



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

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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:

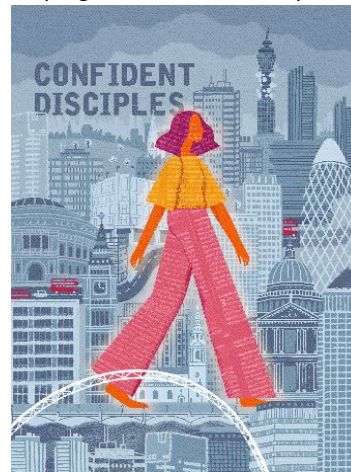
A **Lent Offering** introducing ancient Prayer Practices was run across the Areas, encouraging individuals and churches to spend time in God's presence.

- 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:

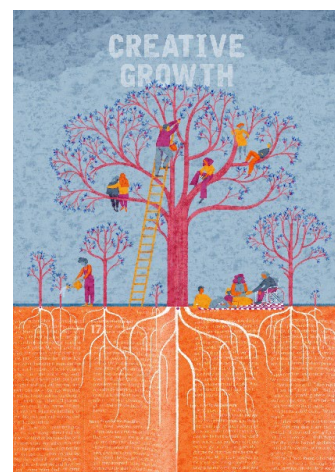
So far, about 80 churches from the Diocese have taken part in the **Grow course** to explore growth in health, depth, and impact. Learning communities have returned to in-person meetings to gather together to support and network with each other. The hope is to see deanery cohorts set up in each episcopal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

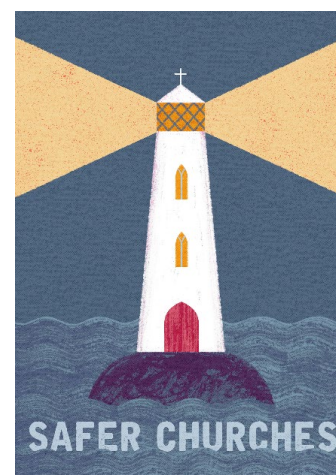
2023 highlights:

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 Bengel-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 regularly 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
<i>Sub-total</i>	(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
<i>Net movement in funds for the year</i>	(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.

<i>LDF Exclusions and Requirements</i>	<i>Investment type/requirement</i>
<i>LDF excludes investment in the following sectors:</i>	Arms
	Pornography
	Tobacco
	Gambling
	Fossil Fuel Extraction
	High Interest Lending
<i>LDF requirement of Fund Managers</i>	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 Sargeant 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:

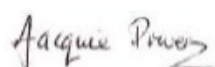
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

A handwritten signature in black ink that reads "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

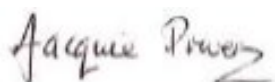
Statement of Financial Activities – for the year to 31 December 2023

		Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2023	Total 2022
		General	Designated				Restated
		£m	£m	£m	£m	£m	£m
Income and endowments from	Notes						
<i>Donations, legacies & grants</i>							
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
<i>Charitable activities</i>							
Operational property rental income		3.4	-	0.1	-	3.5	4
Parochial fees		0.4	-	-	-	0.4	0.4
<i>Investment Income</i>							
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
<i>Other income</i>		1.6	-	0.3	-	1.9	0.9
Total income		42.2	0.5	7.2	-	49.9	52.0
Expenditure on							
<i>Raising funds</i>							
<i>Investment management costs</i>							
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
<i>Charitable activities</i>							
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
<i>Other expenditure</i>		-	-	-	-	-	-
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

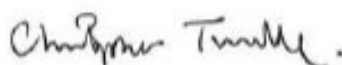
Balance Sheet – as at 31 December 2023
Company number: 150856

		Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2023	Total 2022
		General	Designated	Funds	Funds	2023	2022
		£m	£m	£m	£m	£m	£m
	Notes						
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	2022
	£m	£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

		2023	2022
		£m	£m
Net cash (outflow) from operating activities	Notes 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
	<u>64</u>	<u>106</u>
Auditors' Remuneration (including VAT)		
Statutory audit	38	34
Non-Audit Services:		
■ Tax advice	1	4
■ Non-statutory review of Custodian Trusts	3	2
	<u>42</u>	<u>40</u>

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
	£'000	Restated £'000
Gross stipends	15,988	15,604
Employer's National Insurance contributions	1,370	1,130
Employer's pension contributions	3,866	5,174
	<u>21,224</u>	<u>21,908</u>
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).

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

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
	£'000	Restated £'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	Total
				2023	2022 Restated
		£'000	£'000	£'000	£'000
Raising funds					
<i>Investment management costs</i>					
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					
<i>National Church</i>					
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
<i>Resourcing Ministry and Mission</i>					
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
<i>Cost of Functional Property Rentals</i>	5d	1,904	156	2,060	2,340
<i>Support for Parish Ministry</i>					
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
<i>Expenditure on Education</i>					
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
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Grants to Parishes from:</i>						
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
<i>Overseas:</i>						
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 £'000	2022 £'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 £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2023 £'000	Total 2022 £'000
<i>Contributions to the Common Fund</i>						
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
<i>Loans to Parishes</i>						
Diocesan Bishop's Council awarded	1,093	-	-	-	1,093	716
Area Council awarded	-	888	-	-	888	687
	1,093	888	-	-	1,981	1,403
<i>Loans to individuals</i>	95	190	-	-	285	301
<i>Other debtors</i>	1,565	15	117	-	1,697	2,749
	6,517	1,099	1,356	-	8,972	7,195

Movements in Loans to Parishes

	2023 £'000	2022 £'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 Jacque 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 £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2023 £'000	Total 2022 £'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 £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2022 £'000	Total 2022 £'000
Investment Property Rentals	4,991	-	516	-	5,507	5,217

12. Creditors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2023 £'000	Total 2022 £'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
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13a(i). Designated Funds	At 1 January 2023 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2023 £'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 £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'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 administering 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 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2023 £'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)	-	
			<i>Note 13a</i>	<i>Note 13b</i>		<i>Note 13c</i>

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	2022
	Total	Total
	£'000	£'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)

	2023	2022
	Total	Total
	£'000	£'000
14b. Gross cash flows		
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

	At 01 January 2023	Cash flows	Other	At 31 December 2023
<i>Funds</i>	£'000	£'000	£'000	£'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
	Total	Total
<i>Pension liabilities</i>	£'000	£'000
Lay staff pensions (<i>see note a below</i>)	-	-
Clergy pensions (<i>see note b below</i>)	-	-
	<u>-</u>	<u>-</u>

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

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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.

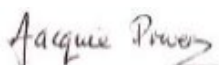
Statement of Custodian Trustee's responsibilities

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

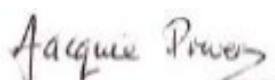
Non-Statutory Financial Statements of the Custodian Trusts
Statement of Financial Activities – for the year ended 31 December 2023

	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

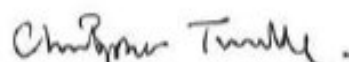
Custodian Trusts Balance Sheet – as at 31 December 2023

	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.

Notes to the Custodian Trusts Financial Statements (continued)

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

Notes to the Custodian Trusts Financial Statements (continued)

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