this strategy.

Designated Trusts
These funds represent proceeds arising from the sale of parish-based properties that were in use by those parishes but were legally owned by the Diocese. Each sale of such property is assessed on a case-by-case basis and where there is a compelling reason the sale proceeds may be designated for parish purposes, usually to fund a parish-based development or replacement facility. These funds are expected to be held on an on-going basis.

Mission Opportunity
This fund was established to meet a range of specific clergy and related costs that are necessary in implementing Diocesan mission and ministry policy.

Bishop of London's Mission Fund (BLMF)
This fund is used for new local mission initiatives (not capital projects) throughout the Diocese. Each application is assessed on a case-by-case basis by the BLMF board, an internal committee chaired by the Bishop of London.

Clergy Training and Support
This fund is for providing general clergy training and support, such as unconscious bias training, leadership courses and individual coaching and mentoring sessions. The designated budget holder for the fund is the Bishop of Kensington, assisted by the Director of Ministry.

Area Pastoral Funds
These are funds for each of the five episcopal areas which can be used for loans and grants for specific projects in each area. Decisions on the use of the funds are taken by Area Councils. Loans and grants are awarded each year and the fund is replenished from general funds to ensure the fund is not depleted. It is anticipated that this will continue into the foreseeable future.

Notes to the financial statements

13a. Designated Funds (continued)

Area Bank Accounts
These are the Kensington and Willesden Area bank accounts which are used directly to support each of these areas.

Diocesan Loan Capital
This fund provides loans to parishes, with individual loans not normally exceeding £200,000. Requests from parishes are first considered by the Loans Monitoring Group (LMG), a sub-committee of the DFC, and the decision is made by the DFC.

Strategic Development Reserve
This reserve is the fund for enabling the expenditure within the five year plan for the Strategic Development team, supporting our work in several major areas of regeneration. Funded from the designated Capital Strategy Fund and a contribution from the general fund, expenditure consists of staff costs for the Strategic Development team and direct project costs.

Clergy Pension Deficit Reserve
The pension deficit reserve represents the present value of the agreed deficit contributions towards the Church of England funded pension scheme. See note 15(b) for more detail on the movement on this fund.

Lay Church Workers Pension Fund Deficit Reserve
The pension deficit reserve represents the value of the agreed deficit contributions towards the Lay Church Workers pension fund, less the amount full committed and set aside to settle this creditor.

13b. Restricted Funds	**At 1 January 2020**	**Income ***	**Expenditure**	**Unrealised Gains/(Losses)**	**Transfers**	**At 31 December 2020**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Sole Trust Expendable Funds (inc. ALMA)	**8,746**	412	(881)	(473)	(199)	**7,605**
Closed Church Buildings Fund	**1,062**	3,854	(1449)	75	597	**4,139**
Closed Church Buildings Operational Property	**2,731**	-	-	-	(597)	**2,134**
Closed Church Buildings Investment Property	**7,396**	-	-	2,906	-	**10,302**
Closed Church Buildings Investment Reserve	**2,554**	-	(42)	-	-	**2,512**
Area Church Building Fund	**590**	-	-	-	-	**590**
Strategic Development funds	**195**	2,557	(2,638)	-	(13)	**101**
Projects restricted fund	**347**	2,551	(2,601)	-	-	**297**
Bishops' secretaries fund	-	295	(295)	-	-	-
Total Restricted Funds	**23,621**	**9,668**	**(7,905)**	**2,508**	**(212)**	**27,681**

**Income includes realised gains.* *Note 13d*

Sole Trust Expendable Funds
This fund comprises over 40 restricted trusts which are held for specific parish or Diocesan purposes. These trusts are consolidated with the main LDF accounts as the LDF acts as sole trustee and therefore has control. The permanent endowment element is disclosed in note 13c. Each Trust is governed by its own trust instrument which may be in the form of a Charity Commission scheme, for example. The activity of the Angola, London and Mozambique Association (ALMA) is consolidated under this heading, comprising funds of £1.8m at 31 December 2020 (2019: £1.8m).

Closed Church Buildings Fund
This fund represents the Diocesan Pastoral Account (DPA) and is primarily used for closed church buildings rental income and maintenance expenses. Income from the rental of churches no longer used for Anglican public worship, that is not required for the maintenance of those buildings, may be used for the payment of stipends and maintenance of property for the housing of clergy. The DPA is principally governed by the Mission and Pastoral Measure 2011, and therefore decisions on the use of the fund are taken in accordance with the Measure and with the target estimates of the future maintenance of those buildings.

Notes to the financial statements

13b. Restricted Funds (continued)

Closed Church Buildings Operational and Investment Property

This fund represents the net book value of closed church buildings property (see note 7).

Closed Church Buildings Investment Reserve

This reserve is used for the refurbishment of closed church buildings investment property. When such a property is sold, the sale proceeds will be credited to this fund.

Area Church Building Fund

This reserve comprises net funds released after the sales of closed churches, having been set up in 2019. The fund will be used to reinvest in open or new church buildings to help repair, develop and create church buildings that support mission and ministry across the Diocese. Within this fund, funds are allocated to specific Episcopal areas.

Strategic Development funds

This fund comprises the income and expenditure relating to the restricted funding received from the Church Commissioners towards Church Planting, Church Growth and Youth Strategies. Each grant has been awarded for six years, the earliest awarded in 2015, with the final project due to end in 2023.

Projects restricted fund

This fund comprises a small number of projects for which the LDF receives restricted funding. Income sometimes relates to the aggregate match funding received in relation to a number of projects.

Bishops' secretaries fund

This shows the restricted funding from the Church Commissioners received as a contribution towards the cost of the Bishops' secretaries.

13c. Endowment Funds

	At 1 January 2020 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2020 £'000
Expendable Endowment						
Glebe Operational Property Fund	**28,329**	-	-	-	(300)	**28,029**
Glebe Investment Property Fund	**30,593**	-	-	(1,582)	340	**29,351**
Glebe Investment Fund	**10,501**	4,027	(41)	(1,393)	300	**13,394**
Glebe Investment Property Reserve	**29**	-	(121)	-	(340)	**(432)**
Parsonage House Capital	**219,390**	-	-	-	(1,729)	**217,661**
Permanent Endowment						
Sole Trust Permanent Endowment	**6,091**	-	-	(605)	-	**5,486**
Total Endowment Funds	**294,933**	**4,027**	**(162)**	**(3,580)**	**(1,729)**	**293,489**
					Note 13d	

**Income includes realised gains.*

Notes to the financial statements

13c. Endowment Funds (continued)

Glebe Operational and Investment Property Fund
This represents the net book value of glebe property with movements shown in note 7. Rental income from glebe property is credited to general funds where it is used to fund clergy stipend payments. As with Designated Fund Property, the fund is split between operational (£28.0m) and investment (£29.4m) property.

Glebe Investment Fund
This represents the carrying value of glebe investments and cash. Investment income from glebe property is credited to general funds where it is used only to fund clergy stipend payments. The use of glebe assets detailed above is governed by the Diocesan Stipends Funds Measure 1953 and the Endowments and Glebe Measure 1976.

Glebe Investment Property Reserve
This reserve is used for the purchase and refurbishment of glebe investment property. When such a property is sold, the sale proceeds are credited to this fund.

Parsonage House Capital
This fund represents the net book value of freehold and leasehold benefice houses (see note 7).

Sole Trust Permanent Endowment
This fund represents those amounts held under the LDF's sole trusteeship where the capital is not expendable.

13d. Transfer between funds – detailed breakdown of movements

Statement of Financial Activities transfers analysed:

	General £'000	Designated £'000	Restricted £'000	Endowment £'000	Total £'000	*Reference*
Parsonage additions	-	1,729	-	(1,729)	-	i
Transfer of budgeted items in the General Fund to various designated funds	(446)	446	-	-	-	ii
Net transfers (to)/from designated funds at year-end	1,077	(1,080)	3	-	-	iii
Net transfers (to)/from restricted funds at year-end	215	-	(215)	-	-	iv
Net transfers (to)/from endowment funds at year-end	-	-	-	-	-	v
	846	1,095	(212)	(1,729)	-	
		Note 13a	*Note 13b*	*Note 13c*		

i. Transfers from or to the Parsonage reserve for the purchase or sale of parsonages respectively.
ii. These transfers relate to budgeted items set aside from the General Fund for various designated funds.
iii. These relate to transfers agreed at the year-end between the General Fund and specific designated funds.
iv. These relate to transfers agreed at the year-end between the General Fund and specific restricted funds.
v. These relate to transfers agreed at the year-end between the designated funds and specific endowment funds.

Notes to the financial statements

14. Notes to the cash flow statement

	2020 Total £'000	2019 Total £'000
14a. Reconciliation of operating (deficit) to operating cash flows		
Operating (deficit)	**(2,804)**	**(669)**
Depreciation release	**42**	**31**
(Increase) in debtors	**(8,346)**	**1,760**
Decrease in creditors	**979**	**(1,153)**
Non-cash movement in pension liability	**1,984**	**9,817**
Investment and rental income	**(8,214)**	**(9,451)**
	(16,359)	**335**

	2020 Total £'000	2019 Total £'000
14b. Gross cash flows		
Cash flows from investing activities		
Dividends and interest received	**1,453**	**1,931**
Rental Income	**6,761**	**7,520**
Sale of property	**25,436**	**7,002**
Purchase of property	**(11,709)**	**(10,276)**
Other fixed asset purchases	**(59)**	**(108)**
Sale of investments	**4,163**	**(3,253)**
Purchase of investments	**-**	**(5,044)**
	26,045	**(2,228)**

14c. Analysis of changes in net funds

Funds	At 31 January 2020 £'000	Cash flows £'000	Other £'000	At 31 December 2020 £'000
Cash at bank and in hand	8,389	9,686	-	**18,075**
Value linked loans due after one year	(8,514)	-	(429)	**(8,943)**
	125	9,686	(429)	**9,132**

15. Pensions

Pension liabilities	2020 Total £'000	2019 Total £'000
Lay staff pensions (*see note a below*)	**(656)**	**(822)**
Clergy pensions (*see note b below*)	**(1,941)**	**(3,422)**
	(2,597)	**(4,244)**

15. Pensions (continued)
15(a). Lay staff pensions

The LDF participates in the Defined Benefits Scheme section of the Church Workers Pension Fund (CWPF) for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Defined Benefits Scheme ("DBS") section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme.

The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £189k, 2019: £188k) plus the remaining movement in relation to the DBS deficit, giving a total charge of £166k for 2020 (2019: £165k).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of DBS is carried out once every three years. The most recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m. A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 33.6% of pensionable salary and expenses of £16,300 per year. In addition, deficit payments of £188,666 per year have been agreed for 6.25 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability and this obligation has been recognised as a liability within the Employer's financial statements, being £656k in 2020 (2019: £822k).

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

	December 2020	December 2019	December 2018
Discount rate	0.30% pa	1.2% pa	2.0% pa

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

15(b). Clergy pensions

From 1 January 1998, Diocesan clergy became members of the Church of England Pensions Scheme (CEFPS). This non-contributory Scheme provides benefits based on national minimum stipends. The Church of England Pensions Board is the trustee and administers the Pension Scheme. The Scheme provides pensions that relate to pensionable service from 1 January 1998. The Scheme's assets are held separately from those of the LDF. Past service clergy pensions for service before 1 January 1998 are paid by the Church Commissioners at no cost to the LDF.

The LDF is the sponsoring employer for 562 members (2019: 550) of the Scheme out of a total membership of approximately 8,400 active members. The Scheme is considered to be a multi-employer Scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to specific employers and contributions are accounted for as if the Scheme were a defined contributions Scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions (see below). Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of seven and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025. As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

Notes to the financial statements

	2020 £'000	2019 £'000
Balance sheet liability at 1 January	**3,422**	**10,513**
Deficit contribution paid	**(1,593)**	**(1,535)**
Interest cost (recognised in SOFA)	**29**	**205**
Remaining charge to the balance sheet liability*	**83**	**(5,761)**
Balance sheet liability at 31 December	**1,941**	**3,422**

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2% pa	1.1% pa	2.1% pa
Price inflation	3.1% pa	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.3% pa	1.6% pa

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

16. Members' Liability

The London Diocesan Fund is a company registered in England as a company limited by guarantee, having no share capital. At 31 December 2020 there were 48 members (2019: 47) who were liable to contribute £1 each in the event of the company being wound up.

Notes to the financial statements

17. Prior year comparatives

Statement of Financial Activities – for the year to 31 December 2019

	Notes	Unrestricted Funds General £m	Unrestricted Funds Designated £m	Restricted Funds £m	Endowment Funds £m	Total 2019 £m
Income and endowments from						
Donations, legacies & grants						
Common Fund		24.5	-	-	-	**24.5**
Parish reimbursements for clergy costs		3.8	-	-	-	**3.8**
Donations and legacies		0.5	-	2.0	-	**2.5**
Church Commissioners		-	-	2.5	-	**2.5**
City Church Fund		1.8	-	-	-	**1.8**
Charitable activities						
Operational property rental income		3.0	-	0.1	-	**3.1**
Parochial fees		0.4	-	-	-	**0.4**
Investment Income						
Dividends and interest receivable	11a	1.7	-	0.2	-	**1.9**
Investment property rentals	11b	4.2	0.1	0.1	-	**4.4**
Other income		-	0.6	1.3	-	**1.9**
Total income		**39.9**	**0.7**	**6.2**	-	**46.8**
Expenditure on						
Raising funds						
Investment management costs						
Rental portfolio costs-agent fees		0.4	-	-	-	**0.4**
Investment property repairs and maintenance		0.6	0.4	-	0.2	**1.2**
Charitable activities						
Ministry		23.3	0.4	3.6	-	**27.3**
Education and outreach		0.7	-	-	-	**0.7**
Parish and Area support services		1.5	0.2	0.4	-	**2.1**
Clergy housing and property costs		8.2	1.7	0.6	-	**10.5**
National Church		3.1	-	-	-	**3.1**
Grants to parishes and overseas	6	0.3	0.6	0.4	-	**1.3**
Other expenditure		-	1.1	0.1	-	**1.2**
Total expenditure	5	**38.1**	**4.4**	**5.1**	**0.2**	**47.8**
Net income/(expenditure) before investment gains		1.8	(3.7)	1.1	(0.2)	**(1.0)**
Realised gains on tangible fixed assets		-	0.4	1.7	1.2	**3.3**
Net gains/(losses) on investments	8	0.7	4.0	1.1	2.0	**7.8**
Net incoming resources for the year		**2.5**	**0.7**	**3.9**	**3.0**	**10.1**
Transfers between funds	13d	(2.0)	2.8	(1.5)	0.7	-
Other recognised gains/(losses)						
Pension deficit movement		-	5.7	-	-	**5.7**
Unrealised gains on tangible fixed assets	7a & 7b	-	0.9	0.2	2.9	**4.0**
Net movement in funds for the year		**0.5**	**10.1**	**2.6**	**6.6**	**19.8**
Reconciliation of funds:						
Funds at 1 January 2019		**3.1**	**140.6**	**21.0**	**288.3**	**453.0**
Funds at 31 December 2019		**3.6**	**150.7**	**23.6**	**294.9**	**472.8**

Notes to the financial statements

17. Prior year comparatives (continued)

(b). Balance Sheet as at 31 December 2019

	Notes	Unrestricted Funds General £m	Unrestricted Funds Designated £m	Restricted Funds £m	Endowment Funds £m	Total 2019 £m
Fixed Assets						
Operational property	7a	-	73.0	2.7	247.7	**323.4**
Investment property	7b	-	65.8	7.4	30.6	**103.8**
Non-property investments	8	3.6	23.5	8.8	14.1	**50.0**
Fixtures and fittings		0.2	-	-	-	**0.2**
		3.8	162.3	18.9	292.4	**477.4**
Current Assets						
Debtors	10a	2.2	2.2	0.4	-	**4.8**
Cash at bank		0.8	0.2	4.9	2.5	**8.4**
		3.0	2.4	5.3	2.5	**13.2**
Creditors						
Amounts falling due within one year	12	(3.2)	(1.3)	(0.6)	-	**(5.1)**
Net Current Assets		(0.2)	1.1	4.7	2.5	**8.1**
Total assets less current liabilities		3.6	163.4	23.6	294.9	**485.5**
Creditors – amounts falling due after one year						
Pension scheme liabilities	15	-	(4.2)	-	-	**(4.2)**
Other creditors	12	-	(8.5)	-	-	**(8.5)**
Net Assets		**3.6**	**150.7**	**23.6**	**294.9**	**472.8**
Funds						
General		3.6	-	-	-	**3.6**
Designated	13a	-	150.7	-	-	**150.7**
Restricted	13b	-	-	23.6	-	**23.6**
Endowment	13c	-	-	-	294.9	**294.9**
Total Funds		**3.6**	**150.7**	**23.6**	**294.9**	**472.8**

Notes to the financial statements

17. Prior year comparatives (continued)

(c). Governance Costs and the allocation of Support Costs between Charitable Activities

	2019 £'000	2018 £'000
Support costs *(allocated below)*		
Salary and employment costs	1,978	1,852
Office costs	494	464
Governance costs	350	328
	2,822	2,644

Resources Expended	Before allocation of support costs £'000	Support costs £'000	Total 2019 £'000
Raising funds			
Investment management costs			
Rental portfolio costs – agents fees	384	-	384
Investment property repairs and maintenance	1,131	64	1,195
Fundraising	6	-	6
	1,521	64	1,585
Charitable activities			
Ministry	26,335	915	27,250
Education and outreach	483	226	709
Parish and area support services	1,159	925	2,084
Clergy housing and property costs	9,846	612	10,458
National Church	3,086	-	3,086
Grants to parishes and overseas	1,270	80	1,350
Other expenditure	1,227	-	1,227
	44,927	2,822	47,749

(d). Grants to Parishes and Overseas

Funding source:	General funds	Designated funds	Restricted funds	Endowment funds	2019
Grants to Parishes from:	£'000	£'000	£'000	£'000	£'000
Core funds	234	20	58	-	312
Area pastoral funds	-	349	-	-	349
Bishop of London's Mission Fund	-	264	-	-	264
Funds held for parish benefit	-	7	252	-	259
	234	640	310	-	1,184
Overseas:					
Angola and Mozambique (ALMA) and Lent projects	-	-	98	-	98
Grant administration allocation	80	-	-	-	80
	314	640	408	-	1,362

Notes to the financial statements

(e). Debtors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 £'000
Contributions to the Common Fund	120	-	-	-	120
Rent receivable	1,285	-	160	-	1,445
Prepayments and accrued income	427	105	260	-	792
	1,832	105	420	-	2,357
Loans to Parishes					
Diocesan Bishop's Council awarded	-	979	-	-	979
Area Council awarded	-	727	-	-	727
	-	1,706	-	-	1,706
Loans to individuals	25	361	-	-	386
Other debtors	304	-	-	-	304
	2,161	2,172	420	-	4,753

(f). Dividends and Interest Receivable

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 £'000
Dividends	1,552	19	253	-	1,824
Cash and deposit interest	76	4	5	-	85
Fixed interest investments	-	-	-	-	-
Loan interest	22	-	-	-	22
	1,650	23	258	-	1,931

(g). Investment Property Rentals

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	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 £'000
Investment property rentals	4,191	165	106	-	4,462

Notes to the financial statements

17. Prior year comparatives (continued)

(h). Creditors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 £'000
Amounts falling due within one year:					
Parish Loans Payable	-	216	-	-	216
Grants Payable	-	779	-	-	779
Other Creditors	673	305	535	28	1,541
Accruals and deferred income	2,539	12	20	-	2,571
	3,212	1,312	555	28	5,107
Amounts falling due after one year:					
Church Commissioners Value Linked Loans	-	8,514	-	-	8,514

Notes to the financial statements

17. Prior year comparatives (continued)

(i). Designated funds

13a. Designated Funds	At 1 January 2019 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2019 £'000
Capital Vision 2020	1,398	285	(398)	-	(250)	1,035
Richard Chartres Fund for London	4	25	(20)	-	-	9
Capital Strategy Fund	3,401	-	(1,846)	1,083	(728)	1,910
Operational Property	63,905	-	-	-	618	64,523
Investment Property	61,785	-	-	864	3,108	65,757
Parsonage Reserve	9,084	(111)	(49)	331	(5,566)	3,689
Fund Operational Property Reserve	717	305	(7)	1,892	1,859	4,766
Investment Property Reserve	1,187	336	(234)	-	1,192	2,481
Inspection and Maintenance Funds	173	-	-	-	137	310
Designated Trusts	1,170	20	(7)	103	(527)	759
Mission Opportunity	221	-	(70)	25	-	176
Bishop of London's Mission Fund	186	6	(263)	-	250	179
Clergy Training and Support	420	15	(68)	53	-	420
Area Pastoral Funds	1,238	5	(350)	106	367	1,366
Area Bank Accounts	132	150	(157)	-	-	125
Diocesan Loan Capital	4,272	-	-	362	-	4,634
Strategic Development Reserve	1,836	152	(691)	-	733	2,030
Clergy Pension Deficit Reserve	(10,513)	-	(205)	5,761	1,535	(3,422)
Lay Church Workers Pension Fund Deficit Reserve	-	-	-	(23)	23	-
Total Designated Funds	**140,616**	**1,188**	**(4,365)**	**10,557**	**2,751**	**150,747**

(j). Restricted Funds

	At 1 January 2019 £'000	Income * £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2019 £'000
Sole Trust Expendable Funds	6,339	1,972	(415)	932	(82)	8,746
Closed Church Buildings Fund	317	1,532	(584)	130	(333)	1,062
Closed Church Buildings Operational Property	2,989	-	-	-	(258)	2,731
Closed Church Buildings Investment Property	7,174	-	-	222	-	7,396
Closed Church Buildings Investment Reserve	3,504	461	(11)	-	(1,400)	2,554
Area Church Building Fund	-	-	-	-	590	590
Strategic Development funds	295	1,741	(1,841)	-	-	195
Projects restricted fund	345	1,989	(1,989)	-	2	347
Bishops' secretaries fund	1	285	(286)	-	-	-
Total Restricted Funds	**20,964**	**7,980**	**(5,126)**	**1,284**	**(1,481)**	**23,621**

Notes to the financial statements

17. Prior year comparatives (continued)

(k). Endowment Funds

	At 1 January 2019 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2019 £'000
Expendable Endowment						
Glebe Operational Property Fund	27,881	-	-	-	448	28,329
Glebe Investment Property Fund	30,678	-	-	2,884	(2,969)	30,593
Glebe Investment Fund	9,414	996	(6)	1,144	(1,047)	10,501
Glebe Investment Property Reserve	76	162	(178)	-	(31)	29
Parsonage House Capital	215,275	-	-	-	4,115	219,390
Permanent Endowment						
Sole Trust Permanent Endowment	5,021	1	-	869	200	6,091
Total Endowment Funds	288,345	1,159	(184)	4,897	716	294,933

Custodian Trusts – Custodian Trustee Report and Non-Statutory Financial Statements for the year ended 31 December 2020

The following pages do not form part of the statutory financial statements of the London Diocesan Fund for the year ended 31 December 2020

Contents	Page
Report of the Custodian Trustee	**64**
Non-Statutory Financial Statements	**65**
Notes to the Custodian Trusts Financial Statements	**66**
Independent Auditors' Report to the Custodian Trustee of the Funds	**69**

Report of the Custodian Trustee

The council of the London Diocesan Fund, usually acting as Custodian Trustee under ecclesiastical and UK law, presents the report and non-statutory financial statements for the year ended 31 December 2020.

Legal Status
Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as Diocesan Authority (in effect, custodian trustee) of parish buildings and land. It also acts as custodian trustee for monies held on specific trust. These pages report the specific trust holdings only and provide an aggregation of the financial assets of some 111 separate trusts (117 in 2019). Land and building assets held by the London Diocesan Fund as Diocesan Authority are not shown.

Certain title and trust deeds are held in the name of the Bishop of London's Fund. This is a corporate body that pre-dated the formation of the London Diocesan Fund in 1918 and in which some property and capital were vested. For day to day purposes, its activities have been subsumed into the London Diocesan Fund since 1 January 1918.

Review of the Year
Total incoming resources from interest and dividends for the period was £0.5m (2019: £0.5m)

Funds continue to be expended in line with the purposes for which they were intended, with £0.8m expended for charitable purposes during 2020 (2019: £0.9m). The funds expended vary year on year in line with the specific needs of the managing trustee bodies.

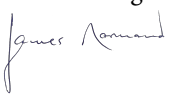
The overall value of funds held by the London Diocesan Fund as custodian trustee at 31 December 2020 was £19.1m (2019: £19.3m). The decrease of £0.2m from the prior year is mainly attributable to an decrease in the market value of share funds.

Statement of Custodian Trustee's responsibilities
The Charities Act 2011 requires managing trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the funds and of their incoming resources and application of resources, including their income and expenditure.

The Custodian Trustee has chosen to prepare these statements in accordance with the Charities Act 2011. In preparing these financial statements in accordance with the Charities Act 2011, the Custodian Trustee is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

The Custodian Trustee is responsible for keeping proper accounting records with respect to the transactions and the financial position of the funds and to enable them to ensure that the financial statements comply with the Charities Act 2011. The Custodian Trustee has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the funds and to prevent and detect fraud and other irregularities.



James P Normand
Chair of the Diocesan Finance Committee and Lay Vice-Chair of Bishop's Council
12 May 2021

Non-Statutory Financial Statements of the Custodian Trusts
Statement of Financial Activities – for the year ended 31 December 2020

	Permanent Endowment Fund £m	Restricted Capital Fund £m	Restricted Unexpended Income £m	Total 2020 £m	Total 2019 £m
Income and endowments from:					
Investment income	-	-	0.1	**0.1**	**0.1**
Income direct to beneficiaries	-	-	0.4	**0.4**	**0.4**
Total income	**-**	**-**	**0.5**	**0.5**	**0.5**
Expenditure on:					
Income paid to beneficiaries	-	-	(0.4)	**(0.4)**	**(0.4)**
Objects of the trusts	(0.1)	(0.2)	(0.1)	**(0.4)**	**(0.5)**
Total expenditure	**(0.1)**	**(0.2)**	**(0.5)**	**(0.8)**	**(0.9)**
Net (expenditure) before investment gains	**(0.1)**	**(0.2)**	**-**	**(0.3)**	**(0.4)**
Net (losses)/gains on investment assets	0.1	-	-	**0.1**	**2.2**
Net (resources expended)/incoming resources for the year	-	(0.2)	-	**(0.2)**	**1.8**
Transfers between funds	(0.1)	0.1	-	-	-
Additional new resources	-	-	-	-	**0.1**
Net movement in funds for the year	(0.1)	(0.1)	-	**(0.2)**	**1.9**
Reconciliation of funds:					
Funds at 1 January 2020	**15.5**	**2.9**	**0.9**	**19.3**	**17.4**
Funds at 31 December 2020	**15.4**	**2.8**	**0.9**	**19.1**	**19.3**

Custodian Trusts Balance Sheet – as at 31 December 2020

	Notes	Total 2020 £m	Total 2019 £m
Assets			
Fixed Asset Investments	2	**18.2**	**18.3**
Current Asset Investments	3	**0.9**	**1.0**
Net Assets		**19.1**	**19.3**
Funds			
Permanent Endowment	2	**15.4**	**15.5**
Restricted - Capital	2	**2.8**	**2.9**
Restricted – Unexpended Income	3	**0.9**	**0.9**
		19.1	**19.3**

The notes on pages 66 to 68 form part of these non-statutory financial statements. The non-statutory financial statements of the custodian trustee were approved by the Diocesan Bishop's Council acting as custodian trustee on 12 May 2021.

James P Normand
Chair of the Diocesan Finance Committee
and Lay Vice-Chair of Bishop's Council

The Revd Jody Stowell
Clerical Vice-Chair of Bishop's Council

Notes to the Custodian Trusts Financial Statements – for the year ended 31 December 2020

1. Accounting policies

These non-statutory financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice, 'Accounting and Reporting by Charities'. A summary of the principal accounting policies, which have been applied consistently except as stated, is set out below.

a. Basis of Preparation

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as custodian trustee of parish buildings and land. The London Diocesan Fund also acts as custodian trustee for monies held on trust. These pages report the specific trust holdings only and provide an aggregation of the transactions and balances of the financial assets of some 111 trusts (117 in 2019).

The Balance Sheet as at 31 December 2020 has been prepared, together with a Statement of Financial Activities, which analyses the movement in funds. Comparative figures for 2019 have been provided.

The non-statutory financial statements have been prepared on a basis consistent with figures included in the LDF's Balance Sheet. As custodian trustee, the LDF prepares these non-statutory financial statements on the historical cost basis of accounting, adjusted for the revaluation of investment.

As the LDF has no day to day control over their disposition, custodian trusts are not included within the LDF's main figures.

A cash flow statement has not been prepared as the custodian trustee considers that each custodian trust meets the criterion of a 'small' company for this purpose.

A specific trust bank account is maintained for trust transactions. Each trust has its own designated investment ledger and account codes.

It is the LDF's policy that where possible all income should go directly to the beneficiaries.

b. Fund Balances

All funds are subject to the specific conditions imposed by the donor or by the terms of the trust deed or other applicable legal instrument. The expendable capital funds and unexpended income are classified as restricted funds. Endowment funds are funds subject to the condition that they be held as permanent capital.

Income and expenditure on restricted funds are taken directly to the appropriate fund except to the extent that income is freely available to the managing trustees; and unexpended income from endowment assets is carried forward as a restricted fund.

c. Investment Income

Dividend and interest income is accounted for on a receipts basis. Rental income is accounted for on an accruals basis.

d. Other Income and Expenditure

Additional capital represents capital introduced to an existing custodian trust, or the creation of a new trust. Expenditure on objects of the trusts represents the spending of capital and income in line with the terms of the trust deed or other applicable governing instrument.

e. Investments

Investments are stated at market value, calculated by reference to the mid-market value at 31 December. Realised and unrealised gains or losses on investments in the year are credited to the appropriate funds.

2. Fixed Asset Investments represented by Permanent Endowment Capital

	1 January 2020	Additions	Disposals	Unrealised Gains/(Losses)	Other Asset/ Liability Movements and Transfers	31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Listed Investments	122	-	(103)	2	(2)	**19**
M&G Charifund	4,286	38	(64)	(562)	-	**3,698**
Investments held by CCLA:						
CBF Fixed Interest	19	-	-	1	-	**20**
CBF Investment Fund	9,212	-	-	626	(106)	**9,732**
CBF Property Fund	136	-	-	(7)	-	**129**
CBF Deposit Fund	1,755	60	(6)	-	(2)	**1,807**
Other Assets/(Liabilities)	1	-		-	45	**46**
	15,531	**98**	**(173)**	**60**	**(65)**	**15,451**
Fixed Asset Investments represented by Expendable Capital						
M&G Charifund	266	-	-	(47)	-	**219**
Investments held by CCLA:						
CBF Fixed Interest	163	-	-	6	-	**169**
CBF Investment Fund	1,750	55	(316)	108	105	**1,702**
CBF Deposit Fund	604	-	(6)	-	2	**600**
	2,783	**55**	**(322)**	**67**	**107**	**2,690**
Total Fixed Assets	18,314	**153**	**(495)**	**127**	**42**	**18,141**

3. Current Asset Investments represented by Unexpended Income from Permanent Endowment Assets

	1 January 2020 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2020 £'000
Listed Investments	1	-	-	-	2	**3**
M&G Charifund	50	-	(50)	-	-	**-**
Investments held by CCLA:						
CBF Investment Fund	177	57	(6)	17	-	**245**
CBF Deposit Fund	625	121	(83)	-	(1)	**662**
	853	**178**	**(139)**	**17**	**1**	**910**

Current Asset Investments represented by Unexpended Income from Expendable Capital Assets

	1 January 2020 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2020 £'000
Investments held by CCLA:						
CBF Investment Fund	56	-	(54)	-	-	**2**
CBF Deposit Fund	56	11	(49)	-	1	**19**
	112	**11**	**(103)**		**1**	**21**
Other Assets/(Liabilities)	5	-	-	-	(3)	**2**
Total Current Assets	970	**189**	**(242)**	**17**	**(1)**	**933**
TOTAL	19,284	**342**	**(737)**	**144**	**41**	**19,074**

Independent Auditors' Report to the Custodian Trustee of the Funds

We have audited the non-statutory financial statements of Custodian Funds for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Custodian Trustee as a body. Our audit work has been undertaken so that we might state to the Custodian Trustee 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 Custodian Trustee as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors
As explained more fully in the Statement of Custodian Trustee's Responsibilities set out on page 64, the Custodian Trustee is responsible for the preparation of the non-statutory financial statements which give a true and fair view.

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

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

Opinion on the non-statutory financial statements
In our opinion the non-statutory financial statements give a true and fair view of the financial position of the Custodian Funds as at 31 December 2020 and of their incoming resources and application of resources for the year then ended.



Haysmacintyre LLP
Statutory Auditor
10 Queen Street Place, EC4R 1AG

12 May 2021

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006