



The Diocese of London

Annual Report to Parishes

for the year ended

31 December 2009



Annual Report to Parishes

Contents

Foreword from the Bishop of London	1
London Challenge update	3
The Bishop of London's Mission Fund awards 2009.....	7
Foreword from the General Secretary.....	8
Summary financial results.....	10
The Common Fund.....	11
Summarised statement of financial activities	12
Extract from the balance sheet.....	13
Independent Auditor's Statement to the trustees of the London Diocesan Fund.....	14

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 visit www.london.anglican.org.

Registered charity number: 241083.

Registered in England as a company limited by guarantee number: 150856.

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

Foreword from the Bishop of London



The Bishop of London

Beloved in Christ

I am pleased to be in a position to announce in this foreword to the Annual Report to Parishes for 2009 that together we have achieved a balanced budget for six successive years, despite the many challenges we have faced during this recent recession. Achieving seven in a row in 2010 is proving a demanding task on which we are focusing considerable energy.

Balancing our finances is an important component of the London Challenge. A progress report on the many other important aspects of the London Challenge is given later in this Report.

The Mission Fund continues to support the work of the Gospel in the Diocese through its grants. The film *London Mission* puts a human face to some of the projects made possible by the Fund and can be viewed online at <http://bit.ly/London-Mission>. I commend it to you and the work of the Fund to your prayers.

We can be rightly proud of the quality of our church schools. Recent Ofsted inspections rated over 70% of our schools as 'good' or 'outstanding' as they serve 50,000 pupils each day representing 8% of London's total. As you will remember from the London Challenge, we want to find ways to meet the growing demand for this high standard in primary and secondary education. We have already increased the number of secondary

Foreword from the Bishop of London

school places by over 2,012 (one of our Capital Commitments) over the last three years.

Despite the adverse chatter in the media, the Church in London continues to grow numerically – more than 50% over the past 20 years – and there is much evidence of God’s grace in changed lives and selfless service. Men and women continue to hear the call of God on their lives, some of them to ordained ministry – we support some 150 ordinands in training. Additionally, St Mellitus College, our joint venture with Chelmsford, is establishing itself as a major national provider of ministerial training and it is launching a new training scheme for Readers and other licensed lay ministers in the Diocese in 2010.

There is so much to be thankful for in the Diocese of London, made possible by the combined efforts of parishioners, volunteers, clergy and staff across the Diocese. This Report can only give a vignette of what we have achieved together in 2009.

With thanks for our partnership in the Gospel

A handwritten signature in black ink, reading "Richard Chartres". The signature is written in a cursive style with a long, sweeping underline.

The Rt Revd and Rt Hon Richard Chartres KCVO DD FSA

London Challenge 2012: The Five Year Strategic Plan

The London Challenge, first launched in January 2002, focused the Diocese on a number of common strategic objectives for the five years finishing in December 2006. The London Challenge has been refreshed with clear objectives for the period 2007-

2012. It was re-launched at St Paul's Cathedral on 8 February 2007 and its seven commitments inform all the activities of the London Diocesan Fund on behalf of the wider Diocese.



London Challenge 2012

Achievement and performance

We are committed to sharing the good news of Jesus Christ in 21st century London

The Diocese supports traditional ways of being church and encourages the highest standards of worship, witness and service through more than 400 traditional parishes, each with its own clergy. Other methods of sharing the good news are also used. For example, there are chaplaincies to the work communities at Canary Wharf and in the London legal firms and we support the chaplain to the 2012 Olympic and Paralympic Games in partnership with neighbouring dioceses. The London Internet Church, an e-parish with an international membership, offers night-prayer every night and selected lectures by the Bishop of London are downloadable.

1

We are committed to equipping the servants of Jesus Christ

The Fund invested over £2 million in 2009 in training new clergy and in the professional development of over 700 diocesan clergy. About 150 ordinands were supported as well as over 250 readers and many other forms of ministry.

In partnership with the neighbouring Diocese of Chelmsford, St Mellitus College is becoming established as a major national provider of ministerial training and is planning to launch a new training scheme for readers and other licensed lay ministers in the Diocese in 2010.

New structures have been put in place to co-ordinate training and development and the Bishop of Kensington now holds the ministry portfolio for the Diocese. Dr Neil Evans has become the Diocesan Director of Ministry Development.

2

London Challenge update

3 We are committed to telling the story of Jesus Christ afresh for this generation and especially for the young

The educational work of the Diocese is led by the London Diocesan Board for Schools, a separate company and charity, which champions and supports 149 primary and secondary schools, attended by around 50,000 children and young people; the Fund supports its work through grants and provision of benefits in kind. Over 70% of those schools are rated "Good" or "Outstanding" by school inspectors of the Government's Office for Standards in Education, Children's Services and Skills (Ofsted). Schools in the Diocese have already achieved the goal of providing an additional 2,012 places by 2012, following substantial investment over the past five years, with over £50 million spent in 2009. However, more investment is required to meet the growing demand for primary school places in many London boroughs and a number of development possibilities are being explored.

The Fund also supports the work of 38 chaplains to London's 250,000 students and 70,000 staff in higher education. Many of these posts are also generously supported by the institutions they serve.

The Diocese's Children's Ministry Adviser provides training and support for parishes working with children. Grants from the Bishop of London's Mission Fund enabled the production of resources for use at Easter and Christmas to support parishes' presentation of the Christian story at these times of year. Many parishes found them to be a highly innovative way of presenting the story. The Fund supports the statutory checking of those who work with both the young and the vulnerable in parishes and elsewhere.

After three very effective years of collaboration with the Children's Society the diocesan Youth Strategy was launched in February 2009. It has grown out of experiences across the Diocese and several consultations held in the Episcopal Areas in 2007. The strategy encourages the growth of more involvement by the parishes in work with young people through good practice, extensive networking, training and the development of youth participation. The Children's Society will continue to work with the Diocese to help root the strategy and the Diocese plans to provide £150,000 over three years to enable this.

4 We are committed to serving London and all her people

We continue to work to ensure that we remain present in all our communities — particularly amongst the poor. In 2009 there were a number of significant developments in ensuring that the resources given by past generations and the mechanism of the Common Fund are best used to that end. For example, we have supported five community development workers.

Building on the successful implementation of the Dioceses, Pastoral and Mission Measure 2007, the Strategic Development department has rolled out its mapping and analysis tools

to the Diocese, making them available to all clergy and lay members through web access. The analysis which has been carried out through the detailed mapping has allowed and assisted the Bishop's Council in prioritising areas both for investment and redistribution. Using this information and set of priorities, the Diocesan Strategic Policy Committee is coordinating the planned approach to the areas for investment and redistribution. The last year has seen significant progress in terms of those priority areas, with specific focus on London Central, Cricklewood and Tottenham Hale.

We are committed to expressing God's love in our World City

The Fund supports the Diocese in implementing the Church of England policy on shrinking its environmental footprint. Analysis of annual returns and audits from 2005 to 2008 shows a carbon saving of 11.4% so far, against a target of 20.12% by 2012.

Parishes are encouraged to turn thermostats down by 1°C; a church benchmarking scheme is being developed; professional audits of energy, carbon, water and waste are in progress for churches in the Two Cities Area, and home energy surveys with minor upgrades to parsonages; Diocesan House has been granted a 'C' Display Energy Certificate and paper supplies are now 100% recycled. Advisory leaflets and presentations have been published including advice on low-energy light bulbs. Our arrangement with 'Good Energy' for renewable electricity has been extended to gas for domestic customers.

We are committed to achieving Fairtrade status for the Diocese and the Fund supports this work. The Global Development Group has raised awareness in parishes and has organised diocesan events. To reach Fairtrade Diocese status only another 47 churches need to use Fairtrade tea and coffee and 25% of the participating churches need to apply for a Fairtrade Church certificate.

St Ethelburga's Centre for Reconciliation and Peace explores inter-faith issues in England and the Diocese continues to develop its links with Angola and Mozambique through ALMA. The 2009 Lent Appeal 'Living Water' exceeded its target by raising £63,500 before Gift Aid. The Fund aids this work by providing administrative and communications support.

London Challenge update

6 We are committed to making four Capital Investments: recruit and train 2,012 Ambassadors for Jesus Christ under the age of 35 by 2012; increase provision in Church of England Secondary Schools by 2,012 places by 2012; Raise £2,012,000 for development in Africa by 2012 (ALMA); and raise £2,012,000 to support Mission in London by 2012

Work is underway on all four Capital Investments. New buildings for one academy are planned to be completed in 2010; the Lent appeals are being dedicated to projects in Africa. Examples of projects funded by the Mission Fund are showcased in 'London Mission', a film to raise awareness of the Mission Fund and to assist the fund raisers. The film can be viewed at <http://bit.ly/London-Mission>.

The Bishop of London's Mission Fund exists to provide financial support to an array of imaginative mission projects undertaken by parishes and diocesan organisations. The support these projects receive is vital in helping to achieve commitments one and three of the London Challenge. Grants awarded in 2009 are presented on the following page.

The Mission Fund also plays a great part in helping the Diocese of London to redefine its work to fit a major, changing 21st Century world city.

In 2009 the Board of the Mission Fund began a research project as the first stage in its major fundraising campaign targeting new donors. This campaign will help to fulfil this commitment to raise £2,012,000 for home mission projects.

7 We are committed to generating the resources in finance and property to enable the church to respond adequately to the London Challenge

These commitments include a commitment to maintaining a balanced general fund budget and high standards of maintenance for the Fund's buildings, many of which are of architectural and historical importance. In 2009, the Fund was able to maintain a balanced budget, though only by reducing expenditure and delaying parsonage quinquennial works. A balanced budget is planned for 2010 though current economic conditions may make its delivery more than usually hazardous. Financial matters are discussed in more detail later in this report.

The Bishop of London's Mission Fund

Awards made in 2009

Recipient	Ref.	Mission Project	Total grant £
Diocesan			
Internet Church		Project assistant	40,000
Deaf Chaplaincy		Chaplaincy across London	36,240
Two Cities			
All Souls Clubhouse	0403	Young women's worker	38,250
Stepney			
Barnsbury Team	0605	Children's worker and Youth worker	30,000
Kensington			
St Andrew's Fulham Fields	0802	Community-engagement worker Outreach and evangelism in areas affected by social exclusion	30,000
Brentford team	1001	Open House cafe	47,500
St Saviour, Sunbury	1311	Children's outreach worker	36,000
Edmonton			
St Paul, Finchley	1403	Children & families worker	52,763
Willesden			
St Cuthbert, North Wembley	2102	Director of Youth Work	40,135
St Christopher Hanwell	2304	Continuation funding	20,819
Soul Survivor Harrow	2405B	The Space Project / Youth ministry	43,000

414,707

Also, during 2009, recipients of previous awards drew £337,322 of funding.

Information on the Mission Fund and the application process can be found at www.london.anglican.org/BLMF or by contacting Theresa Moses, the Secretary, at London Diocesan House.

Foreword from the General Secretary

Foreword from Andy Brookes, General Secretary and Chief Executive of the London Diocesan Fund

The pages that follow set out the details of the finances of the Diocese. In presenting this information to you we aim to be transparent, showing clearly the flows of money into and out of the diocesan pot. If you want to know more, or think we could be clearer in setting out the numbers, then let us know. There is nothing to hide.

We also want to dispel a couple of lingering myths. The first is 'the government pays my vicar'. In case there were any doubt, you – parishioners and parishes through your generosity – pay him/her; you simply route the money via us so we can do the practical necessities of payroll, pension etc.

Second, 'the Church of England in London has money coming out of its ears'. Simply put, we do not. We are grateful that there are assets on the balance sheet, as the following pages show, but these are a gift from past generations. Our responsibility is to use them wisely for mission, either directly – housing clergy for the most part – or indirectly – renting them out to pay those same clergy. We cannot afford to consume this inheritance; hence our working so hard to balance the budget.

This report shows the impact of your giving via Common Fund. The giving of each and every church member maintains – and in due course will expand, we pray – the 'mission footprint' of the Church across London. Your giving fuels our ability to be physically present in every community. That is why this giving is worth doing, and worth giving thanks for.

In short, the numbers show a total general fund income of £29 million, of which £19 million is in contributions to Common Fund. The balance is mostly income from our assets. The total general fund expenditure was £29 million, of which £23 million directly supports clergy and their housing. The end result is a balanced budget for 2009.

Balancing the budget is a major challenge for 2010. Investment income is down, unsurprising given the interest rate environment; clergy pension contributions are up. We, the archdeacons and bishops, and those that serve on your Finance Committee, are very focussed on the task.

Foreword from the General Secretary

I am halfway through my first year of this new challenge, after 25 years' experience of economics, central banking and the City. I have been encouraged and excited by much that I have seen in the Diocese: diligent work by a lean and motivated staff, serving you from Causton Street and the Area offices; initiative and energy in the Church across the capital; and most of all, an emphasis and desire to do mission, within the framework of the London Challenge.

Reflecting personally on a year in the Diocese – particularly one which I lived mostly as a disciple in the pew and commercial work place, rather than as General Secretary – can provoke a thank you list of Oscar speech proportions. So let's be disciplined: all the clergy and lay people in London who have given me such a warm welcome; and the diocesan staff, my new and welcoming colleagues. There are two individuals to name: Keith Robinson, my predecessor as General Secretary, and John Butler, the outgoing Finance Director. Their legacy is greater financial discipline, transparency and efficiency – and much more besides. We owe them a great deal (but not in the financial sense, I am pleased to report).

I look forward to working with you in the years ahead. Enjoy the numbers.



Andy Brookes
General Secretary and Chief Executive

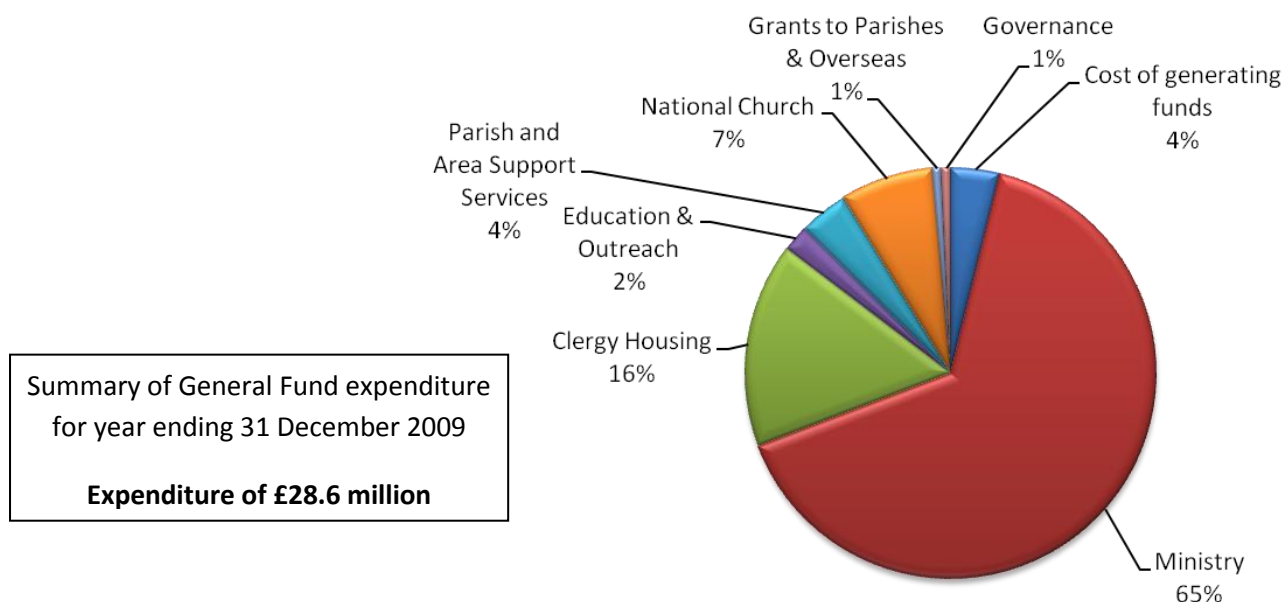
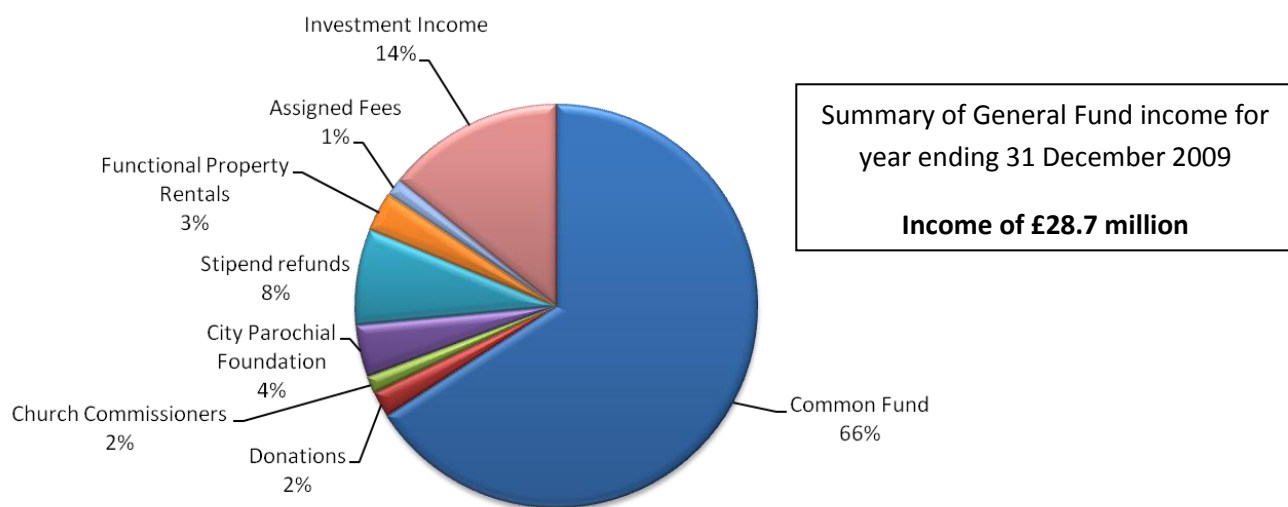
Summary financial results

Summary financial results of the London Diocesan Fund

The framework for all of our diocesan activities is set out in the London Challenge. We are committed to serving London and all her people and we are committed to generating the resources in finance and property to enable the Church to respond adequately to the London Challenge.

Income and Expenditure 2009

A summary of the General Fund income and expenditure is set out below, along with an extract from the statutory financial statements covering all funds of the Diocese for 2009.



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.

Summary financial results

The Common Fund: for all, from all

The Common Fund is the main way in which the financial resources are generated to sustain our Churches. Highlighted below, the Common Fund totalled c.£19 million in 2009, which in broad terms paid for our stipendiary clergy and their housing.

This chart shows the amount overpaid and unpaid to the Common Fund at 31 May 2010.

Ref	Deanery	Due 2009	Received by 31 May 2010	Overpaid /(unpaid)	Percentage paid as at 31 May 2010
01	City	1,129,194	1,028,206	(100,988)	91.1%
02	Paddington	477,303	467,558	(9,745)	98.0%
03	St Margarets	1,014,000	1,001,363	(12,637)	98.8%
04	St Marylebone	525,588	525,891	303	100.1%
05	Hackney	658,050	651,744	(6,306)	99.0%
06	Islington	966,046	958,746	(7,300)	99.2%
07	Tower Hamlets	504,549	507,398	2,849	100.6%
08	Hammersmith & Fulham	944,670	937,651	(7,019)	99.3%
09	Hampton	929,977	905,289	(24,688)	97.3%
10	Hounslow	987,770	946,145	(41,625)	95.8%
11	Kensington	774,517	737,570	(36,947)	95.2%
12	Chelsea	785,386	769,696	(15,690)	98.0%
13	Spelthorne	529,364	521,319	(8,045)	98.5%
14	Central Barnet	663,857	663,953	96	100.0%
15	West Barnet	643,561	559,956	(83,605)	87.0%
16	North Camden	544,973	546,532	1,559	100.3%
17	South Camden	495,645	496,474	829	100.2%
18	Enfield	1,174,000	1,145,950	(28,050)	97.6%
19	East Haringey	335,721	328,827	(6,894)	97.9%
20	West Haringey	486,144	466,028	(20,116)	95.9%
21	Brent	888,290	867,876	(20,414)	97.7%
22/23	Ealing	1,585,501	1,582,149	(3,352)	99.8%
24	Harrow	1,358,159	1,339,005	(19,154)	98.6%
25	Hillingdon	978,704	958,699	(20,005)	98.0%
TOTAL		19,380,969	18,914,025	(466,944)	97.6%

Figures in brackets denote the unpaid element of the initial promise. The total shortfall of over £505,000 is reduced by some overpayments to give a net shortfall of £466,944.

Summary financial results

Summarised statement of financial activities of the London Diocesan Fund

A summary extract from the Statement of Financial Activities of the London Diocesan Fund for the year ended 31 December 2009 is given below. The full financial statements are available at www.london.anglican.org/Finance.

Statement of Financial Activities - for the year to 31 December 2009

	Unrestricted funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	2009	2008
	£m	£m	£m	£m	£m	£m
Incoming Resources						
Incoming Resources from generated funds						
<i>Voluntary income</i>						
Common Fund	18.9	-	-	-	18.9	18.2
Donations	0.6	0.1	0.4	-	1.1	1.1
Church Commissioners	0.4	0.3	0.2	-	0.9	1.0
City Parochial Foundation	1.2	-	-	-	1.2	1.3
Stipend refunds	2.2	-	-	-	2.2	2.2
<i>Activities for generating funds</i>						
Functional Property Rentals	0.9	0.1	-	-	1.0	1.1
Assigned Fees	0.4	-	-	-	0.4	0.4
<i>Investment Income</i>						
Dividends and Interest Receivable	0.8	0.1	0.2	-	1.1	2.2
Investment Property Rentals	3.3	-	0.3	-	3.6	3.5
Other Incoming Resources	-	0.1	-	-	0.1	-
Total Incoming Resources	28.7	0.7	1.1	-	30.5	31.0
Resources Expended						
Cost of generating funds						
<i>Investment management costs</i>						
Rental portfolio costs - agent fees	0.3	-	-	-	0.3	0.3
Investment Property repairs & maintenance	0.8	-	-	0.2	1.0	1.4
Fundraising	-	-	-	-	-	-
Charitable activities						
Ministry	18.7	0.1	0.1	-	18.9	17.8
Education & Outreach	0.6	-	-	-	0.6	0.5
Parish and Area Support Services	1.1	0.1	0.2	-	1.4	1.5
Clergy Housing & Care of Churches	4.6	1.1	0.3	1.5	7.5	7.7
National Church	2.1	-	-	-	2.1	1.9
Grants to Parishes & Overseas	0.2	0.5	0.6	-	1.3	1.8
Governance	0.2	-	-	-	0.2	0.2
Other resources expended	-	0.1	-	-	0.1	0.2
Total Resources Expended	28.6	1.9	1.2	1.7	33.4	33.3
Net incoming/(outgoing) resources for year before transfers and pension deficit payments	0.1	(1.2)	(0.1)	(1.7)	(2.9)	(2.3)
Pension Deficit Payments	-	-	-	-	-	(0.8)
Net incoming/(outgoing) resources for year before transfers	0.1	(1.2)	(0.1)	(1.7)	(2.9)	(3.1)
Transfers between funds	0.5	(1.8)	(0.2)	1.5	-	-
Net incoming/(outgoing) resources for year	0.6	(3.0)	(0.3)	(0.2)	(2.9)	(3.1)

Summary financial results

Extract from balance sheet

An extract from the Balance Sheet of the London Diocesan Fund for the year ended 31 December 2009 is given below.

Balance Sheet - as at 31 December 2009

	Unrestricted General Fund £m	Unrestricted Designated Funds £m	Restricted Funds £m	Endowment Funds £m	Total 2009 £m	Total 2008 £m
Fixed Assets						
Functional Property	-	42.4	1.4	197.4	241.2	238.0
Investment Property	-	25.8	12.5	37.3	75.6	66.6
Fixtures, Fittings and Equipment	0.1	-	-	-	0.1	0.1
Investments	-	3.0	3.2	8.8	15.0	14.0
	0.1	71.2	17.1	243.5	331.9	318.7
Current Assets						
Debtors	1.2	2.6	0.4	-	4.2	4.0
Cash and short term deposits	2.8	11.1	4.2	(0.2)	17.9	16.5
	4.0	13.7	4.6	(0.2)	22.1	20.5
Creditors:						
Amounts falling due within one year	1.2	1.9	1.4	-	4.5	3.3
Net Current Assets	2.8	11.8	3.2	(0.2)	17.6	17.2
Total assets less current liabilities	2.9	83.0	20.3	243.3	349.5	335.9
Creditors:						
Amounts falling due after one year	-	3.8	-	-	3.8	4.2
Net Assets	2.9	79.2	20.3	243.3	345.7	331.7
Funds						
General	2.9	-	-	-	2.9	2.3
Designated	-	79.2	-	-	79.2	76.4
Restricted	-	-	20.3	-	20.3	16.0
Endowment	-	-	-	243.3	243.3	237.0
Total Funds	2.9	79.2	20.3	243.3	345.7	331.7

The above data is only an extract summary of information relating to both the Statement of Financial Activities (SOFA) and the Balance sheet.

For more information on the finances of the Diocese we recommend that you read the Trustees' report and full financial statements. Copies may be obtained from Richard Antcliffe, Head of Financial Accounting, London Diocesan House, 36 Causton Street, London, SW1P 4AU or from www.london.anglican.org/Finance.

The full financial statements were approved, and authorised for issue, by the Diocesan Bishop's Council on 12 May 2010, and signed on their behalf by two trustees. They will be delivered to the Charity Commission and the Registrar of Companies. The financial statements have been audited by a registered auditor, Mazars LLP, who have issued an unqualified report on the full financial statements and on the consistency of the Trustees' Annual Report with those financial statements. Their report on the full annual financial statements contained no statement under sections 498(2)(a), 498(2)(b) or 498(3) of the Companies Act 2006.

Summary financial results

Independent Auditor's Statement to the trustees of the London Diocesan Fund

We have examined the summarised financial statements of the London Diocesan Fund for the year ended 31 December 2009 which comprise the extracts from the Statement of Financial Activities and the Balance Sheet and related notes set out on pages 10 to 13 and are contained within the charity's non-statutory Annual Report to Parishes. The summarised financial statements are non-statutory accounts prepared for the purpose of inclusion in the Annual Report to Parishes.

This statement is made, on terms that have been agreed with the charity, solely to the charity in order to meet the requirements of *Accounting and Reporting by Charities: Statement of Recommended Practice revised 2005*. Our work has been undertaken so that we might state to the charity those matters we have agreed to state to it in such a statement 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 for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees are responsible for the preparation of the summarised financial statements in accordance with applicable company law. Our responsibility is to report to the charity our opinion on the consistency of the summarised financial statements on pages 10 to 13 within the Annual Report to Parishes with the statutory Annual Report and Financial Statements and the relevant requirements of section 427 of the Companies Act 2006.

We also read the other information contained within the Annual Report to Parishes 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 conducted our work in accordance with Bulletin 2008/3 *The auditor's statement on the summary financial statement* issued by the Auditing Practices Board. Our separate report on the charity's statutory Annual Report and Financial Statements for the year ended 31 December 2009 describes the basis of our opinion on those Financial Statements.

Opinion

In our opinion, the summarised financial statements set out on pages 10 to 13 are consistent with the statutory Annual Report and Financial Statements for the year ended 31 December 2009 and comply with the applicable requirements of section 427 of the Companies Act 2006 and the regulations made thereunder.

We have not considered the effects of any events between the date on which we signed our report on the full statutory Annual Report and Accounts (12 May 2010) and the date of this statement.

Mazars LLP

Chartered Accountants and Registered Auditors
Times House, Throwley Way, Sutton, Surrey SM1 4JQ.
June 2010

The Diocese of London

3.7 million people

277 square miles

479 churches

150 people in training for ordained ministry

70,000+ adults listed as members on church electoral rolls

149 church schools

50,000 pupils

Countless social responsibility and community projects

