



# **Diocese of London**

## Report of the London Diocesan Fund

for the year ended

**31<sup>st</sup> December 2004**

## London Diocesan Fund

The London Diocesan Fund (LDF) is the registered charity responsible for managing the property and financial affairs of the Diocese. We seek to serve and support the parishes and people of the Diocese of London in spreading the gospel of Jesus Christ. We do this through the payment and housing of parish clergy and chaplains, and by providing assistance to both clergy and laity as they demonstrate God's love for London.

For more information about the Diocese of London please visit the website at [www.london.anglican.org](http://www.london.anglican.org)

## London Diocesan House

36 Causton Street, London SW1P 4AU  
Main Switchboard: 020 7932 1100



*The Bishop of London*

## **Foreword by The Rt Revd & Rt Hon Richard Chartres DD FSA**

Beloved in Christ,

I am delighted to be able to tell you that we are on course to meet the London Challenge target of a balanced budget by the end of 2005. We also achieved a non-deficit result in 2004, the first time for over a decade. This happy state of affairs, unimaginable a few years ago, is the result of the continued generosity of our parishes combined with the skill and hard work of the clergy and staff.

In a recent consultation, parishes have opted to increase clergy stipend levels, bringing them into line with the national average. Happily, the Common Fund increase likely to be required to achieve this, while also balancing next year's budget is, by recent standards, a relatively modest 4.6 per cent.

In this new, more financially stable, environment we shall be concentrating on the most efficient deployment of our resources to promote our mission. The preliminary recommendations of the Mission and Ministry Group are now being scrutinised. As we plan, we must also take into account the great opportunities that face us with the regeneration projects planned for the Thames Gateway and Kings Cross. The establishment of the Bishop of London's Mission Fund, which has already awarded significant grants to worthy projects, will also, I hope, play a part in the way we face creatively the challenges presented to us by this world in a city which is London.

With thanks for our partnership in the Gospel

A handwritten signature in cursive script that reads "Richard Chartres".

The Rt Revd & Rt Hon Richard Chartres DD FSA

## Foreword from the General Secretary

I am able to bring you very good news regarding the financial situation of the London Diocesan Fund. 2004 has seen us record our first surplus within the General Fund for over a decade and we now have balanced budgets for 2005 and 2006. It is worth remembering that as recently as 2001, the viability of the LDF as a going concern was called into question by our auditors.

The turnaround in our financial fortunes is a result of considerable efforts from all around the Diocese, including the level of giving within parishes, the generosity of parishes in terms of the Common Fund paid to the Diocese, and the achievements of the senior clergy and the staff of the LDF in controlling costs and increasing income.

A surplus of £0.1m was achieved in the General Fund, compared with a deficit of £1.1m in 2003. This improvement is in spite of the continued reduction of income from the National Church and our absorption of costs previously borne by them.

Common Fund contributions after the release of provisions and other adjustments were 9.3 per cent (or £1.3m) ahead of 2003 and the net collection rate (as shown in the table on page 12) is once again approximately 99 per cent.

As part of the drive towards financial stability, it was recognised that we had to raise other income streams. It is therefore very pleasing to report an increase in rental and investment income of just under £1million in total (and 19% of the total Diocesan income; 2003, 15%). This has been brought about by increasing lettable space, occupancy rates and yields as well as transferring cash deposits and changing asset allocation to maximise returns.

Whilst total income increased by £1.6m to £21.7m, total expenditure rose by only £0.3m (a less-than-inflation increase of 1.5%) to £21.6m.

Although the cost of Current Ministry rose due to stipend increases, the number of Common Fund clergy posts fell by 13 to 454 during the year. Numbers are budgeted to fall to 446 at the end of 2005 and assumed to remain at that level thereafter.

Every effort has been made to control other costs, though in certain cases investment has been required in order to achieve future savings. This applies, for example, to work required for the arrival of SPCK whom we welcomed as tenants to Causton Street during November 2004 and who now contribute to our finances.

As well as an extract of the financial statements for 2004, this report includes a "user-friendly" breakdown of income and expenditure, supported by further analysis of the movements between 2003 and 2004.

Finally I would like to thank everyone for their efforts in achieving a surplus this year, though would warn against complacency, as we strive to maintain this improved position during the coming years.

Keith O. Robinson  
General Secretary

# Financial Results

## Income and Expenditure 2004

An extract from the statutory accounts follows on pages 8 and 9. Apportioning income and expenditure to a particular category is not straight-forward since many funds have historic restrictions and conditions attached to them. The notes and charts on pages 4-7 are offered as a way of presenting the figures in as user-friendly a format as possible and are consistent with the style of the "Budget 2005" document distributed to parishes in December 2004.

### Notes on Income

<b>Income 2004</b>	£ in '000s	As % of General Fund income	
<b>Common Fund</b>	14,873	69	This figure does not include the late payments included in the separate Common Fund table (Page 12)
<b>Donations / Other Income</b>	389	2	This includes the grants from the Allchurches Trust (parent company of Ecclesiastical Insurance) and various city charities
<b>Investment Return</b>	1,155	5	Returns on bank deposits and other investments
<b>Property Income</b>	3,052	14	This includes direct rentals of £1,476k and property investment rentals of £1,576k
<b>National Church</b>	727	3	Income from the National Church continues to decline as funds previously received by the London Diocese are redirected to other dioceses. (SOFA £340k +£387k)
<b>Assigned Fees</b>	387	2	These are statutory fees from weddings and funerals. They are paid to incumbents and then assigned to the LDF to be set against the overall stipends bill
<b>Stipend Refunds</b>	1,116	5	These are payments in respect of clergy involved in largely local initiatives, financed by parishes or other institutions. (Approx. 48 posts either full or part time)
<b>Total Income</b>	<b>21,699</b>		

These figures relate only to the **General Fund** column shown in the Statement of Financial Activities (SOFA). The other columns in the SOFA refer to monies that in one way or another are set aside or restricted to particular funds.

N.B. Comparison with summary for 2003:

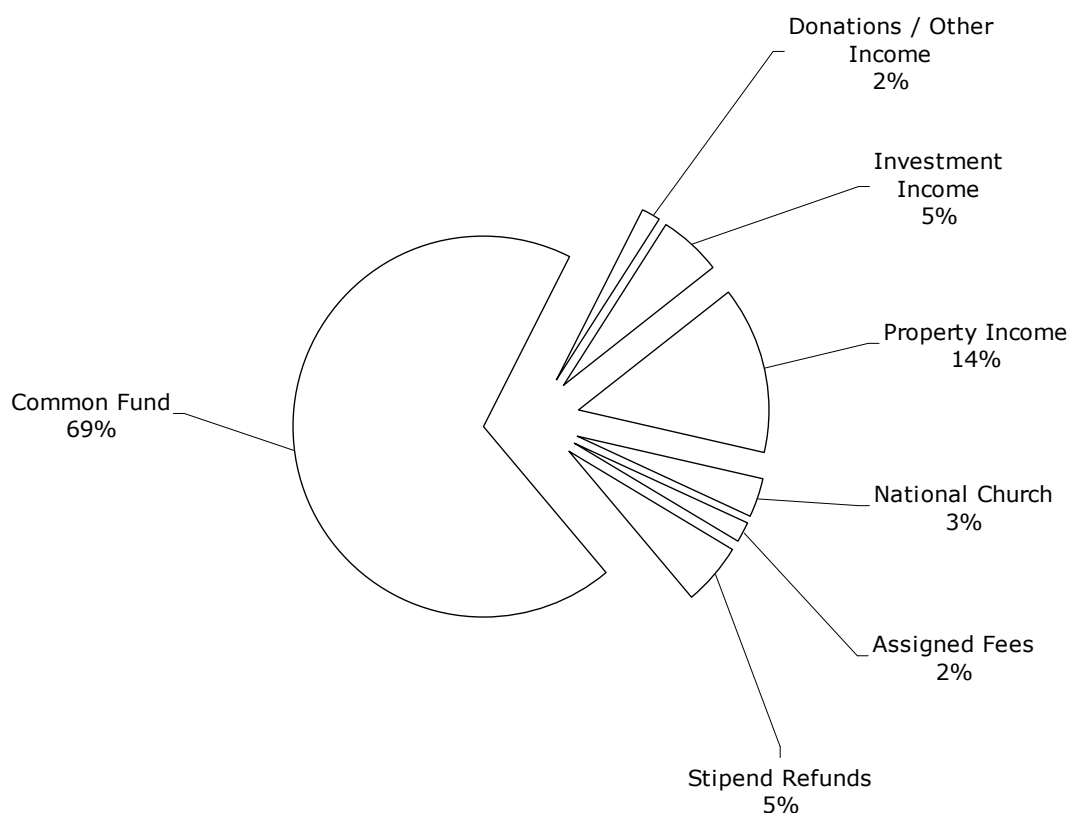
The Property Income represents £1,476k Rentals and £1,576k Property Investment; the latter of which was included in the Investment Income segment for 2003

2003 Investment Income and Property Income totalled 15%

2004 Investment Income and Property Income totalled 19%

## Summary of Income to General Funds for year ending 31 December 2004

**2004: Income £ 21.7 million**



*2004: Expenditure*    £21.6 million  
*2004: Surplus*        £ 0.1 million

*2003: Income*        £20.1 million  
*2003: Expenditure*   £21.2 million  
*2003: Deficit*        £ 1.1 million

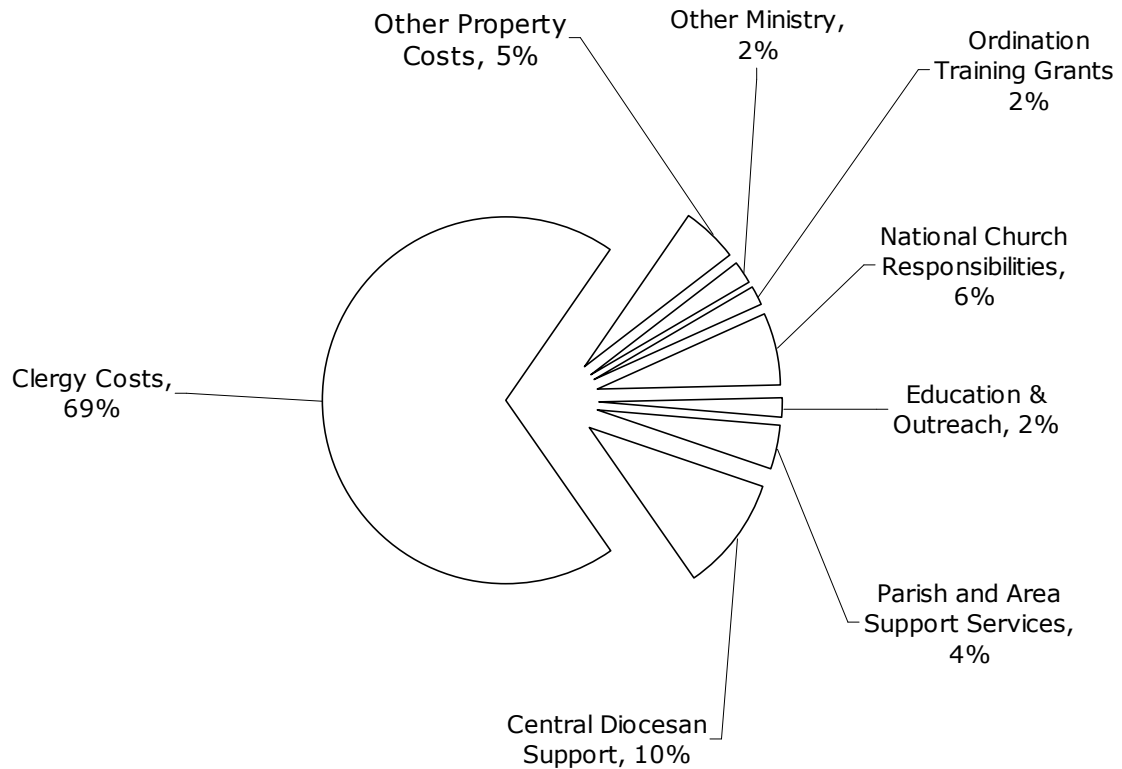
## Notes on Expenditure

<b>Expenditure 2004</b>	£ in '000s	As % of General Fund expenditure	
<b>Clergy Costs</b>	14,972	69	This includes clergy stipends, National Insurance, pension contributions, housing costs and Council Tax. (SOFA 10,374k+2,448k+2,150k)
<b>Other Property Costs</b>	1,177	5	Maintenance and other costs associated with the non-parsonage property portfolio
<b>Other Ministry</b>	456	2	This includes the costs of higher education chaplains and professional training for clergy
<b>Ordination Training Grants</b>	340	2	Support given to candidates and their families during their training for ministry
<b>National Church</b>	1,378	6	London currently pays the largest diocesan share of these costs (c. 7%)
<b>Education and Outreach</b>	350	2	Annual grant to the Board for Schools in London plus direct costs related to children's ministry, community ministry and social justice
<b>Parish and Area Support</b>	747	4	Costs associated with the Areas including office, senior clergy expenses and the costs of advisers. In total this represents 20 staff.
<b>Central Diocesan Support</b>	2,136	10	Costs of Diocesan House including 35 staff (SOFA £2,016k + £120k.)
<b>Total Expenditure</b>	<b>21,556</b>		
<b>Surplus</b>	143		

These figures relate only to the **General Fund** column shown in the SOFA. The other columns in the SOFA refer to monies that in one way or another are set aside or restricted to particular funds. Slight variations between these figures and their various constituent figures are due to rounding.

**Summary of Expenditure from General Funds  
for year ending 31 December 2004**

**2004: Expenditure £ 21.6 million**



*2004: Income £21.7 million*  
*2004: Surplus £ 0.1 million*

*2003: Income £20.1 million*  
*2003: Expenditure £21.2 million*  
*2003: Deficit £ 1.1 million*

**The London Diocesan Fund**  
Extract from Statement of Financial Activities  
for the year ended 31 December 2004

All amounts in £'000	General Funds	Design'd Funds	Restricted Funds	Endow't Funds	Total Funds	2003
<b>Incoming Resources</b>						
Common Fund	14,873	-	-	-	14,873	13,602
Donations / Other Income	389	927	294	-	1,610	1,654
Investment Income	1,155	-	-	-	1,155	1,461
Property Investment Income	1,576	472	245	-	2,293	1,035
Property Rentals	1,476	60	148	-	1,684	1,379
National Church	340	-	-	-	340	355
Church Commissioners Allocation	387	293	-	-	680	833
Assigned Fees	387	-	-	-	387	387
Stipend Refunds	1,116	-	-	-	1,116	984
City Parochial Foundation	-	1,044	-	-	1,044	1,057
Proceeds of Vested Property	-	1,248	1,623	-	2,871	1,969
<b>Total Incoming Resources</b>	<b>21,699</b>	<b>4,044</b>	<b>2,310</b>	<b>0</b>	<b>28,053</b>	<b>24,716</b>
<b>Resources Expended</b>						
Current Ministry / Stipends	10,374	-	-	-	10,374	10,077
Clergy Pensions	2,448	-	-	-	2,448	2,446
Property	2,150	2,114	3,249	-	7,513	5,172
Property, non-parsonage property	1,033	-	-	-	1,033	868
Glebe Management Charges	139	-	-	-	139	89
Property Depreciation	5	970	270	977	2,222	1,561
Other Ministry, Chaplains	456	-	-	-	456	458
Ordination Training	340	-	-	-	340	373
National Church Responsibilities	1,378	-	-	-	1,378	1,356
Education & Outreach	350	-	-	-	350	395
Parish and Area Support Services	747	-	-	-	747	742
Administration	2,016	-	-	-	2,016	1,796
Other Statutory Duties	120	-	-	-	120	127
Grants to Parishes	-	575	702	-	1,277	1,300
Other Expendable Objects	-	711	318	54	1,083	925
<b>Total Resources Expended</b>	<b>21,556</b>	<b>4,370</b>	<b>4,539</b>	<b>1,031</b>	<b>31,496</b>	<b>27,685</b>
<b>NET INCOMING / (OUTGOING) RESOURCES</b>	<b>143</b>	<b>(326)</b>	<b>(2,229)</b>	<b>(1,031)</b>	<b>(3,443)</b>	<b>(2,969)</b>
New Trust Capital from Church Commissioners	-	-	2,371	695	3,066	-
Other new Capital Resources	-	-	303	704	1,007	-
Transfers between Funds	1,029	(1,037)	(275)	283	-	-
<b>Net After Transfers</b>	<b>1,172</b>	<b>(1,363)</b>	<b>170</b>	<b>651</b>	<b>630</b>	<b>(2,969)</b>
<b>Other Recognised Gains and (Losses):</b>						
Unrealised on Investment Assets	-	102	1,583	303	1,988	1,695
Unrealised on Property Assets	-	2,011	-	5,921	7,932	5,702
Realised on Property Assets	-	(481)	-	(270)	(751)	1,563
Realised on Investment Assets	-	-	(91)	-	(91)	1,670
<b>Net Gains</b>	<b>-</b>	<b>1,632</b>	<b>1,492</b>	<b>5,954</b>	<b>9,078</b>	<b>10,630</b>
<b>Net movement in funds</b>	<b>1,172</b>	<b>269</b>	<b>1,662</b>	<b>6,605</b>	<b>9,708</b>	<b>7,661</b>
Balances at 1 January (restated)	3,281	72,246	40,918	146,135	262,580	254,919
<b>Balances at 31 December</b>	<b>4,453</b>	<b>72,515</b>	<b>42,580</b>	<b>152,740</b>	<b>272,288</b>	<b>262,580</b>

**The London Diocesan Fund**  
Extract from Balance Sheet  
as at 31 December 2004

All amounts in £'000	Unrestricted Funds		Restricted Funds	Endowment Funds	2004 Total	2003 Total
	General	Designated				Restated
<b>Fixed Assets</b>						
Tangible Assets	-	44,289	14,388	148,677	207,354	200,777*
Investment Property	-	14,510	10,111	-	24,621	24,460*
Investments	-	3,970	15,490	4,063	23,523	21,090
	<b>-</b>	<b>62,769</b>	<b>39,989</b>	<b>152,740</b>	<b>255,498</b>	<b>246,327</b>
<b>Current Assets</b>						
Debtors (Mainly Parish Loans)	4,200	358	319	-	4,877	4,124
Cash / Short Term Deposits	2,948	9,759	2,290	-	14,997	14,428
	<b>7,148</b>	<b>10,117</b>	<b>2,609</b>		<b>19,874</b>	<b>18,552</b>
<b>Creditors:</b>						
Amounts falling due within 1 year	(908)	(371)	(18)	-	(1,297)	(497)
<b>Net Current Assets</b>	<b>6,240</b>	<b>9,746</b>	<b>2,591</b>	<b>-</b>	<b>18,577</b>	<b>18,055</b>
<b>Total Assets less Current Liabilities</b>	<b>6,240</b>	<b>72,515</b>	<b>42,580</b>	<b>152,740</b>	<b>274,075</b>	<b>264,382</b>
<b>Creditors:</b>						
Amounts falling due after one year	(1,787)	-	-	-	(1,787)	(1,802)
	<b>4,453</b>	<b>72,515</b>	<b>42,580</b>	<b>152,740</b>	<b>272,288</b>	<b>262,580</b>
<b>Represented by</b>						
Funds	-	72,515	41,482	152,740	266,737	258,258
Unexpended Income	-	-	1,098	-	1,098	1,041
General Fund	4,453	-	-	-	4,453	3,281
<b>Total</b>	<b>4,453</b>	<b>72,515</b>	<b>42,580</b>	<b>152,740</b>	<b>272,288</b>	<b>262,580</b>

\* 2003 balances have been restated by a net £36m due to a change in accounting policy. The LDF now values functional property at insurance value and investment property at market value. In addition, a number of previously vested properties have now been recognised within the balance sheet.

## The London Diocesan Fund

### Year on Year Variance in General Funds

All sums in £'000	<b>2004</b>	<b>2003</b>	<b>Variance</b> Favourable /(Adverse)	<b>Variance Analysis</b>
<b>Incoming Resources</b>				
Common Fund	14,873	13,602	<b>1,271</b>	9.3% increase
Donations / Other Income	389	1,022	<b>(633)</b>	2003 benefited from a one-off release of a creditor
Investment Income	1,155	867	<b>288</b>	Higher interest rates
Rentals	3,052	2,289	<b>763</b>	Higher fees achieved, increased lets
National Church	727	943	<b>(216)</b>	London's allocation reduced further
Assigned Fees	387	387	<b>0</b>	
Stipend Refunds	1,116	984	<b>132</b>	Higher stipends
<b>Total</b>	<b>21,699</b>	<b>20,094</b>	<b>1,605</b>	
<b>Resources Expended</b>				
Clergy Costs	14,972	15,023	<b>51</b>	Fewer clergy posts and quinquennial inspections
Other Property Costs	1,177	968	<b>(209)</b>	Increased costs relating to maintenance and securing higher rents
Other Ministry	796	831	<b>35</b>	
National Church	1,378	1,356	<b>(22)</b>	
Education & Outreach	350	395	<b>45</b>	
Parish and Area Support Services	747	742	<b>(5)</b>	
Administration and Central Costs	2,136	1,923	<b>(213)</b>	SPCK readiness costs. Temporary staff costs
<b>Total</b>	<b>21,556</b>	<b>21,238</b>	<b>(318)</b>	
<b>Net Incoming / (Outgoing)</b>	<b>143</b>	<b>(1,144)</b>	<b>1,287</b>	

## **Independent Auditor's Statement**

These summarised financial statements are a summary of information extracted from the statutory Annual Report and Accounts. They may not contain sufficient information to allow for a full understanding of the financial affairs of the charity. For further information, the full annual accounts, the auditor's report on those accounts and the Trustees' Annual Report should be consulted. Copies of these can be obtained from The Finance Director at London Diocesan Fund.

This statement is made solely to the charity's trustees, as a body, in accordance with the terms of our engagement letter dated 24 July 2002. Our work has been undertaken so that we might state in this report those matters we are required to state by the terms of our engagement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and charity's trustees, as a body, for our work, for this statement, or for the opinions we have formed.

### **Respective Responsibilities of Trustees and Auditors**

The board is responsible, as trustees and directors, for the preparation of the summarised financial statements. We have agreed to report to you, the trustees, on their consistency with the statutory Annual Report and Accounts, on which we reported on 16 May 2005. We also read the other information contained in the summarised financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarised financial statements.

### **Basis of Opinion**

We have carried out the procedures we consider necessary to ascertain whether the summarised financial statements are consistent with the statutory Annual Report and Accounts from which they have been prepared.

### **Opinion**

In our opinion, the summarised financial statements are consistent with the statutory Annual Report and Accounts for the year ended 31 December 2004.

KPMG LLP  
*Chartered Accountants*  
*Registered Auditor*

1 Forest Gate  
Brighton Road  
Crawley, West Sussex  
RH11 9PT

## **Trustees' Report**

For further information, the full annual accounts, the auditor's report on those accounts and the Trustees' Annual Report should be consulted. Copies of these and the full, audited accounts may be obtained from The Financial Controller, London Diocesan House, 36 Causton Street, London, SW1P 4AU.

The annual accounts were approved on 16 May 2005 and will be delivered to the Charity Commission and the Registrar of Companies. The accounts have been audited by a qualified auditor, KPMG LLP, who gave an audit opinion which was unqualified and did not include a statement required under section 237 (2) and (3) of the Companies Act 1985.

Signed by the Trustees

W.M. Jacob

Date 24<sup>th</sup> May 2005

## Common Fund for 2004 unpaid / overpaid at 30<sup>th</sup> April 2005

Deanery / Ref. number	Contribution due for 2004	Contribution received by 30 April 05	(unpaid) or overpaid £	as %	
City	01	657,117	659,890	6,773	1.0
Paddington	02	363,324	360,324	(3,000)	(0.8)
St Margaret	03	722,579	698,579	(24,000)	(3.3)
St Marylebone	04	362,098	362,098	0	0
Hackney	05	505,432	502,295	(137)	(0.0)
Islington	06	773,027	772,951	(76)	(0.0)
Tower Hamlets	07	330,154	342,955	12,801	3.9
H'smith & Fulham	08	707,970	695,878	(12,092)	(1.7)
Hampton	09	721,947	721,947	0	0
Hounslow	10	753,431	749,496	(3,935)	(0.5)
Kensington	11	594,285	610,493	16,208	2.7
Chelsea	12	613,852	613,852	0	0
Spelthorne	13	478,970	463,290	(15,680)	(3.3)
Central Barnet	14	531,096	533,243	2,147	0.4
West Barnet	15	541,371	539,433	(1,938)	(0.4)
North Camden	16	438,817	427,767	(10,050)	(2.5)
South Camden	17	388,987	354,488	(34,499)	(8.9)
Enfield	18	988,690	966,725	(21,965)	(2.2)
East Haringey	19	273,346	249,251	(24,095)	(8.8)
West Haringey	20	390,185	388,375	(1,810)	(0.5)
Brent	21	673,715	653,608	(20,107)	(3.0)
Ealing	22/23	1,263,036	1,228,338	(34,698)	(2.8)
Harrow	24	1,137,574	1,133,567	(4,007)	(0.4)
Hillingdon	25	819,800	804,196	(15,604)	(1.9)
<b>Total</b>		<b>15,030,803</b>	<b>14,840,589</b>	<b>(190,215)</b>	<b>(1.3)</b>

Figures in brackets denote the unpaid element of the initial promise.

At 31 December 2004 the amount received in respect of financial year 2004 was £14.3 million.



# The Diocese of London

- 3.5 million people
- 277 square miles
- 479 churches
- 141 people in training for the priesthood
- 64,440 adults listed as members on church electoral rolls
  - 150 church schools
    - 40,600 pupils
- 150 social responsibility projects incorporating work with:
  - children and young people
    - refugees
    - asylum seekers
    - the homeless
  - people with mental and physical disabilities
    - families
    - the elderly
- countless community based activities such as:
  - parent and toddler groups
  - youth clubs
  - Guides and Scouts