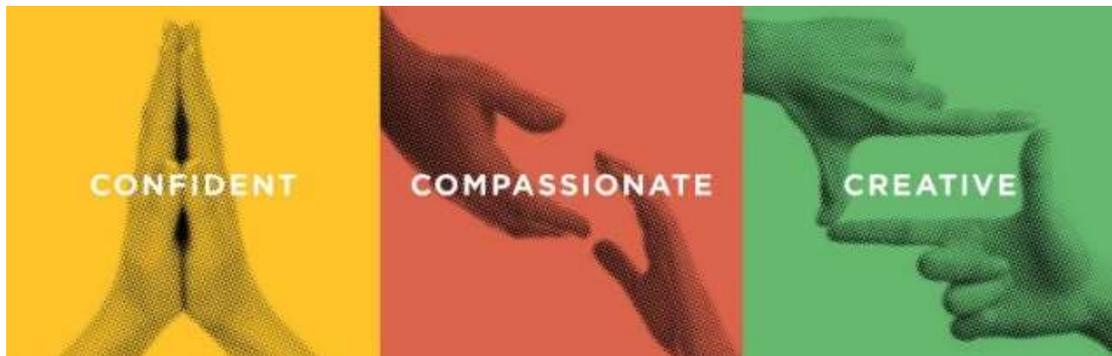




THE LONDON DIOCESAN FUND

Trustees' report
and financial statements
for the year ended
31 December 2020

The purpose of the London Diocesan Fund is
to do everything that we can to support the mission and growth of the Church in London



*Capital Vision 2020 – a vision of a Church that is Christ-centred
and outward looking*

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

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Financial Summary 2020

2020 has been dominated by the global pandemic which has impacted all activities of the LDF and the parishes within the Diocese. Changes in how and where people are working has had a profound effect, with central business districts empty of workers and tourists. Churches have adapted to life on-line and meeting local need by, for example, hosting food banks and providing vaccination facilities. We are extremely grateful to all the parishes who have continued to contribute Common Fund during 2020 which has enabled mission and ministry to continue throughout London at this key moment. The LDF has been able to cover the gap where parishes became unable to contribute their original pledged amount.

Across all funds the LDF is reporting an operating deficit of £2.8m before transfers and gains in 2020. Total income decreased by £2.4m and total resources expended also decreased by £0.6m, increasing the deficit by £1.8m.

During the year the LDF recognised £16.7m of realised gains (2019: £3.3m) on tangible fixed assets, resulting from the reshaping of the property portfolio. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over time.

Therefore, the accounts show an overall increase in the value of all funds of £14.4m for the year to £487.2m (2019: £472.8m). The following table summarises the financial position:

	2020 £m	2019 £m
Operating Deficit	(2.8)	(1.0)
Pension deficit movements	(0.1)	5.7
<i>Sub-total</i>	<i>(2.9)</i>	<i>4.7</i>
Other recognised gains and losses:		
Net gains/(losses) on investments	(0.5)	7.8
Unrealised gains on tangible fixed assets	1.1	4.0
Realised gains on tangible fixed assets	16.7	3.3
<i>Net movement in funds for the year</i>	14.4	19.8

General Fund

The LDF has normally achieved a balanced position for its general fund but in 2020 there was a deficit before year-end adjustments of £2.3m, mainly the result of significant reductions in contributions from parishes. It is crucial that the LDF uses reserves to support parishes while they adapt and recover. We have transferred £3.5m from reserves to strengthen the general fund position in anticipation of a further deficit in 2021.

Income decreased by £2.4m from £39.9m to £37.5m.

Donations from parishes through the Common Fund decreased by 8% to £22.6m (2019: £24.5m). Income from investments fell by 30% to £1.2m (2019: £1.7m) and property rentals by 7% to £3.9m (2019: £4.4m). A further £4.2m (2019: £3.8m) was received in reimbursements from parishes towards locally supported clergy costs. Trust and other income in our Statement of Financial Activities included donations generously provided from the City Church Fund (administered by the Trust for London) of £2.1m (2019: £1.8m).

Expenditure decreased by £1.1m from £38.1m to £37.0m.

Significant expenditure streams continue to be ministry costs of £24.0m (2019: £23.3m) and clergy housing and property costs of £6.5m (2019: £8.2m). Some planned property costs have been deferred until 2021 due to lockdown restrictions in 2020 and £0.8m has been transferred to Maintenance Funds to cover the backlog.

Strategic Report

The Church of England in London is vibrant and at the heart of communities within our Diocese. The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the London Diocesan Fund (LDF) helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. In doing so it provides a benefit to the public throughout the LDF's activities. These activities are set out in more detail in the following report, and public benefit is considered in more detail on page 21.

Purpose of the London Diocesan Fund (LDF)

The purpose of the LDF is to do everything we can to support the mission and growth of the church in London. Within this overarching purpose, the LDF had five major objectives in 2020:

- 1) Delivering Capital Vision 2020 successfully,
- 2) Investing in establishing a Christian presence in major new housing development areas,
- 3) Encouraging growth in lay discipleship and leadership, and promoting diversity,
- 4) Investing in the well-being of our clergy and chaplains - the people in whom we invest most of our financial resource,
- 5) Developing existing and new services to support our clergy and parishes well

All five of these objectives are underpinned by the **running of an effective organisation**.

The LDF also had to respond to the Covid-19 pandemic, which did not change the LDF's core purpose but did shape how activities were delivered during the year.

Achievements and Performance

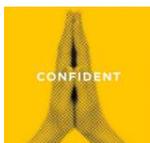
1) Delivering Capital Vision 2020 successfully

The Diocese of London's 'Capital Vision 2020' strategy emerged from listening to almost 2,000 people from across the Diocese. In its final year of Capital Vision, we took a comprehensive look at the overall impact of the programme, learned key lessons for our 2020 Vision and prepared a smooth closure and transition to Vision 2030.

The key themes of Capital Vision 2020 were:

- We will be more **confident** in speaking and living the Gospel of Jesus Christ.
- We will be more **compassionate** in serving communities with the love of God the Father.
- We will be more **creative** in reaching new people and places with the Good News in the power of the Spirit.

In 2019, our *Listening to London, Listening to God* survey reached 6,000 people in the diocese who responded to what they felt God is calling the Church of England in London to prioritise over the next decade, building on what has come before. This report primarily focuses on the cumulative impact of Capital Vision 2020 throughout the lifetime of the programme since 2013 and including 2020. A full 'CV2020 impact and lessons learned report' can be made available upon request. Vision 2030 is described in further detail in the Future Plans section of this report.



In order to be ***Confident in speaking and living the Gospel of Jesus Christ*** by 2020 we aimed to:

1) Communicate the Gospel more effectively, using the opportunities offered by new media

2020 saw an acceleration of this work with the Diocese's own social media platforms now showing a total of 10,900+ Twitter followers (over 200% growth since 2013, the start of Capital Vision 2020), 3,076+ Facebook likes (over 550% growth since 2013), 1,314+ Instagram followers (over 550% growth since 2013) and 1,423+ listens to a new podcast series (within 6 months). We have started a digital and social media learning network with over 140 people involved in the regular events and communications, exchanging best practice. Most churches are now streaming live, online, due to Covid-19, which has boosted access. The Senior Staff have also increased their digital presence primarily through two campaigns – at Easter and Thy Kingdom Come in May. Every new incumbent now receives digital impact training.

2) Equip and commission 100,000 Ambassadors representing Jesus Christ in daily life

Forty thousand people were commissioned to serve as Christ's Ambassadors in London in their homes and workplaces. Half of all churches have engaged with the initiative overall, with a significant number of the remaining parishes encouraging and resourcing lay witness in other ways. The 2030 Vision team has built the Confident Disciples programme as one of three key ambitions to 2030 – aimed at bringing about culture change in parishes and the diocese so that discipleship is core to activity, measured and new initiatives are encouraged in partnership with our GROW course, London Institute for Contemporary Christianity and other providers. We have built on the Ambassadors legacy with a refreshed website full of resources and tools to aid growing disciples and making it central to church life and leadership.

3) Invest in leadership and increase the number of ordinands by 50%

Since the launch of Capital Vision 2020, the number of London ordinands beginning training has increased by over 50%, with 70 additional ordinands having started training in autumn 2019 compared to 2013. 47% of 2019 starters were women and 9% were BAME. We successfully ran six Riverside Leadership Programmes, roughly every 18 months, day long clergy conferences, on promoting vocations, recruited and trained more Area Directors of ordinands (now 47 in 2020, up from 25 in 2016), and recruited someone to focus solely on the discernment and vocational process.



In order to be ***Compassionate in serving communities with the love of God the Father*** by 2020 we aimed to:

4) Enable new initiatives to fight poverty, inequality and injustice in London and worldwide, including our joint venture with the Church Urban Fund, Capital Mass

Capital Mass was launched in 2015 as a joint venture with the Church Urban Fund, aiming to engage and support every parish in the Diocese of London in tackling poverty and the causes of poverty. In 2020 it was decided to begin the process of moving the initiative into the diocese under the banner of Compassionate Communities – one of our three ambitions to 2030. We discerned six areas we will focus on in particular as well as responding to the social needs arising from Covid-19:

1. Caring for God's Creation – responding to the climate crisis
2. Mental health and wellbeing

3. Modern Day Slavery and refugees
4. Debt
5. Youth violence and knife crime
6. Homelessness and housing

An impact analysis report on compassionate work undertaken across the Diocese was undertaken, some of which was supported and enabled by Capital Mass. The report found:

- There are over 1,600 (average of 4 per church) compassion projects or ministries serving their local communities each year. Each of our parishes provides at least one service which seeks to serve the isolated. These include older people's drop-ins, community drop-ins, home visits and more.
- 75% of respondents indicated that over half of the projects had no paid workers and that the remaining 47% reported having between 1-5 paid workers. Only one project had more than 5 staff involved. If these figures are representative and replicated across all parishes it would mean church projects are employing between 1,000 - 2,000 staff roles and 12,000 volunteer roles. Together, they are expected to be reaching around 40,000 people at any one time.
- Of those who attended and received training and support provided by Capital Mass (the Diocese of London's Compassion team), 92% surveyed reported an increase in volunteering hours to tackle poverty in London.

Capital Mass also held around 12 speaking engagements each year around the compassionate themes, created over 30 films and posted 20 blogs to equip churches, developed relationships with 26 organisations, including some on a more significant level through responding to the Covid-19 crisis.

5) Open up our church buildings to the wider community

By 2017, 38% of churches reported being open to the public five days a week - the vast majority of which are in London Underground zones one and two. However, in 2018 progress slowed as fewer churches were open and resource-ready to open their doors in new ways. We are also aware of the difficulties many churches further out from central London (in Underground zones three to six) face in staffing open buildings, and in attracting a suburban public. In 2019 it was felt that the majority of the benefits were successfully achieved in the early years of Capital Vision 2020 and any further success would be more likely to come from local parishes as part of their day-to-day witness. As a result, ongoing intentional investment in this project came to end in 2019.

6) Strengthen links between schools and their local Christian communities

Overall, despite a few challenges along the way, this is a Capital Vision 2020 project which has been partially achieved. A Kensington Episcopal Area Schools mission was held in 2018, reaching approximately 4,000 through assemblies and other activities. Edmonton and Two Cities Episcopal Areas were due to host one mission each in 2020 but have been postponed due to Covid-19. Annual conferences were held for school chaplains and youth workers working in schools with 60-70 people attending each. A bridge has been built between schools and the LDF youth team, enhancing our relationship with schools. 26 chaplains are now actively and regularly supported by the Diocese, with several positive outcomes emerging as a result. One example is the high percentage of Spark fund applications (funding youth-initiated youth projects) being received off the back of learner's relationships with their chaplains. 90 head teachers and governors engaged in developing the new 2030 vision for schools with the Bishop of London, including how the church can work better with schools and develop faith at home for young people. The new Chair of London Diocesan Board of Schools is now working to unite the LDBS strategy into the Growing Younger priority within the diocesan 2030 Vision.



In order to be ***Creative in reaching new people and places with the Good News in the power of the Spirit*** by 2020 we aimed to:

7) Double the number of young people involved in local Christian communities

Overall, this Capital Vision 2020 (part SDF funded) project struggled with its target - to double the number of young people (11-18 year olds) from 2,000 to 4,000. The baseline of 2,000 set in 2013 was found not to be reliable. Patchy data and data collection challenges also made trying to assess the changes in numbers of young people across the Diocese difficult. Therefore, in 2017 the team redefined Capital Youth, their objectives and improved impact measurement. Findings show the work they were involved with made a significant impact to growing numbers of youth in church communities:

Numbers of children and young people have been maintained in the Diocese, against a backdrop of decline in other dioceses. Five Youth Minsters engaged over 470 young people in weekly faith-based activities (as of March 2020 - up from 200 in 2017). Youth Minsters, which focus on resourcing parishes to grow and reach unchurched youth, have increased volunteer teams by at least 50 and a new, fifth, Youth Minister was launched at the end of 2020 - St John's Hackney. 20 people have completed the Youth Ministry Toolkit. Eight Apprentices have graduated and four more have been recruited in 2020. 11 apprentice parishes engage around 300 children and young people, weekly. Apprentices are also in contact with a further 300+ in various, creative ways. 37 young people are leading missional Spark Fund projects (engaging their friends and peers in faith), reaching over 300 young people to date. 52 clergy have completed youth ministry training with the majority having either further invested in existing children's work (to ensure better transition into more sustainable youth ministry) or developed new youth initiatives since. A Children and Youth stream of the Church Planting Course now exists and in 2020 we created an online learning platform for children and youth ministry with high initial take up in the first month.

The Kirby Laing Foundation awarded £60,000 over three years to a project at Saint Augustine's Grahame Park for Youth Ministry through Music and Arts, with grant instalments paid in 2018, 2019 and 2020. The project has enabled the parish to engage with local children and young people through art and music, and has continued throughout the Covid-19 pandemic with virtual guitar lessons and YouTube art sessions which have now expanded to include parents as well as children.

The Apprenticeship programme will continue in 2021 with the generous support of Allchurches Trust and the Joseph Rank Trust.

8) Create or renew 100 worshipping communities

Overall, this Capital Vision 2020 project was not far from reaching the ambitious target it had been set. The LDF is very grateful to the Archbishops' Council for the generous Strategic Development Fund grant which was awarded to support this ambition. We have had some great successes including:

- 80 New Worshipping Communities established
- Most individual New Worshipping Communities (NWCs) surveyed doubled in size:
 - i. Average Weekly Attendances saw 6 churches contract, 2 stay the same and 16 grow between 5%-475%
 - ii. Membership saw 5 churches contract and 19 increase between 20% -850%.
 - iii. Growth was not limited to one type or size of church
- NWCs are correlated with increased giving at a rate that outstrips the wider Diocese: NWC parishes have increased contributions from 4% to 6% of Diocesan parish giving (£1.5m out of £35.1m)
- NWCs show commitment to both discipling the newcomer as well as deepening the faith of those already committed. Multiple communities reported an increase in the number of leaders within their communities. Survey respondents often emphasised depth and offered caution around size/numbers as the main measure of success, not least because the NWC journey is long and requires patience.
- Establishing regular, active Deanery engagements (across all Deaneries) - allowing people an avenue through which they were able to participate. It provided a space through which people were given: Permission, Partnerships & Possibilities to make things possible/ happen.

- Established the GROW course, with over 70 parishes undertaking training in growing in depth, impact and numbers

The work is supported by the Gregory Centre for Church Multiplication (CCX) which is overseen by the Bishop of Islington. The CCX team supports the Diocese's goal of creating New Worshipping Communities across the capital, by supporting leaders and church teams across London, as they look to multiply disciples, churches and networks. The trustees of the LDF are grateful for the ongoing support of Allchurches Trust who have supported the church planting work for three years, enabling leaders to be identified, equipped and supported as they plant new churches, and for their inspiring stories to be shared. The Porters Trust has also generously supported this work and in particular has enabled the engagement of two trainers for the Plant course.

9) Engage more closely with sport and the creative arts

Sports:

In 2020 the Diocese's track record in Sports led to us being asked to shape National Church's sports approach & framework, building on our success under Capital Vision. Overall, the project achieved a network of circa 250 people who are interested in, delivering or passionate about sports ministry. Both Hoxton & Bushy Active Sports & Wellbeing Hubs have been established as pioneering models others can learn from, with some investment behind them. We hosted three Sports Ministry Partners conference and presented at many more, established strong relationships across the sports ministry sector especially with the parachurches. Kick is a Christian Charity based in London providing primary and secondary schools with high quality values-based sports coaching, street dance and solutions focused mentoring and sports chaplaincy. They look to build relationships and work with local churches to equip them to run additional sporting provision at the weekend, currently operating mentoring and sporting activity in 35 schools across the diocese. This includes 28 LDBS schools, reaching 4,400 young people. The Kensington Area was announced in 2020 as one of the five Church of England sports and wellbeing pilot Areas, until 2023. We have moved the dial from thinking about traditional men's sport ministry to be talking about sporting activity and wellbeing for all.

Arts:

In 2019, due to lack of volunteer energy, we closed our Arts project - apart from the support given to the Missioner to the Creatives who runs The Haven London, an independent charity. The Haven's work has led to 512 individuals receiving over 2000 hours of pastoral support (over 6% of all creatives working in London struggle predominantly with suicidal thoughts, anorexia and mental health issues).

10) Each pray for at least seven people that we may share with them the story of our faith (Pray for Seven)



As in previous years, during 2020 we joined in with the Archbishops' call to prayer, 'Thy Kingdom Come', linking this to the Pray for Seven initiative. We ran a social media campaign highlighting prayer for Christians in 'essential services' - on the front line of the Covid-19 pandemic. We also ran live online prayer events over Easter, hosted by the Bishops and Archdeacons.

2) Investing in major new development areas

Over the last five years we have built new churches in Millwall and Tottenham Hale and supported the parish of St Barnabas Finchley in its complicated move to a major new church building. The final project of the programme has been the building of a barge, named the Genesis, to be moored on the River Lee Navigation next to the Queen Elizabeth Olympic Park.

The building of the Genesis has taken a year longer than originally planned but it was exciting for it to be delivered to its mooring at Here East in early September. It has already made an impact in the local riverside community but its use has had to be limited due to Covid-19 restrictions on how many people can meet in an indoor space. As we hoped, it has generated significant positive national and local media interest. In October the Guardian ran a full page article entitled 'Heaven and Hull'. In the article it said "Mission Genesis is the latest chapter in the Diocese of London's increasingly entrepreneurial and agile approach, trying to juggle expansion in some areas while maintaining a vast estate of leaky and underused buildings in others." The boat was developed in close collaboration with Turks Shipyard and naval architect Tony Tucker, and funded through generous contributions from The Mercers' Charitable Foundation, The Garfield Weston Foundation Allchurches Trust, The John and Diana Kemp-Welch Charitable Trust, The Wates Family Enterprise Trust and The Jerusalem Trust, as well as many who gave anonymously.

Subject to finalising snagging issues we have now brought this programme of investing in major new development areas to a close. Our focus for the next period will be on how we work with our parishes to support the regeneration of some of our existing church buildings.

3) Lay Discipleship and diversity

The LDF continues to seek ways to enhance Lay Leadership, Lay Ministry and Lay Discipleship. These areas feature highly in planning for our 2030 Vision. A small group under the leadership of the Bishop of London is focusing on ways of increasing our offering for Lay Discipleship. The St Edmund's Course in Lay Discipleship has continued to attract good numbers; this has been further enhanced by an additional online version of the course. The St Edmund's Course is also seeing increasing numbers go forward for Licensed Lay Ministry. We continue to work with St Mellitus College in training candidates for Licensed Ministry, giving us two pathways for training LLMs.

Vocational discernment for ordained and lay vocations has particularly focused on underrepresented groups. We are pleased to see a small increase in the number of people of colour being selected for ordained ministry, but we still have a long way to go in this area. Concern is expressed concerning the small number of people coming forward for ministry amongst those from estates ministry backgrounds, and those with disability. We are delighted to be working with St Mellitus College on the Peter Stream initiative which equips and enables people from underrepresented groups to move forward in ministry and vocation. Addressing diversity issues also features highly in our 2030 Vision.

4) Clergy Wellbeing

During the past twelve months the emphasis of our work in relation to clergy wellbeing has been on support through the Covid-19 pandemic. The first lockdown coincided with the launch of a general 'Wellbeing' section on the Diocesan website, where resources were quickly added for clergy and clergy households which focus specifically on the challenges of the pandemic and lockdown, covering: physical and mental health, living alone, thoughts and reflections, culture, and the care of children in lockdown, as well as signposts to sources of help with pastoral crises related to housing, alcoholism and domestic abuse.

A reference group was set up to advise on the support needs of clergy taking funerals in the time of Covid-19, and evolved to offer wider advice around pastoral care of clergy as the pandemic lengthened. The group identified that pastoral care from senior clergy is for many the most significant factor in wellbeing during such times, together with therapeutic support which can be easily and anonymously accessed. Various offers of such support have been communicated via Virtual Parish News, social media and the Diocesan website. Offers of facilitated process groups have been rolled out in each Episcopal Area in recent months, with the purpose of reflecting with colleagues and supporting one another in these challenging times.

Wellbeing has been a key theme in messages from individual Bishops to their episcopal Area and from the Bishop of London to the Diocese as a whole. Webinars and podcasts have taken mental health and what we are learning through Covid-19 as key themes.

The College of Bishops and Archdeacons are grateful to the Henry Smith charity for providing funds to make grants for clergy welfare.

5) Developing new services to support our parishes

Our services to clergy, parishes and chaplaincies are part of the core of what we do, and run through all the teams that we operate centrally, including:

- HR support and advice
- Finance-related advice and stewardship
- Fundraising guidance and support
- Parish property projects guidance
- Support in local regeneration and developments.

Safeguarding remained a major focus in 2020, including consideration of the recommendations from the Independent Inquiry into Child Sexual Abuse (IICSA), as well as the continued roll-out of core training and improvement to systems. Due to the pandemic the delivery of face-to-face safeguarding training was suspended between March and July 2020. This training has been redesigned and is currently delivered by video-conference. A total of 334 people attended the training during 2020, and a programme of training is in place for 2021. In addition 1,521 DBS checks were completed during 2020.

A major safeguarding project in 2020 was the Past Case Review 2, which has involved the review of all clergy files by an independent reviewer. The review was almost complete by the end of 2020, but due to lockdown restrictions some files are being reviewed in 2021. By the time the review is completed, over 5000 files will have been reviewed by Independent Reviewers in line with the House of Bishops PCR2 Practice Guidance. All concerns which have been raised will have appropriate follow up.

During 2020 we aimed to rollout the Stewardship events following the successful pilot in 2019. Due to the lockdown restrictions, and the need to provide reactive advice to parishes, this Stewardship programme has been deferred until a future year. The Finance Advisers have been actively engaged with parishes throughout the year, providing support on a number of financial issues, and promoting digital giving.

In 2020 the church building condition survey was completed and presented to a number of LDF committees. A number of actions have been agreed in response to the report which will be implemented from 2021.

Net Zero Strategy and Carbon Reporting

In February 2020, the Church of England adopted a target of net zero CO₂e emissions by 2030. This resolution was affirmed and adopted by Diocesan Synod in March 2020, as part of a revised Diocesan Environmental Policy. The policy confirms the LDF's commitment to environmental matters, and to coordinate efforts to work towards achieving Net Zero Carbon status by 2030.

This commitment is not new but continues the LDF's long term work to fulfil our duty to Care for God's Creation. The LDF has been very active in promoting an environmentally responsible agenda across parishes and extending into civil society and beyond. For example, from 2005 to 2019, there has been a reduction of 20.9% in energy use by churches in the Diocese (net of renewable energy), reducing net carbon footprint by 29.2%; this is a reduction in net annual footprint from 21,200 to 15,000 tonnes CO₂e.

The LDF has also taken significant steps to improve the energy efficiency of the parsonage house portfolio. This has included a window replacement programme to install double glazing across the housing portfolio, a programme which is ongoing. In addition new parsonages were built to Code 6 of the Code for Sustainable Homes, and others since to the Passivhaus standard.

The LDF is not required to make disclosures under the new Streamlined Energy and Carbon Reporting (SECR) requirement. However, due to the LDF's commitment to reduce energy and carbon use, the intention is to make voluntary disclosures from 2021. The deferral in reporting until next year is to enable the collection of the appropriate data.

Responding to Covid-19

The Covid-19 pandemic continues to have a profound effect on the activities of the LDF and London parishes. In March 2020, no one could have predicted how long that marathon would turn out to be or the inexorable uncertainty it would bring to all our communities. The prime purpose of the LDF is to support the mission and growth of the church in London, and now, more than ever, has been an important time for the LDF to be able to support the clergy and parishes in the Diocese.

LDF trustees and senior management have been delighted and proud of the response that our clergy and lay staff have shown over the last year, dealing with the varied challenges that this crisis has presented. For several weeks at the start of the pandemic, London was ahead of the curve with the virus spread. Our senior clergy had to produce guidance for our churches, which was then used by other dioceses and by the national church. As the situation became more serious across the country, the national church took a lead in producing the instructional documents for parishes, and since May 2020 London diocese has pointed to the national Church of England website for the latest updates.

The response from our clergy and their communities to the pandemic has been nothing short of outstanding. They have adapted time and time again, many of them taking services online, creating community in the digital sphere, providing prayer and support through social media or their websites. We have seen services streamed through YouTube, Facebook, Instagram and Zoom, often reaching people who would not have gone to the physical church building. Bible studies and small groups have continued to meet online. Then, where possible, parishes have opened their buildings for private prayer or for services, in a socially distanced covid safe way. Many clergy have also made huge efforts to support the isolated in their communities – those who do not access to technology or the internet.

Parishes have continued with compassion ministries, with outreach projects such as food banks in more need than ever. The 'Love Christmas' campaign, initiated by Holy Trinity Brompton, encouraged churches to give gifts to the most vulnerable and isolated in their communities over the Christmas period, letting them know we stand with them and for them during such a difficult season.

At the end of December, St Margaret's Church in Edgware became the first COVID19 Asymptomatic test site for Barnet, testing members of the public who were not displaying virus symptoms.

Financially, challenges continue to be felt at all levels. For the LDF, Common Fund remains vital to the functioning of the Church in London, in order to continue to provide clergy stipends, housing and other support. Churches

are facing financial challenges across the Diocese, and the LDF has provided support to them in a variety of ways. This has included liaising with parishes about their financial situation, and agreeing to reducing Common Fund offers where appropriate. On a more positive note the Children and Youth team have provided a range of online support to children and youth workers across the diocese to support them in their ministry.

The priorities for the LDF over the past year in response to the pandemic have been:

- Actively monitoring the LDF's financial position, notably Common Fund receipts, and managing liquidity during this period of uncertainty. The trustees of the LDF are delighted that almost all parishes have continued to contribute to the Common Fund and nearly 90% of the amount offered was received during the year.
- Supporting parishes with move to online services, and advising on building security and serving local communities, as well as governance issues such as holding virtual PCC meetings.
- Adapting to remote working, with support from IT department, and introducing new tools to facilitate video conferencing and team collaboration across the LDF.
- Continuing to make the office space available to tenants, particularly to the London Diocesan Board of Schools who have been supporting their schools throughout the year

Running an effective organisation

Underpinning the key objectives and purposes of the LDF is the running of an effective organisation to support the mission and growth of the church in London.

The effectiveness of the LDF continues to be demonstrated through a wide range of areas, for example:

- smooth running of governance bodies and committee meetings, which transitioned well to virtual meetings during 2020;
- regular reporting to senior staff and trustees;
- regular financial reporting, including accurate and timely budgeting and management accounting;
- risk management;
- efficient process of receiving and agreeing Common Fund offers, as well as the monitoring receipt of Common Fund pledges;
- targeted support to parishes and clergy.

Financial Review

Financial summary

Total income decreased by £2.4m from £46.8m in 2019 to £44.4m in 2020. This is a modest decrease in light of the pandemic, and is due to the continuing generosity of the thousands of people in the parishes who support the LDF's work and the continued use of our capital assets to generate additional income. During the year, £2.6m (2019: £1.7m) was drawn down from the restricted Strategic Development funding awarded by the Church Commissioners.

Total resources expended decreased by £0.6m from £47.8m in 2019 to £47.2m in 2020, due to modest savings as a result of lockdown restrictions which deferred some planned activities.

The property team continued to manage the LDF's properties, providing the best possible service to clergy and parishes and maximising revenue from investment property and operational property temporarily not in use. Included in the activity were £16.7m of realised gains (2019: £3.3m) on tangible fixed assets, resulting from the reshaping of the property portfolio: a substantial part of this gain was reinvested in property as part of that reshaping. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over the time it has been owned by the LDF, which in some cases was several decades.

Net expenditure for the year before investment gains, and other recognised gains and losses, across all funds was £2.8m (2019: net expenditure of £1.0m).

The following table shows an overall increase in net assets of £14.4m for the year to £487.2m (2019: £472.8m).

	2020 £m	2019 £m
Net expenditure	(2.8)	(1.0)
Pension deficit movements	(0.1)	5.7
<i>Sub-total</i>	<i>(2.9)</i>	<i>4.7</i>
Other recognised gains and losses:		
Net gains/(losses) on investments	(0.5)	7.8
Unrealised gains on tangible fixed assets	1.1	4.0
Realised gains on tangible fixed assets	16.7	3.3
<i>Net movement in funds for the year</i>	14.4	19.8
Balances as at 1st January	472.8	453.0
Balances as at 31st December	487.2	472.8

Budget and outlook for 2021

The Covid-19 pandemic continues to have a profound effect on the activities of the LDF and London parishes. As the prime purpose of the LDF is to support the mission and growth of the church in London, now, more than ever, is an important time for the LDF to be able to support the clergy and parishes in the Diocese.

A deficit budget for the general fund has been set for 2021, which can be funded by redesignating some existing reserves, although this will reduce our capacity to respond to future mission and growth opportunities. The trustees and senior management have agreed to undertake a comprehensive review of all services and costs during the course of 2021 in order to agree the most appropriate organisational structure and priorities for future years. While it hoped to return to balanced budgets within the next couple of years, having reviewed cash reserves and financial projections, the Trustees are confident that the LDF finances are sufficiently robust to weather this ongoing uncertainty, and the Trustees have no doubts over the continued operation of the LDF.

In the midst of this extraordinary crisis, we look to deepen trust and dependence on God and to encourage each other in prayer and faith.

Policies

Reserves policy and management

At the end of the year to 31 December 2020 the LDF held net assets of £487.2m (2019: £472.8m), split between the various funds as shown in the table below:

Fund categories	2020 £m	2019 £m
General	5.1	3.6
Designated	160.9	150.7
Restricted	27.7	23.6
Endowment	293.5	294.9

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

General reserves at 31 December 2020 were £5.1m (2019: £3.6m)

Designated reserves to the value of £160.9m (2019: £150.7m) are in four principal groups: clergy housing, investment property, clergy pension deficit reserve, and other funds, as follows:

- Operational property used to house clergy of £66.9m (2019: £64.5m).
- Investment property of £64.5m (2019: £65.8m), used to generate income for the following purposes:
 - To mitigate financial risk, such as significant changes in the environment in which the LDF operates and to protect the LDF from insolvency or serious disruption to its work.
 - To aid an equitable balance of expenditure between generations. Many of the assets used by the LDF today were provided by past generations and there is a need to preserve these assets for future generations.
 - To supplement the Common Fund in furtherance of the LDF's charitable objectives.
- The clergy pension deficit reserve which now stands in deficit of £1.9m (2019: deficit of £3.4m). Further details can be found within note 15(b).
- Other designated funds include the Diocesan Loan Capital fund of £2.2m (2019: £4.6m) used to provide loans to parishes, often to enable them to undertake major capital projects that would otherwise not be able to proceed and a Capital Vision 2020 reserve, which at 31 December 2020, had a value of £0.4m (2019: £1.0m). More information can be found in Note 13a.
- The remainder of the designated funds have a value of £29.2m (2019: £18.2m), many of which are gradually being exhausted as they are expended for the purposes for which they were designated. Some of these funds may be replenished over time by further donations and designations. More information can be found in Note 13a.

Restricted reserves with a value of £27.7m (2019: £23.6m) are restricted in their application in accordance with conditions specified by the donors, the main reserves being Sole Trust Expendable Funds, Closed Church Buildings Operational Property and Closed Church Buildings Investment Property. The funds include those managed by the Angola, London and Mozambique Association (ALMA) of £1.8m (2019: £1.8m).

Endowment reserves with a value of £293.5m (2019: £294.9m) mainly comprise of restricted expendable endowment funds. These include glebe assets, consisting of historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF, and Parsonage House capital, representing the net book value of freehold and leasehold benefice houses.

Investment policy and performance

The LDF regularly reviews its investment policy and receives periodic guidance from its Non-Property Investment Guidance Group and from the Property Guidance Group.

The overarching investment objective is to seek the maximum return over the long term, taking into account both income and capital appreciation, with minimum risk to the real value of the assets.

In relation to non-property investments the LDF currently seeks an income return of at least 3.5%, whilst at least maintaining the capital value of its non-property investments in real terms. The distribution yield in blended aggregate almost met the nominal target in 2020.

Targets set for the strategic allocation of assets between different classes of investment reflect the trustees' views on achieving the appropriate balance between returns and risks.

The LDF has an ethical investment policy which covers principally its non-property investments. The LDF will invest only in investment funds that have exclusions as set out in the table below. In instances where fund managers have such exclusions by practice rather than by policy, the LDF will continue to engage regularly with the fund managers and review the portfolio. It is recognised that there are few funds that comply entirely with these requirements, and therefore in practice the LDF policy divides investment types into two distinct categories:

- Absolute requirements: these are areas where the LDF will not invest unless the investment managers meet the exclusion levels set.
- Preference: areas where the LDF would expect managers to align to the exclusions, but the LDF may choose to invest with managers who do not fully align. These would be considered on a case-by-case basis, and each decision, and the rationale, would be fully documented.

LDF stance	Investment type/requirement	LDF Policy*
LDF absolute requirement	Arms - indiscriminate weaponry - conventional weaponry	Total exclusion 10% revenue exclusion
	Pornography	3% revenue exclusion
	Tobacco	10% revenue exclusion
	Gambling	10% revenue exclusion
	UNPRI	Signatories to UNPRI
	UK Stewardship Code	Adopted UK Stewardship Code
LDF preference	High interest lending	10% revenue exclusion
	Tar sands/thermal coal	10% revenue exclusion

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

Investment returns

Investment property

The strategic work to reshape the investment property portfolio continues as we look to increase the level of income we generate from the asset base. This work commenced in 2013, when net income of £1.3m was generated. Investment property net income is now expected to be of the order of £3m+. From 2018, further steps have been taken to develop the portfolio, by selling relatively low yield properties and reinvesting the proceeds in higher yield properties. In total the investment property portfolio generated in excess of £3.4m of net income in 2020 (2019: £2.8m).

In addition, the portfolio has seen significant capital growth. During 2020, the asset base has increased from £103.8m to £104.2m.

Equity Investments

Investments in equities, fixed interest securities and other quoted securities amounted to £45.1m (2019: £50.0m). During the year, the LDF chose to dispose of some units of the CCLA Investment fund in order to increase liquidity. Disposals of £4.3m and no additions occurred during the year (2019: disposals of £3.3m and additions

of £5.0m). Losses of £0.6m (2019: gains of £7.7m) were recorded and investment income of £1.5m (2019: £1.9m) received.

The gains in the capital value of the above investments, of the order of 1.3% were ahead of the movement in the value of the FTSE all-share index, which fell 12.5% in 2020. As a result of the Covid-19 pandemic, global markets have seen significant volatility in share value. LDF investments are held with a view to long term growth and income generation. In addition, Initial indications from LDFs investment managers suggest that active management of the funds should actively manage the risks.

	2016 %	2017 %	2018 %	2019 %	2020 %
Historical gains/(losses) on LDF investments	9.0	7.5	(11.2)	19.9	1.3
Historical gains/(losses) on FTSE all-share index	12.0	7.7	(12.3)	14.0	(12.5)

Valuation of operational property assets

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

Pension schemes

Church of England Funded Pension Scheme – Clergy: Since 1 January 2015, the LDF's contribution rate has been 39.9% of pensionable stipends, of which 14.1% was in respect of the shortfall in the Scheme and 25.8% in respect of future benefits and the day-to-day expenses of running the Scheme. Since 1 January 2018 the percentages are now 11.9% and 28% respectively, with the total contribution rate still 39.9%. From January 2021, the deficit repair contribution is 7.1%, but the current service contribution is 32.8%, so still an overall contribution rate of 39.9%.

In these financial statements we have included as a liability the present value of the agreed deficit contributions towards the clergy pension scheme, which at 31 December 2020 was £1.9m (2019: £3.4m).

Lay Church Workers' Pension Fund:

During 2020, the LDF contributed at a rate of 33.6% of pensionable salary. This will increase to 36.3% from April 2021.

Lay Defined Contribution Scheme:

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

Risk management

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

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

In March 2020, the effects of the Covid-19 virus pandemic started to be felt in the UK. In accordance with the government guidance, the LDF put measures in place to protect the welfare of its staff and stakeholders. By the end of March 2020, all LDF employees were working remotely with all key processes and operations successfully carried out off-site. Church buildings have closed as necessary in response to Government advice and in light of local risk assessments. The closure of church buildings has had an ongoing and profound effect on our parishes and their mission.

The pandemic raises key risks for the LDF, as follows:

Risk that project and property activity will be impeded due to the lockdown.

Financial risk that key sources of LDF income fall significantly – significant streams likely to be affected into the medium term including Common Fund as parishes experience reduced giving and rental income, and reduced income from LDF investment properties as other businesses encounter reductions in income. Mitigation includes close monitoring of LDF cash flows, pursuing other sources of finance and close communication with parishes to ensure accurate information is received in a timely fashion. The LDF is also reviewing all of its own costs.

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

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

As identified, the main risk to the LDF's income is that parishes will be unable to donate as generously as they have pledged or would wish. The LDF works to mitigate this risk by supporting parishes through offers of fundraising advice, stewardship support and other income generating input.

The principal risks relating to expenditure are that there may be additional pension deficits to be funded; the costs of training ordinands may rise further; or there may be unexpected property maintenance expenditure. The LDF's management keep the risks under review and ensure that proportionate mitigation strategies continue to be in place.

Funds held as custodian trustee

The LDF is custodian trustee for trust assets of £19.1m (2019: £19.3m). Most of these trusts are held on behalf of parishes whose charitable purposes are broadly parallel to those of the LDF. Assets held under these trusts are held separately from those of the LDF. Detailed certificates of holdings as at 31 December 2020 have been sent to parishes and other managing trustees.

Other matters

The LDF also supports connected charities, one of which is the London Diocesan Board for Schools, with whom facilities to the value of £287k (2019: £338k) are shared at London Diocesan House, and to whom a cash grant of £180k was made in 2020 (2019: £180k).

Other support is provided to parishes in the form of grants and loans. In 2020 grants to London parishes totalled £1.3m (2019: £1.2m).

Plans for future periods

We believe that the effect of the Covid-19 pandemic will continue to be felt for months if not years to come and we will continue to support London parishes and worshipping communities through this time. However, our aim to support the mission and growth of the Church in London in the years ahead remains. It is recognised that pandemic has changed the way we work and lessons learnt will be incorporated into future plans.

Vision 2030

During 2019 we began the process of discerning the Vision for the next decade. Over 6,000 people responded to the listening campaign which helped to discern the way forward. Clear priorities and ambitions emerged, and these still stand despite the pandemic, although the way we will apply them has changed. Over the course of 2020 the ambitions and priorities have been defined and refined in order to create a plan for the coming years. Due to the ongoing pandemic, which has left many feeling fatigued, we will be slowly launching the new Vision 2030 throughout 2021. Parishes will be invited to engage as and when they are able to do so. Vision 2030 is expressed in the following graphic:



Going concern

The trustees have reviewed the charity's financial position, particularly in light of the ongoing Covid-19 pandemic. While it is expected that the LDF may experience a reduction in the level of income received, particularly in respect of Common Fund received from parishes, detailed reviews of the LDF cash flows and forecasts show that it is expected that the LDF has sufficient cash levels to operate successfully for the foreseeable future. Therefore, taking account of the satisfactory levels of reserves and cash, the annual plan and the five-year financial plan, and our systems of financial and risk management, it is the trustees' opinion that the charity is well placed to manage operational and financial risks successfully.

Accordingly, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis of accounting in preparing the annual accounts.

Governance, structure and management

The Diocese of London

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

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

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

There are 21 deaneries within the Diocese. Each deanery consists of between 10 and 26 parishes; there are approximately 400 parishes in the Diocese, each of which is governed by a Parochial Church Council (PCC). The PCC is made up of the incumbent as chair, the churchwardens and a number of other ex officio, elected and possibly also, co-opted members. Each PCC is a corporate body and a separate charity. PCCs are responsible for, inter alia, the maintenance of churches and certain other buildings. Except where shown, the transactions of PCCs do not form part of these financial statements. In total, the PCCs across London have unrestricted income of in excess of c.£115m a year.

The LDF's activities are only one aspect of the vibrant and diverse mission of the church in London. At the turn of the year, we had 86 new worshipping communities, some of which are established under a Bishop's Mission Order (BMO).

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

The London Diocesan Fund

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

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

Management and senior staff

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

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

General Secretary:	Mr Richard Gough
Director of Property:	Mr Michael Bye (until June 2020)
Director of Housing and Investment Property:	Mr William Hagger (from March 2020)
Director of Human Resources and Safeguarding:	Mrs Suzanne Long
Director of Finance and Operations:	Mr Richard Antcliffe (until August 2020) Mr Christopher Harris (from June 2020)
Director of Capital Vision:	Mr Angus Stephenson

Remuneration

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

Statutory functions

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

Charity Governance Code

The LDF has incorporated the 'Charity Governance Code' as a key tool in its governance management framework. Each year the charity's Audit and Risk Committee reviews the LDF's application of the Code, building on the work of the previous year, to develop and embed the Code's principles and practices in the organisation's operations.

Principal activities

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

It does this operationally through the provision of stipend and housing to parish clergy and chaplains and supporting their ministry. The LDF also provides community space and facilities to the wider population and visitors to London.

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

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

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

Fundraising

The LDF fundraising plan incorporates three streams:

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

Officers meet at least quarterly to review current performance and agree future fundraising strategy.

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

Public benefit of activities

The trustees have a statutory duty under the Charities Act 2011 to have regard to the guidance issued from time to time by the Charity Commission. The trustees have noted the Charity Commission's guidance *Charities and Public Benefit* and have regard to this in making relevant decisions. Guidance was included in the Trustee Induction material distributed to the Diocesan Bishop's Council in Spring 2019. The trustees believe that this report, taken as a whole, provides evidence of the public benefit of the charity's work in 2020.

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

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

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

Committees

The Diocesan Synod has appointed the Bishop's Council as the Diocesan Mission and Pastoral Committee. The Council has delegated certain powers to Area Councils.

The Bishop's Council has also delegated certain powers to its Diocesan Finance Committee (DFC). These committees and councils have power to co-opt members, subject to elected and ex officio members being the majority.

Diocesan Finance Committee

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

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

Audit and Risk Committee

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

The ARC ensures that proper regard is had to statutory and regulatory obligations, and to best practice. The committee also reviews the systems of internal financial control and the risk register.

Trustee training

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

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

Staff, volunteers and stakeholders

Staff incentives include a generous pension scheme, access to a free Employees Assistance Programme, and other benefits through the LDF's Wellbeing Strategy. Staff engagement occurs through regular staff briefings and a staff forum, comprising staff representatives and members of the Senior Management Group. Staff are asked to provide feedback on employer engagement as part of their annual Performance and Development Review. Regular staff social events are organised by the Staff Social Committee.

The LDF (as distinct from the parishes) has four regular volunteers who generously contribute their time and expertise to advance the mission of the LDF. Volunteers are invited to the staff briefings and staff social events.

Clergy, chaplains and members of PCCs are key stakeholders of the LDF. Support provided to and engagement with these groups is detailed within sections 4 and 5 of the Achievement and Performance section of this report.

Disclosure of information to auditors

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

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

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

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

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

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

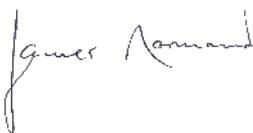
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

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

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

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

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



James P Normand
Chair of the Diocesan Finance Committee
and Lay Vice-Chair of Bishop's Council
12 May 2021

Appendices – committee membership and administrative details

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

All members of the Bishop's Council are directors and members of the company for the purposes of the Companies Acts and are trustees under charity law. The following members served during the period from 1 January 2020 until 12 May 2021, the date of approval of this report:

Chair

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

Miss Susan Cooper
Mrs Sarah Finch

Nominated by the Bishop of London

Mr Richard N Perry

Lay & Clerical Vice Chairs

Mr James P Normand,
Diocesan Synod House of Laity
The Revd Jody Stowell,
Diocesan Synod House of Clergy

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

Ex Officio

The Bishop of Stepney,
the Rt Revd Joanne Woolway Grenfell
The Bishop of Kensington,
the Rt Revd Dr Graham S Tomlin
The Bishop of Edmonton,
the Rt Revd Robert J Wickham
The Bishop of Willesden,
the Rt Revd Peter A Broadbent
The Bishop of Fulham,
the Rt Revd Jonathan M R Baker
The Bishop of Islington,
the Rt Revd Ric C Thorpe
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Elizabeth Adekunle
The Archdeacon of Middlesex,
the Ven Richard Frank (from 20/04/20)
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford
(from 01/09/20)
The Archdeacon of Charing Cross,
The Ven Adam Atkinson
(from 23/03/20)
The Dean of St Paul's Cathedral,
the Very Revd Dr David J Ison

Two Cities

The Revd Canon Dr Alison J Joyce
The Revd Kathryn Harrison
Mr Brian O'Donoghue
Mr Jeremy Thomas
Mr Christopher Longden
Mr Cedric Stephens

Stepney

The Revd James Hughesdon (until 31/01/21)
The Revd Graham Hunter
Dr Philip Rice
Mrs Christina T Sosanya
Ms Josile Munro

Kensington

The Revd William Rogers
The Revd Andrew Downes
Mr David Hurst
Mrs Sarah Tett
Mr Kenneth Riley
Ms Catrin Lee (until 17/01/21)

Edmonton

The Revd Christopher Smith
The Revd Jonathan Kester
Mr Inigo R M Woolf
Dr Christopher R M Ward
Miss Amanda McIntyre
Miss Abimbola Sanu

Elected by the House of Laity, Diocesan Synod

Mr James Behrens
Mr George Huntley

Willesden

The Revd Edmund A J Cargill Thompson
Mr John R Dolling

Mr Clive R Scowen
Mr Michael J Bithell
Mr Julian Duffus (until 30/11/20)

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

Members of the Diocesan Finance Committee as at 12 May 2021

(also Members of the Bishop's Council)

The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Elizabeth Adekunle
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
The Ven Catherine R Pickford
The Archdeacon of Charing Cross,
The Ven Adam Atkinson
The Revd Jody Stowell
Mr James P Normand (Chair)
Mr John R Dolling
Dr Phillip Rice
Dr Christopher R M Ward
Mr Inigo R M Woolf
Mr Michael J Bithell
Ms Josile Munro
Mr Clive Scowen
The Revd James Hughesdon (until 31/01/21)

(not Members of the Bishop's Council)

Mr Roger Dean
Mr Antonio Joseph
Mr Noel Manns
Mr Paul Nicholas
The Revd Preb V Akintunde Roberts
Dr Susan Willmington
Mr Anthony Dixon
Ms Juliet Maggs
Mr Rich Spens
Mr Richard Myers

Members of the Audit and Risk Committee as at 12 May 2021

(also Members of the Bishop's Council)

Mr Richard N Perry (Chair)
Dr Phillip Rice
Mr Christopher Longden

(not Members of the Bishop's Council)

Mr Don Bawtree
Mrs Elizabeth Marshall
Mr Mohan Yogendran
The Revd Owen Higgs
Dr Judith Richardson

The Bishop of London's Fund

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

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

Other trustees of the Bishop of London's Fund

The Ven Luke J Miller
Mr David Roberts
Secretary: Mr Richard Gough

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

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

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

The London Diocesan Board of Finance

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

Trustees: The Trustees of the LDF

Secretary: Mr Richard Gough

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

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

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

Professional Advisers

Auditors

Haysmacintyre LLP
10 Queen Street Place,
London EC4R 1AG

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Insurers

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

Solicitors

Birketts LLP
106 Leadenhall Street
London EC3A 4AA

Communications Consultants

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

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

Opinion

We have audited the financial statements of London Diocesan Fund for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Summary Income and Expenditure Account, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and concluded that the risk was low. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Adam Halsey

(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors

Date: 12 May 2021

10 Queen Street Place

London EC4R 1AG

Statement of Financial Activities – for the year to 31 December 2020

	Notes	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2020	Total 2019
		General	Designated				
		£m	£m	£m	£m	£m	£m
Income and endowments from							
<i>Donations, legacies & grants</i>							
Common Fund		22.6	-	-	-	22.6	24.5
Parish reimbursements for clergy costs		4.2	-	-	-	4.2	3.8
Donations and legacies		0.4	-	0.9	-	1.3	2.5
Church Commissioners ^a				5.1	-	5.1	3.7
City Church Fund		2.1	-	-	-	2.1	1.8
<i>Charitable activities</i>							
Operational property rental income		2.8	-	0.1	-	2.9	3.1
Parochial fees		0.3	-	-	-	0.3	0.4
<i>Investment Income</i>							
Dividends and interest receivable	11a	1.2	-	0.3	-	1.5	1.9
Investment property rentals	11b	3.9	-	-	-	3.9	4.4
<i>Other income^a</i>		-	0.4	0.1	-	0.5	0.7
Total income		37.5	0.4	6.5	-	44.4	46.8
Expenditure on							
<i>Raising funds</i>							
<i>Investment management costs</i>							
Rental portfolio costs-agent fees		0.4	-	-	-	0.4	0.4
Investment property repairs and maintenance		0.5	0.1	1.1	0.2	1.9	1.2
<i>Charitable activities</i>							
Ministry		24.0	0.4	5.0	-	29.4	27.3
Education and outreach		0.7	-	-	-	0.7	0.7
Parish and Area support services		1.5	-	0.4	-	1.9	2.1
Clergy housing and property costs		6.5	0.7	0.4	-	7.6	10.5
National Church		3.1	-	-	-	3.1	3.1
Grants to parishes and overseas	6	0.3	0.4	0.9	-	1.6	1.3
<i>Other expenditure</i>		-	0.5	0.1	-	0.6	1.2
Total expenditure	5	37.0	2.1	7.9	0.2	47.2	47.8
Net income/(expenditure) before investment gains		0.5	(1.7)	(1.4)	(0.2)	(2.8)	(1.0)
Realised gains on tangible fixed assets		-	9.4	3.2	4.1	16.7	3.3
Net gains/(losses) on investments	8	0.2	1.7	(0.4)	(2.0)	(0.5)	7.8
Net incoming resources for the year		0.7	9.4	1.4	1.9	13.4	10.1
Transfers between funds	13d	0.8	1.1	(0.2)	(1.7)	-	-
Other recognised (losses)/gains							
Pension deficit movement		-	(0.1)	-	-	(0.1)	5.7
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	(0.2)	2.9	(1.6)	1.1	4.0
Net movement in funds for the year		1.5	10.2	4.1	(1.4)	14.4	19.8
Reconciliation of funds:							
Funds at 1 January 2020		3.6	150.7	23.6	294.9	472.8	453.0
Funds at 31 December 2020		5.1	160.9	27.7	293.5	487.2	472.8

^a SDF grant income is reported in Church Commissioners income. 2019 has been adjusted for comparative purposes.

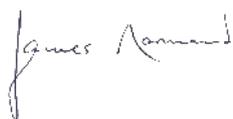
The Cash Flow Statement and Notes on pages 32 to 62 form part of these financial statements.

Balance Sheet – as at 31 December 2020

Company number: 150856

		Unrestricted Funds		Restricted	Endowment	Total	Total
	Notes	General	Designated	Funds	Funds	2020	2019
		£m	£m	£m	£m	£m	£m
Fixed Assets							
Operational property	7a	-	75.9	2.1	245.7	323.7	323.4
Investment property	7b	-	64.5	10.3	29.4	104.2	103.8
Non-property investments	8	-	25.2	7.8	12.1	45.1	50.0
Fixtures and fittings		0.2	-	-	-	0.2	0.2
		0.2	165.6	20.2	287.2	473.2	477.4
Current Assets							
Debtors	10a	1.9	10.8	0.5	-	13.2	4.8
Cash at bank		6.7	(2.9)	7.8	6.4	18.0	8.4
		8.6	7.9	8.3	6.4	31.2	13.2
Creditors							
Amounts falling due within one year	12	(3.7)	(1.1)	(0.8)	(0.1)	(5.7)	(5.1)
Net Current Assets		4.9	6.8	7.5	6.3	25.5	8.1
Total assets less current liabilities		5.1	172.4	27.7	293.5	498.7	485.5
Creditors – amounts falling due after one year							
Pension scheme liabilities	15	-	(2.6)	-	-	(2.6)	(4.2)
Other creditors	12	-	(8.9)	-	-	(8.9)	(8.5)
Net Assets		5.1	160.9	27.7	293.5	487.2	472.8
Funds							
General		5.1	-	-	-	5.1	3.6
Designated	13a	-	160.9	-	-	160.9	150.7
Restricted	13b	-	-	27.7	-	27.7	23.6
Endowment	13c	-	-	-	293.5	293.5	294.9
Total Funds		5.1	160.9	27.7	293.5	487.2	472.8

The financial statements on pages 30 to 62 were approved, and authorised for issue, by the Diocesan Bishop's Council on 12 May 2021.



James P Normand
Chair of the Diocesan Finance Committee
and Lay Vice-Chair of Bishop's Council



The Revd Jody Stowell
Clerical Vice-Chair of Bishop's Council

Summary income and expenditure account – for the year to 31 December 2020

	2020	2019
	£m	£m
Income	44.4	46.8
Expenditure	<u>(47.0)</u>	<u>(47.6)</u>
Net (expenditure) before investment gains	(2.6)	(0.8)
Net gains on investments	1.5	5.8
Realised gains on property assets	<u>12.6</u>	<u>2.1</u>
Net income /(expenditure) for the year	11.5	7.1
Other comprehensive income:		
Unrealised gains on property assets	2.7	1.1
Net movement on defined benefit pension schemes	<u>(0.1)</u>	<u>5.7</u>
Total comprehensive income	<u>14.1</u>	<u>13.9</u>

All incoming and expended resources relate to continuing operations.

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

Cash flow statement – for the year 31 December 2020

		2020	2019
		£m	£m
	Notes		
Net cash inflow/(outflow) from operating activities	14a	(16.4)	0.3
Net cash (outflows)/inflows from investing activities	14b	26.0	(2.2)
Increase/(Reduction) in cash in the year		<u>9.6</u>	<u>(1.9)</u>
Cash and cash equivalents			
As at 1 January		<u>8.4</u>	<u>10.3</u>
As at 31 December		<u>18.0</u>	<u>8.4</u>

The notes on pages 33 to 62 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

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

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

1.1 Basis of preparation

The LDF prepares its annual financial statements on the historical cost basis of accounting as adjusted for the revaluation of investments and investment properties. The financial statements are prepared on a going concern basis (see page 18).

1.2 Key judgements

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

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

1.3 Funds

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

Unrestricted Funds

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

- General Funds
- Designated Funds (note 13a)

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

Restricted Funds (note 13b)

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

Endowment Funds (note 13c)

Permanent endowment capital must be held permanently, whereas expendable endowment capital can be used but only in certain circumstances. Income arising is included in general or restricted funds depending on the terms of the trust instrument.

Notes to the financial statements

1.4 Taxation status

The LDF is a registered charity and as such is able to take advantage of exemptions granted under the relevant tax legislation including part 10 of the Income Tax Act 2007. It is not liable to corporation tax on charitable income or income from charitable activities.

1.5 Pensions

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

1.6 Statement of Financial Activities

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

<u>Income</u>	<u>Explanation</u>
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.

Notes to the financial statements

Expenditure

Explanation

Raising funds – investment management costs

Rental portfolio costs: agent fees	Agent fees paid in relation to the management of the property portfolio.
Investment property repairs and maintenance	Repairs and maintenance relating to the investment property portfolio.

Charitable activities

Ministry	Ministry primarily includes the payment of clergy stipends, national insurance and pension contributions.
Education and outreach	Annual cash grant to the London Diocesan Board for Schools plus direct costs related to children’s ministry, community ministry and social justice.
Parish and area support services	Costs associated with the areas including office costs, senior clergy expenses and the costs of advisers.
Clergy housing and property costs	Clergy housing and property costs represents the repairs, maintenance, and other property costs associated with the operational property portfolio, and the relevant costs of the Diocesan Advisory Committee and property department. In accordance with the implementation of FRS 102, annual depreciation is no longer charged on benefice and operational freehold properties.
National Church	The LDF’s contribution to the National Church’s costs.
Grants to parishes and overseas	Grants made to London parishes and overseas Dioceses.

1.7 Tangible Fixed Assets

Property

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

(a) Benefice Houses

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

Depreciation

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

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

Notes to the financial statements

(b) Burial Grounds

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

(c) Closed Church Buildings

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

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

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

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

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

(f) Fixtures, fittings and equipment

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

Depreciation

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

1.8 Financial instruments

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

1.9 Investments

Investment Property

The trustees' policy is that freehold and long leasehold properties held for investment purposes have been included at the trustees' best estimate of market value. In 2019 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Valuations were conducted by Cluttons LLP, Savills Plc and Strutt & Parker. Future external valuations will take place as required, in accordance with relevant accounting standards. Interim valuations are undertaken in intervening years by a suitably qualified officer of the LDF.

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

Other Investments

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

Notes to the financial statements**1.10 Custodian Trusts**

Trusts where the LDF acts as custodian trustee with no control over the management or use of the funds are not included in the Balance sheet or Statement of Financial Activities of the LDF. A separate Balance sheet and Statement of Financial Activities is set out on page 65 with supporting notes on pages 66 to 68. The custodian trustee funds have been subject to a non-statutory audit and the audit report thereon covering pages 65 to 68 is to be found on page 69.

2. Post balance sheet events

There have been no material events to report since 31 December 2020 which affect the values stated in these accounts.

3. Net incoming resources for the financial year

The net incoming resources for the financial year is stated after charging	2020	2019
	£'000	£'000
Depreciation (release)/charge –property	-	-
Depreciation – fixtures, fittings and equipment	42	31
	<u>42</u>	<u>31</u>
Auditors' Remuneration (including VAT)		
Statutory audit	28	27
Non-Audit Services:		
■ Tax advice	3	2
■ Non-statutory review of Custodian Trusts	2	2
	<u>33</u>	<u>31</u>

4. Staff and Clergy Costs

<i>Costs of lay staff</i>	2020	2019
	£'000	£'000
Wages and Salaries	3,403	3,528
Employer's National Insurance	331	336
Employer's Pension contributions	743	752
	<u>4,477</u>	<u>4,616</u>
Charge to pension deficit (Lay staff pension scheme)		
<i>See note 15(a)</i>	(23)	(23)
	<u>4,454</u>	<u>4,593</u>

The number of lay employees employed on diocesan business, and funded out of unrestricted general funds, was 69 (2019: 72). A further 38 lay employees (2019: 36) were funded from restricted or designated funds. Therefore, the total number of lay employees was 107 (2019: 108).

The Full Time Equivalent average number of lay people employed on diocesan business, and funded out of unrestricted general funds, was 59 (2019: 64). A further 25 Full Time Equivalent lay employees (2019: 24) were funded from restricted or designated funds. Therefore, the Full Time Equivalent average number of people employed was 84 (2019: 88).

Notes to the financial statements**4. Staff and Clergy Costs** (continued)

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

	2020	2019
	No	No
£100,001 - £110,000	1	1
£90,001 - £100,000	-	1
£80,001 - £90,000	1	-
£70,001 - £80,000	3	3
£60,001 - £70,000	3	1
	<u>3</u>	<u>1</u>

Emoluments, above, is defined as gross salary.

Aggregate employer normal pension contributions for all the higher-paid employees overleaf were £115,505 (2019: £102,696) payable to various pension schemes, of which £115,505 was payable to defined contribution pension schemes (2019: £53,521). There were 0 (2019: 2) higher-paid employees who were members of the defined benefit pension scheme.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees for planning, directing and controlling the activities of the diocese. For these purposes, key management are deemed to be the senior management group (see page 20) and the trustees.

Remuneration and pension for the Senior Management Group amounted to salary of £436,518 (2019: £422,636), Employer's NI of £56,054 (2019: £49,026) and Employer's pension contributions of £108,451 (2019: £83,087). Expenses reimbursed amounted to £2,695 (2019: £4,416).

Clergy costs

As at 31 December 2020 there were 2 individuals (2019: 3) – mainly chaplains - who (following the implementation of the Ecclesiastical Offices (Terms of Service) Measure 2009 in February 2011) are legally employees of the LDF, despite being on the clergy payroll. Where their costs fall to the LDF, they are included in the clergy disclosure note below. In total for 2020, costs for those individuals who were included on the clergy payroll at any point in the year included gross stipends of £75,182 (2019: £81,218), employer's NI of £6,474 (2019: £7,126) and employer's pension contributions of £29,503 (2019: £28,920).

In addition, in 2020 there were 27 ordained clergy (2019: 26) who, whilst undertaking ministerial work, were required to be included in the LDF payroll. In total for 2020, their costs included gross stipends of £707,558 (2019: £592,946), employer's NI of £65,849 (2019: £55,909) and employer's pension contributions of £222,011 (2019: £188,661). These costs are excluded from the cost of lay staff on page 37.

Clergy holding parochial or archidiaconal posts

(including Common Fund clergy, off-Common Fund clergy and chaplains.)	2020	2019
	£'000	£'000
Gross stipends	14,604	14,142
Employer's National Insurance contributions	1,189	1,155
Employer's pension contributions	5,340	5,147
	<u>21,133</u>	<u>20,444</u>
Average number of total stipendiary clergy posts	535	529
Number of total stipendiary clergy posts at 31 December	543	528

Notes to the financial statements**5. Governance costs and the allocation of Support Costs between Charitable Activities**

	2020	2019
	£'000	£'000
Support costs (<i>allocated below</i>)		
Salary and employment costs	2,076	1,978
Office costs	519	494
Governance costs	367	350
	<u>2,962</u>	<u>2,822</u>

Resources Expended

	Before allocation of support costs £'000	Support costs £'000	Total 2020 £'000	Total 2019 £'000
Raising funds				
<i>Investment management costs</i>				
Rental portfolio costs – agents fees	355	-	355	384
Investment property repairs and maintenance	1,755	67	1,822	1,195
Fundraising	1	-	1	6
	<u>2,111</u>	<u>67</u>	<u>2,178</u>	<u>1,585</u>
<i>Charitable activities</i>				
Ministry	28,468	961	29,429	27,250
Education and outreach	457	238	695	709
Parish and area support services	1,031	970	2,001	2,084
Clergy housing and property costs	6,986	642	7,628	10,458
National Church	3,086	-	3,086	3,086
Grants to parishes and overseas	1,515	84	1,599	1,350
Other expenditure	531	-	531	1,227
	<u>44,185</u>	<u>2,962</u>	<u>47,147</u>	<u>47,749</u>

Support costs are allocated based on full time equivalent (FTE) staff numbers as administrative costs primarily consist of salary and employment costs, subject to a de minimis threshold. Office costs that are incurred are directly attributable to the staff employed and are also analysed on this basis. In accordance with SORP 2015 governance costs of £367,000 (2019: £350,000) have been allocated on the same basis. Finally, residual administration costs are apportioned in proportion to expenditure.

Notes to the financial statements**6. Grants to Parishes and Overseas**

Funding source:	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
<i>Grants to Parishes from:</i>						
Core funds	218	-	4	-	222	312
Area pastoral funds	-	207	-	-	207	349
Bishop of London's Mission Fund	-	192	-	-	192	264
Funds held for parish benefit	-	11	689	-	700	259
	218	410	693	-	1,321	1,184
<i>Overseas:</i>						
Angola and Mozambique (ALMA) and Lent projects	-	-	195	-	195	98
Grant administration allocation	84	-	-	-	84	80
	302	410	888	-	1,600	1,362

Grants from core funds represent funds awarded from primarily general fund sources such as Archdeacons Discretionary funds and other monies held to support parishes. The above monies funded grant awards to 72 institutions (2019: 96)

7a. Tangible Fixed Assets – Operational Property

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

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

Notes to the financial statements**7a. Tangible Fixed Assets – Operational Property (continued)**

	Unrestricted – designated funds			Restricted funds	Expendable endowment funds				
	Freehold Property	Long leasehold Property	Total	Closed Church Property	Leasehold Benefice Houses	Freehold Benefice Houses	Glebe Property	Total	Combined Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At cost or valuation									
At 1 January 2020	76,912	5,144	82,056	2,731	2,880	234,264	30,940	268,085	352,872
Additions	10,249	3	10,252	169	-	368	99	467	10,888
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(9,434)	-	(9,434)	(767)	-	(2,266)	(416)	(2,862)	(12,882)
Revaluation	1,891	-	1,891	-	-	-	-	-	1,891
At 31 December 2020	79,618	5,147	84,765	2,134	2,880	232,366	232,366	265,870	352,769
Depreciation									
As 1 January 2020	8,664	349	9,013	-	426	17,328	2,611	20,366	29,378
Charge/(release) for the year	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(124)	-	(124)	-	-	(171)	(16)	(187)	(311)
At 31 December 2020	8,540	349	8,889	-	426	17,157	2,595	20,178	29,067
Net Book Value									
At 31 December 2020	71,078	4,798	75,876	2,134	2,454	215,209	28,028	245,692	323,702
Net Book Value									
At 31 December 2019	68,245	4,795	73,040	2,732	2,454	216,937	28,328	247,719	323,491

Notes to the financial statements**7a. Tangible Fixed Assets – Operational Property (continued)**

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value. As at 31 December 2020, the value of these properties was £8,943,000 (2019: £8,514,000). The valuation as at 31 December 2020 was undertaken by a suitably qualified officer of the LDF, based on knowledge of the properties (such as refurbishment levels and general condition) with reference to available market data for similar properties in similar locations. Future external valuations will take place as required. The carrying amount on a cost basis of the revalued properties is £3,627,000.

Capital Commitments

As at 31 December 2020, the LDF had £nil of capital commitments (2019: £0.4m) in relation to capital work on major developments planned for 2021 and onwards.

7b. Tangible Fixed Assets – Investment Property

	Unrestricted – Designated funds			Restricted funds	Expendable Endowment funds	
	Freehold Property	Long Leasehold Property	Total	Closed Church Property	Glebe Property	Combined Total
	£'000	£'000	£'000	£'000	£'000	£'000
At cost or valuation						
At 1 January 2020	58,707	7,050	65,757	7,396	30,593	103,746
Additions	481	-	481	-	340	821
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation	(1,460)	(250)	(1,710)	2,906	(1,582)	(386)
At 31 December 2020	57,728	6,800	64,528	10,302	29,351	104,181
Depreciation						
As 1 January 2020	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 December 2020	-	-	-	-	-	-
Fair Value						
At 31 December 2020	57,728	6,800	64,528	10,302	29,351	104,181
Fair value						
At 31 December 2019	58,707	7,050	65,757	7,396	30,593	103,746

The trustees' policy is that freehold properties held for investment purposes are included at the trustees' best estimate of market value. In 2019 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Future external valuations will take place as required, in accordance with relevant accounting standards. Valuations were conducted by Cluttons LLP, Savills Plc and Strutt & Parker. Interim valuations are performed in intervening years by a suitably qualified officer of the LDF.

Notes to the financial statements**8. Non-Property Investments**

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
Market value at 1 January 2020	3,605	23,539	8,791	14,120	50,055	40,555
Additions (at cost)		-	-	-	-	5,044
Disposals	(3,769)	-	(559)	-	(4,328)	(3,253)
Net (losses)/gains on revaluations	164	1,656	(398)	(1,998)	(576)	7,709
Market value at 31 December 2020	-	25,195	7,834	12,122	45,151	50,055

Non-property investments are represented by:

	2020 £'000	2019 £'000
M&G Charifund	19,256	23,740
CBF Global Equity Income Fund	16,582	17,534
CBF Investment Fund	9,313	8,781
	45,151	50,055

CBF investments are valued by the CCLA.

The historic cost of the investments held at 31 December 2020 was £28,053,000 (2019: £30,285,000).

9. Investments in subsidiary undertakings

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

10a. Debtors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
Contributions to the Common Fund	83	-	-	-	83	120
Rent receivable	1,394	-	175	-	1,569	1,445
Prepayments and accrued income	185	194	303	-	682	792
	1,662	194	478	-	2,334	2,357
<i>Loans to Parishes</i>						
Diocesan Bishop's Council awarded	-	507	-	-	507	979
Area Council awarded	-	598	-	-	598	727
	-	1,105	-	-	1,105	1,706
Loans to individuals	1	353	-	-	354	386
Other debtors	226	9,078	-	-	9,304	304
	1,889	10,780	478	-	13,097	4,753

Notes to the financial statements**10a. Debtors** (continued)

<i>Movements in Loans to Parishes</i>	2020	2019
	£'000	£'000
As at 1 January 2020	1,706	2,067
Additions (new loans and interest)	189	265
Repayments	(790)	(626)
As at 31 December 2020	<u>1,105</u>	<u>1,706</u>

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

Certain loans to parishes and individuals fall due after more than one year, and the total of these at 31 December 2020 was £1,402,000 (2019: £1,373,000).

10b. Related Parties*London Diocesan Board for Schools (LDBS)*

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

- The Rt Revd and Rt Hon Bishop of London, Dame Sarah E Mullally DBE BSc MSc DSc was a trustee of both charities during the year, being Chair of the LDF and President of the LDBS.
- The Archdeacon of London, the Venerable L J Miller, trustee of the LDF, served as trustee of both the LDF and the LDBS during the year.
- The Revd C Smith was also a trustee of both the LDF and the LDBS during the year.
- Mr D W Richards was a trustee of both the LDF and the LDBS during the year.
- Mr I R M Woolf, a trustee of the LDF, is employed by the LDBS.

The LDF makes an annual grant to the work of the LDBS amounting to £180,000 (2019: £180,000) and a contribution towards the cost of staff time of £15k (2019: £7k). At 31 December 2020 other creditors included £10k for payroll items relating to the LDBS (2019: other creditors - £5k).

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

	2020	2019
	£'000	£'000
Accommodation - rent	131	131
House services and meeting rooms	156	207
	<u>287</u>	<u>338</u>

Notes to the financial statements**10b. Related Parties** (continued)*Trustees' expenses and remuneration*

In 2020 the LDF reimbursed a total of £20,453 to 7 members of the Bishop's Council (2019: £22,403 to 12 members). The vast majority of these expenses related to working expenses, for example as Archdeacons, Area Dean or other ecclesiastical roles, rather than as expenses reimbursed in their role as trustees. In 2020, a further £24,689 (2019: £12,028) was paid to 12 trustees, representing removal grants for clergy and other clergy grants. These amounts are in line with the LDF's usual practice regarding clergy expenses and are not related to their roles as trustees.

The LDF is responsible for a substantial part of the stipend of the clerical members of the Bishop's Council by virtue of their clerical office, along with National Insurance and costs associated with housing. The stipends, National Insurance and pensions of Bishops are borne and funded by the Church Commissioners.

The following was paid to 16 (full time equivalent: 16) other members of the clergy in 2020 who were members of the Bishop's Council (2019: 15 members; full time equivalent: 15).

	2020	2019
	£'000	£'000
Gross Stipends	468	453
Employer's National Insurance contributions	40	38
Employer's pension contribution	162	156
	670	647

Under the Repair of Benefice Buildings Measure 1972 the Diocese is responsible for the upkeep of parsonages. Twelve members of Bishop's Council during the year (2019: 11) were housed in parsonages by virtue of their clerical office. Two employees (2019: 2) were housed in a parsonage, though not by virtue of their employment.

A further 7 members of Bishop's Council and Diocesan Finance Committee (2019: 7) and 9 employees who are also clergy, including chaplains (2019: 11), were housed in properties owned by the London Diocesan Fund.

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

11a. Dividends and Interest Receivable

	General	Designated	Restricted	Endowment	2020	2019
	funds	funds	funds	funds	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends	1,088	19	265	-	1,372	1,824
Cash and deposit interest	51	7	3	-	61	85
Fixed interest investments	-	-	-	-	-	-
Loan interest	19	-	-	-	19	22
	1,158	26	268	-	1,452	1,931

Notes to the financial statements**11b. Investment Property****Rentals**

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
Investment property rentals	3,887	-	(39)	-	3,848	4,462

12. Creditors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2020 £'000	2019 £'000
Amounts falling due within one year:						
Parish Loans Payable	-	143	-	-	143	216
Grants Payable	-	719	-	-	719	779
Other Creditors	826	250	621	51	1,748	1,541
Accruals and deferred income	2,895	10	141	-	3,046	2,571
	3,271	1,122	762	51	5,656	5,107

Amounts falling due after one year:

Church Commissioners Value						
Linked Loans	-	8,943	-	-	8,943	8,514

A Value Linked Loan due to the Church Commissioners becomes repayable when the house on which it is secured is sold. It is a concessionary loan made by the Church Commissioners for onward lending to a parish, usually for housing assistant clergy. The properties purchased with Value Linked Loans are held within Designated Operational Property. Value Linked Loans are shown at fair value, being the estimated market value of the property bought with the Value Linked Loan.

Notes to the financial statements

13a. Designated Funds	At 1 January 2020 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2020 £'000
Capital Vision 2020	1,035	94	(455)	-	(253)	421
Richard Chartres Fund for London	9	10	-	-	-	19
Capital Strategy Fund	1,910	-	(771)	281	-	1,420
Operational Property	64,523	-	-	1,462	945	66,930
Investment Property	65,757	-	-	(1,711)	481	64,527
Parsonage Reserve	3,689	7,957	(32)	(403)	1,729	12,940
Fund Operational Property Reserve	4,766	1,485	-	1,882	(946)	7,187
Investment Property Reserve	2,481	2	(72)	-	(481)	1,930
Inspection and Maintenance Funds	310	-	-	-	837	1,147
Designated Trusts	759	19	(11)	22	-	789
Mission Opportunity	176	-	(69)	(31)	424	500
Bishop of London's Mission Fund	179	29	(192)	-	250	266
Clergy Training and Support	420	7	(20)	(33)	-	374
Area Pastoral Funds	1,366	2	(207)	105	381	1,647
Area Bank Accounts	125	45	(38)	-	-	132
Diocesan Loan Capital	4,634	-	-	(166)	(2,314)	2,154
Strategic Development Reserve	2,030	193	(170)	-	(1,553)	500
Clergy Pension Deficit Reserve	(3,422)	-	(29)	(83)	1,593	(1,941)
Lay Church Workers Pension Fund Deficit Reserve	-	-	-	(23)	-	(23)
Total Designated Funds	150,747	9,843	(2,066)	1,302	1,093	160,919

*Income includes realised gains/(losses)

Note 13d

Capital Vision 2020

The LDF's strategic plan was encompassed within Capital Vision 2020, a vision of a Church that is Christ-centred and outward looking. During 2013 the trustees approved the creation of a new Capital Vision 2020 designated reserve to fund the strategy, and details of the activities of Capital Vision 2020 can be found within the Strategic Report on pages 4 to 9 of this document. During 2021 the balance of the fund will provide the initial funding for implementing Vision 2030.

Richard Chartres Fund for London

Funds have been raised to support a number of projects and activities which are in alignment with our CV2020 strategy. The fund will be utilised over the next 12 months.

Capital Strategy Fund

The Capital Strategy Fund holds the net capital proceeds from the sale of assets that have been identified as appropriate sites for development. The proceeds from such developments release capital to be redeployed elsewhere in the Diocese, as part of the LDF's Capital Strategy. In particular the fund is used to support work to establish a Christian presence in major new housing development areas, in addition to releasing funds to carry out operational housing improvements.

Notes to the financial statements

13a. Designated Funds (continued)

Operational Property

As well as incorporating the Diocesan offices, operational property comprises over 100 units of property generally used to house clergy who are not housed in parsonages. These include area bishops, archdeacons, chaplains, team vicars, and many others. Of the fund value of the year-end of £66.9m, £75.8m is represented by actual properties which are partially offset by (£8.9m) of Value Linked Loans creditors (as described in note 12). This fund also includes the revaluation reserve of £5.5m (2019: £5.5m).

Investment Property

Investment property comprises over 50 freehold and leasehold properties, with a year-end fund value of £64.5m (2019: £65.8m) held to generate income and capital growth, which helps fund stipends and other charitable activities.

Parsonage, Fund Operational Property and Investment Property Reserves

The Parsonage, Fund Operational Property and Investment Property reserves are used for the purchase and refurbishment of houses that form part of Parsonage House Capital (Endowment), Operational Property (Designated), and Investment Property (Designated) respectively. When a property is sold, the sale proceeds are credited to the relevant fund.

Inspection and Maintenance Funds

This fund comprises the Quinquennial Fund, with a year-end fund value of £1,147k (2019: £310k), and the Ingoing Works Fund with a year-end fund value of £nil (2019: £nil). We carry out planned maintenance on an average of one-sixth of our operational properties each year (88 of approximately 540), but the actual number varies from year to year. This fund smooths the impact of these works on the General Fund from year to year, and thus aids budgeting and financial planning. Due to lockdown restrictions, as a result of the pandemic, planned quinquennial works were postponed. Therefore a transfer of £837k was made to Quinquennial Fund from the General Fund to help pay for future works. All necessary works in accordance with the Repair of Benefice Buildings Measure 1972 are undertaken, and the funds support this strategy.

Designated Trusts

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

Mission Opportunity

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

Bishop of London's Mission Fund (BLMF)

This fund is used for new local mission initiatives (not capital projects) throughout the Diocese. Each application is assessed on a case-by-case basis by the BLMF board, an internal committee chaired by the Bishop of London.

Clergy Training and Support

This fund is for providing general clergy training and support, such as unconscious bias training, leadership courses and individual coaching and mentoring sessions. The designated budget holder for the fund is the Bishop of Kensington, assisted by the Director of Ministry.

Area Pastoral Funds

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

Notes to the financial statements**13a. Designated Funds** (continued)*Area Bank Accounts*

These are the Kensington and Willesden Area bank accounts which are used directly to support each of these areas.

Diocesan Loan Capital

This fund provides loans to parishes, with individual loans not normally exceeding £200,000. Requests from parishes are first considered by the Loans Monitoring Group (LMG), a sub-committee of the DFC, and the decision is made by the DFC.

Strategic Development Reserve

This reserve is the fund for enabling the expenditure within the five year plan for the Strategic Development team, supporting our work in several major areas of regeneration. Funded from the designated Capital Strategy Fund and a contribution from the general fund, expenditure consists of staff costs for the Strategic Development team and direct project costs.

Clergy Pension Deficit Reserve

The pension deficit reserve represents the present value of the agreed deficit contributions towards the Church of England funded pension scheme. See note 15(b) for more detail on the movement on this fund.

Lay Church Workers Pension Fund Deficit Reserve

The pension deficit reserve represents the value of the agreed deficit contributions towards the Lay Church Workers pension fund, less the amount full committed and set aside to settle this creditor.

13b. Restricted Funds	At 1 January 2020 £'000	Income * £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2020 £'000
Sole Trust Expendable Funds (inc. ALMA)	8,746	412	(881)	(473)	(199)	7,605
Closed Church Buildings Fund	1,062	3,854	(1,449)	75	597	4,139
Closed Church Buildings Operational Property	2,731	-	-	-	(597)	2,134
Closed Church Buildings Investment Property	7,396	-	-	2,906	-	10,302
Closed Church Buildings Investment Reserve	2,554	-	(42)	-	-	2,512
Area Church Building Fund	590	-	-	-	-	590
Strategic Development funds	195	2,557	(2,638)	-	(13)	101
Projects restricted fund	347	2,551	(2,601)	-	-	297
Bishops' secretaries fund	-	295	(295)	-	-	-
Total Restricted Funds	23,621	9,668	(7,905)	2,508	(212)	27,681

*Income includes realised gains.

Note 13d

Sole Trust Expendable Funds

This fund comprises over 40 restricted trusts which are held for specific parish or Diocesan purposes. These trusts are consolidated with the main LDF accounts as the LDF acts as sole trustee and therefore has control. The permanent endowment element is disclosed in note 13c. Each Trust is governed by its own trust instrument which may be in the form of a Charity Commission scheme, for example. The activity of the Angola, London and Mozambique Association (ALMA) is consolidated under this heading, comprising funds of £1.8m at 31 December 2020 (2019: £1.8m).

Closed Church Buildings Fund

This fund represents the Diocesan Pastoral Account (DPA) and is primarily used for closed church buildings rental income and maintenance expenses. Income from the rental of churches no longer used for Anglican public worship, that is not required for the maintenance of those buildings, may be used for the payment of stipends and maintenance of property for the housing of clergy. The DPA is principally governed by the Mission and Pastoral Measure 2011, and therefore decisions on the use of the fund are taken in accordance with the Measure and with the target estimates of the future maintenance of those buildings.

Notes to the financial statements**13b. Restricted Funds** (continued)*Closed Church Buildings Operational and Investment Property*

This fund represents the net book value of closed church buildings property (see note 7).

Closed Church Buildings Investment Reserve

This reserve is used for the refurbishment of closed church buildings investment property. When such a property is sold, the sale proceeds will be credited to this fund.

Area Church Building Fund

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

Strategic Development funds

This fund comprises the income and expenditure relating to the restricted funding received from the Church Commissioners towards Church Planting, Church Growth and Youth Strategies. Each grant has been awarded for six years, the earliest awarded in 2015, with the final project due to end in 2023.

Projects restricted fund

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

Bishops' secretaries fund

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

13c. Endowment Funds

	At 1 January 2020 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2020 £'000
Expendable Endowment						
Glebe Operational Property Fund	28,329	-	-	-	(300)	28,029
Glebe Investment Property Fund	30,593	-	-	(1,582)	340	29,351
Glebe Investment Fund	10,501	4,027	(41)	(1,393)	300	13,394
Glebe Investment Property Reserve	29	-	(121)	-	(340)	(432)
Parsonage House Capital	219,390	-	-	-	(1,729)	217,661
Permanent Endowment						
Sole Trust Permanent Endowment	6,091	-	-	(605)	-	5,486
Total Endowment Funds	294,933	4,027	(162)	(3,580)	(1,729)	293,489

Note 13d

**Income includes realised gains.*

Notes to the financial statements**13c. Endowment Funds** (continued)*Glebe Operational and Investment Property Fund*

This represents the net book value of glebe property with movements shown in note 7. Rental income from glebe property is credited to general funds where it is used to fund clergy stipend payments. As with Designated Fund Property, the fund is split between operational (£28.0m) and investment (£29.4m) property.

Glebe Investment Fund

This represents the carrying value of glebe investments and cash. Investment income from glebe property is credited to general funds where it is used only to fund clergy stipend payments. The use of glebe assets detailed above is governed by the Diocesan Stipends Funds Measure 1953 and the Endowments and Glebe Measure 1976.

Glebe Investment Property Reserve

This reserve is used for the purchase and refurbishment of glebe investment property. When such a property is sold, the sale proceeds are credited to this fund.

Parsonage House Capital

This fund represents the net book value of freehold and leasehold benefice houses (see note 7).

Sole Trust Permanent Endowment

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

13d. Transfer between funds – detailed breakdown of movements*Statement of Financial Activities transfers analysed:*

	General	Designated	Restricted	Endowment	Total	Reference
	£'000	£'000	£'000	£'000	£'000	
Parsonage additions	-	1,729	-	(1,729)	-	i
Transfer of budgeted items in the General Fund to various designated funds	(446)	446	-	-	-	ii
Net transfers (to)/from designated funds at year-end	1,077	(1,080)	3	-	-	iii
Net transfers (to)/from restricted funds at year-end	215	-	(215)	-	-	iv
Net transfers (to)/from endowment funds at year-end	-	-	-	-	-	v
	846	1,095	(212)	(1,729)	-	
		<i>Note 13a</i>	<i>Note 13b</i>	<i>Note 13c</i>		

- i. Transfers from or to the Parsonage reserve for the purchase or sale of parsonages respectively.
- ii. These transfers relate to budgeted items set aside from the General Fund for various designated funds.
- iii. These relate to transfers agreed at the year-end between the General Fund and specific designated funds.
- iv. These relate to transfers agreed at the year-end between the General Fund and specific restricted funds.
- v. These relate to transfers agreed at the year-end between the designated funds and specific endowment funds.

Notes to the financial statements**14. Notes to the cash flow statement**

	2020	2019
	Total	Total
	£'000	£'000
14a. Reconciliation of operating (deficit) to operating cash flows		
Operating (deficit)	(2,804)	(669)
Depreciation release	42	31
(Increase) in debtors	(8,346)	1,760
Decrease in creditors	979	(1,153)
Non-cash movement in pension liability	1,984	9,817
Investment and rental income	(8,214)	(9,451)
	<u>(16,359)</u>	<u>335</u>
	2020	2019
	Total	Total
	£'000	£'000
14b. Gross cash flows		
Cash flows from investing activities		
Dividends and interest received	1,453	1,931
Rental Income	6,761	7,520
Sale of property	25,436	7,002
Purchase of property	(11,709)	(10,276)
Other fixed asset purchases	(59)	(108)
Sale of investments	4,163	(3,253)
Purchase of investments	-	(5,044)
	<u>26,045</u>	<u>(2,228)</u>

14c. Analysis of changes in net funds

	At 31			At 31
	January	Cash		December
	2020	flows	Other	2020
<i>Funds</i>	£'000	£'000	£'000	£'000
Cash at bank and in hand	8,389	9,686	-	18,075
Value linked loans due after one year	(8,514)	-	(429)	(8,943)
	<u>125</u>	<u>9,686</u>	<u>(429)</u>	<u>9,132</u>

15. Pensions

	2020	2019
	Total	Total
	£'000	£'000
<i>Pension liabilities</i>		
Lay staff pensions (see note a below)	(656)	(822)
Clergy pensions (see note b below)	(1,941)	(3,422)
	<u>(2,597)</u>	<u>(4,244)</u>

Notes to the financial statements

15. Pensions (continued)

15(a). Lay staff pensions

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

The CWPF has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

The Defined Benefits Scheme (“DBS”) section of the CWPF provides benefits for lay staff based on final pensionable salaries.

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme.

The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £189k, 2019: £188k) plus the remaining movement in relation to the DBS deficit, giving a total charge of £166k for 2020 (2019: £165k).

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

A valuation of DBS is carried out once every three years. The most recent was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers’ sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m. A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 33.6% of pensionable salary and expenses of £16,300 per year. In addition, deficit payments of £188,666 per year have been agreed for 6.25 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability and this obligation has been recognised as a liability within the Employer’s financial statements, being £656k in 2020 (2019: £822k).

Notes to the financial statements

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

	December 2020	December 2019	December 2018
Discount rate	0.30% pa	1.2% pa	2.0% pa

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

15(b). Clergy pensions

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

The LDF is the sponsoring employer for 562 members (2019: 550) of the Scheme out of a total membership of approximately 8,400 active members. The Scheme is considered to be a multi-employer Scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to specific employers and contributions are accounted for as if the Scheme were a defined contributions Scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions (see below). Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of seven and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025. As at 31 December 2019 and 31 December 2020 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

Notes to the financial statements

	2020	2019
	£'000	£'000
Balance sheet liability at 1 January	3,422	10,513
Deficit contribution paid	(1,593)	(1,535)
Interest cost (recognised in SOFA)	29	205
Remaining charge to the balance sheet liability*	83	(5,761)
Balance sheet liability at 31 December	<u>1,941</u>	<u>3,422</u>

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2% pa	1.1% pa	2.1% pa
Price inflation	3.1% pa	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.3% pa	1.6% pa

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

16. Members' Liability

The London Diocesan Fund is a company registered in England as a company limited by guarantee, having no share capital. At 31 December 2020 there were 48 members (2019: 47) who were liable to contribute £1 each in the event of the company being wound up.

Notes to the financial statements

17. Prior year comparatives

Statement of Financial Activities – for the year to 31 December 2019

	Notes	Unrestricted Funds		Restricted	Endowment	Total
		General	Designated	Funds	Funds	2019
		£m	£m	£m	£m	£m
Income and endowments from						
<i>Donations, legacies & grants</i>						
Common Fund		24.5	-	-	-	24.5
Parish reimbursements for clergy costs		3.8	-	-	-	3.8
Donations and legacies		0.5	-	2.0	-	2.5
Church Commissioners		-	-	2.5	-	2.5
City Church Fund		1.8	-	-	-	1.8
<i>Charitable activities</i>						
Operational property rental income		3.0	-	0.1	-	3.1
Parochial fees		0.4	-	-	-	0.4
<i>Investment Income</i>						
Dividends and interest receivable	11a	1.7	-	0.2	-	1.9
Investment property rentals	11b	4.2	0.1	0.1	-	4.4
<i>Other income</i>		-	0.6	1.3	-	1.9
Total income		39.9	0.7	6.2	-	46.8
Expenditure on						
<i>Raising funds</i>						
<i>Investment management costs</i>						
Rental portfolio costs-agent fees		0.4	-	-	-	0.4
Investment property repairs and maintenance		0.6	0.4	-	0.2	1.2
<i>Charitable activities</i>						
Ministry		23.3	0.4	3.6	-	27.3
Education and outreach		0.7	-	-	-	0.7
Parish and Area support services		1.5	0.2	0.4	-	2.1
Clergy housing and property costs		8.2	1.7	0.6	-	10.5
National Church		3.1	-	-	-	3.1
Grants to parishes and overseas	6	0.3	0.6	0.4	-	1.3
<i>Other expenditure</i>		-	1.1	0.1	-	1.2
Total expenditure	5	38.1	4.4	5.1	0.2	47.8
Net income/(expenditure) before investment gains		1.8	(3.7)	1.1	(0.2)	(1.0)
Realised gains on tangible fixed assets		-	0.4	1.7	1.2	3.3
Net gains/(losses) on investments	8	0.7	4.0	1.1	2.0	7.8
Net incoming resources for the year		2.5	0.7	3.9	3.0	10.1
Transfers between funds	13d	(2.0)	2.8	(1.5)	0.7	-
Other recognised gains/(losses)						
Pension deficit movement		-	5.7	-	-	5.7
Unrealised gains on tangible fixed assets	7a & 7b	-	0.9	0.2	2.9	4.0
Net movement in funds for the year		0.5	10.1	2.6	6.6	19.8
Reconciliation of funds:						
Funds at 1 January 2019		3.1	140.6	21.0	288.3	453.0
Funds at 31 December 2019		3.6	150.7	23.6	294.9	472.8

Notes to the financial statements**17. Prior year comparatives (continued)****(b). Balance Sheet as at 31 December 2019**

		Unrestricted Funds		Restricted	Endowment	Total
		General	Designated	Funds	Funds	2019
		£m	£m	£m	£m	£m
	Notes					
Fixed Assets						
Operational property	7a	-	73.0	2.7	247.7	323.4
Investment property	7b	-	65.8	7.4	30.6	103.8
Non-property investments	8	3.6	23.5	8.8	14.1	50.0
Fixtures and fittings		0.2	-	-	-	0.2
		3.8	162.3	18.9	292.4	477.4
Current Assets						
Debtors	10a	2.2	2.2	0.4	-	4.8
Cash at bank		0.8	0.2	4.9	2.5	8.4
		3.0	2.4	5.3	2.5	13.2
Creditors						
Amounts falling due within one year	12	(3.2)	(1.3)	(0.6)	-	(5.1)
Net Current Assets		(0.2)	1.1	4.7	2.5	8.1
Total assets less current liabilities		3.6	163.4	23.6	294.9	485.5
Creditors – amounts falling due after one year						
Pension scheme liabilities	15	-	(4.2)	-	-	(4.2)
Other creditors	12	-	(8.5)	-	-	(8.5)
Net Assets		3.6	150.7	23.6	294.9	472.8
Funds						
General		3.6	-	-	-	3.6
Designated	13a	-	150.7	-	-	150.7
Restricted	13b	-	-	23.6	-	23.6
Endowment	13c	-	-	-	294.9	294.9
Total Funds		3.6	150.7	23.6	294.9	472.8

Notes to the financial statements**17. Prior year comparatives (continued)****(c). Governance Costs and the allocation of Support Costs between Charitable Activities**

	2019 £'000	2018 £'000	
Support costs (allocated below)			
Salary and employment costs	1,978	1,852	
Office costs	494	464	
Governance costs	350	328	
	2,822	2,644	
Resources Expended	Before allocation of support costs £'000	Support costs £'000	Total 2019 £'000
Raising funds			
<i>Investment management costs</i>			
Rental portfolio costs – agents fees	384	-	384
Investment property repairs and maintenance	1,131	64	1,195
Fundraising	6	-	6
	1,521	64	1,585
<i>Charitable activities</i>			
Ministry	26,335	915	27,250
Education and outreach	483	226	709
Parish and area support services	1,159	925	2,084
Clergy housing and property costs	9,846	612	10,458
National Church	3,086	-	3,086
Grants to parishes and overseas	1,270	80	1,350
Other expenditure	1,227	-	1,227
	44,927	2,822	47,749

(d). Grants to Parishes and Overseas

Funding source:	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 £'000
<i>Grants to Parishes from:</i>					
Core funds	234	20	58	-	312
Area pastoral funds	-	349	-	-	349
Bishop of London's Mission Fund	-	264	-	-	264
Funds held for parish benefit	-	7	252	-	259
	234	640	310	-	1,184
<i>Overseas:</i>					
Angola and Mozambique (ALMA) and Lent projects	-	-	98	-	98
Grant administration allocation	80	-	-	-	80
	314	640	408	-	1,362

Notes to the financial statements**(e). Debtors**

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 £'000
Contributions to the Common Fund	120	-	-	-	120
Rent receivable	1,285	-	160	-	1,445
Prepayments and accrued income	427	105	260	-	792
	1,832	105	420	-	2,357
<i>Loans to Parishes</i>					
Diocesan Bishop's Council awarded	-	979	-	-	979
Area Council awarded	-	727	-	-	727
	-	1,706	-	-	1,706
Loans to individuals	25	361	-	-	386
Other debtors	304	-	-	-	304
	2,161	2,172	420	-	4,753

(f). Dividends and Interest Receivable

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 £'000
Dividends	1,552	19	253	-	1,824
Cash and deposit interest	76	4	5	-	85
Fixed interest investments	-	-	-	-	-
Loan interest	22	-	-	-	22
	1,650	23	258	-	1,931

(g). Investment Property Rentals

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	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 £'000
Investment property rentals	4,191	165	106	-	4,462

Notes to the financial statements**17. Prior year comparatives** (continued)**(h). Creditors**

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2019 £'000
Amounts falling due within one year:					
Parish Loans Payable	-	216	-	-	216
Grants Payable	-	779	-	-	779
Other Creditors	673	305	535	28	1,541
Accruals and deferred income	2,539	12	20	-	2,571
	3,212	1,312	555	28	5,107
Amounts falling due after one year:					
Church Commissioners Value					
Linked Loans	-	8,514	-	-	8,514

Notes to the financial statements**17. Prior year comparatives (continued)****(i). Designated funds**

13a. Designated Funds	At 1 January 2019 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2019 £'000
Capital Vision 2020	1,398	285	(398)	-	(250)	1,035
Richard Chartres Fund for London	4	25	(20)	-	-	9
Capital Strategy Fund	3,401	-	(1,846)	1,083	(728)	1,910
Operational Property	63,905	-	-	-	618	64,523
Investment Property	61,785	-	-	864	3,108	65,757
Parsonage Reserve	9,084	(111)	(49)	331	(5,566)	3,689
Fund Operational Property Reserve	717	305	(7)	1,892	1,859	4,766
Investment Property Reserve	1,187	336	(234)	-	1,192	2,481
Inspection and Maintenance Funds	173	-	-	-	137	310
Designated Trusts	1,170	20	(7)	103	(527)	759
Mission Opportunity	221	-	(70)	25	-	176
Bishop of London's Mission Fund	186	6	(263)	-	250	179
Clergy Training and Support	420	15	(68)	53	-	420
Area Pastoral Funds	1,238	5	(350)	106	367	1,366
Area Bank Accounts	132	150	(157)	-	-	125
Diocesan Loan Capital	4,272	-	-	362	-	4,634
Strategic Development Reserve	1,836	152	(691)	-	733	2,030
Clergy Pension Deficit Reserve	(10,513)	-	(205)	5,761	1,535	(3,422)
Lay Church Workers Pension Fund Deficit Reserve	-	-	-	(23)	23	-
Total Designated Funds	140,616	1,188	(4,365)	10,557	2,751	150,747

(j). Restricted Funds

	At 1 January 2019 £'000	Income * £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2019 £'000
Sole Trust Expendable Funds	6,339	1,972	(415)	932	(82)	8,746
Closed Church Buildings Fund	317	1,532	(584)	130	(333)	1,062
Closed Church Buildings Operational Property	2,989	-	-	-	(258)	2,731
Closed Church Buildings Investment Property	7,174	-	-	222	-	7,396
Closed Church Buildings Investment Reserve	3,504	461	(11)	-	(1,400)	2,554
Area Church Building Fund	-	-	-	-	590	590
Strategic Development funds	295	1,741	(1,841)	-	-	195
Projects restricted fund	345	1,989	(1,989)	-	2	347
Bishops' secretaries fund	1	285	(286)	-	-	-
Total Restricted Funds	20,964	7,980	(5,126)	1,284	(1,481)	23,621

Notes to the financial statements**17. Prior year comparatives (continued)****(k). Endowment Funds**

	At 1 January 2019 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2019 £'000
Expendable Endowment						
Glebe Operational Property Fund	27,881	-	-	-	448	28,329
Glebe Investment Property Fund	30,678	-	-	2,884	(2,969)	30,593
Glebe Investment Fund	9,414	996	(6)	1,144	(1,047)	10,501
Glebe Investment Property Reserve	76	162	(178)	-	(31)	29
Parsonage House Capital	215,275	-	-	-	4,115	219,390
Permanent Endowment						
Sole Trust Permanent Endowment	5,021	1	-	869	200	6,091
Total Endowment Funds	288,345	1,159	(184)	4,897	716	294,933

Custodian Trusts – Custodian Trustee Report and Non-Statutory Financial Statements for the year ended 31 December 2020

The following pages do not form part of the statutory financial statements of the London Diocesan Fund for the year ended 31 December 2020

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Report of the Custodian Trustee

The council of the London Diocesan Fund, usually acting as Custodian Trustee under ecclesiastical and UK law, presents the report and non-statutory financial statements for the year ended 31 December 2020.

Legal Status

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as Diocesan Authority (in effect, custodian trustee) of parish buildings and land. It also acts as custodian trustee for monies held on specific trust. These pages report the specific trust holdings only and provide an aggregation of the financial assets of some 111 separate trusts (117 in 2019). Land and building assets held by the London Diocesan Fund as Diocesan Authority are not shown.

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

Review of the Year

Total incoming resources from interest and dividends for the period was £0.5m (2019: £0.5m)

Funds continue to be expended in line with the purposes for which they were intended, with £0.8m expended for charitable purposes during 2020 (2019: £0.9m). The funds expended vary year on year in line with the specific needs of the managing trustee bodies.

The overall value of funds held by the London Diocesan Fund as custodian trustee at 31 December 2020 was £19.1m (2019: £19.3m). The decrease of £0.2m from the prior year is mainly attributable to an decrease in the market value of share funds.

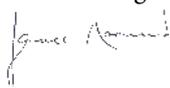
Statement of Custodian Trustee's responsibilities

The Charities Act 2011 requires managing trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the funds and of their incoming resources and application of resources, including their income and expenditure.

The Custodian Trustee has chosen to prepare these statements in accordance with the Charities Act 2011. In preparing these financial statements in accordance with the Charities Act 2011, the Custodian Trustee is required to:

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

The Custodian Trustee is responsible for keeping proper accounting records with respect to the transactions and the financial position of the funds and to enable them to ensure that the financial statements comply with the Charities Act 2011. The Custodian Trustee has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the funds and to prevent and detect fraud and other irregularities.



James P Normand

Chair of the Diocesan Finance Committee and Lay Vice-Chair of Bishop's Council

12 May 2021

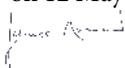
Non-Statutory Financial Statements of the Custodian Trusts
Statement of Financial Activities – for the year ended 31 December 2020

	Permanent Endowment Fund £m	Restricted Capital Fund £m	Restricted Unexpended Income £m	Total 2020 £m	Total 2019 £m
Income and endowments from:					
Investment income	-	-	0.1	0.1	0.1
Income direct to beneficiaries	-	-	0.4	0.4	0.4
Total income	-	-	0.5	0.5	0.5
Expenditure on:					
Income paid to beneficiaries	-	-	(0.4)	(0.4)	(0.4)
Objects of the trusts	(0.1)	(0.2)	(0.1)	(0.4)	(0.5)
Total expenditure	(0.1)	(0.2)	(0.5)	(0.8)	(0.9)
Net (expenditure) before investment gains	(0.1)	(0.2)	-	(0.3)	(0.4)
Net (losses)/gains on investment assets	0.1	-	-	0.1	2.2
Net (resources expended)/incoming resources for the year	-	(0.2)	-	(0.2)	1.8
Transfers between funds	(0.1)	0.1	-	-	-
Additional new resources	-	-	-	-	0.1
Net movement in funds for the year	(0.1)	(0.1)	-	(0.2)	1.9
Reconciliation of funds:					
Funds at 1 January 2020	15.5	2.9	0.9	19.3	17.4
Funds at 31 December 2020	15.4	2.8	0.9	19.1	19.3

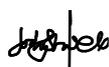
Custodian Trusts Balance Sheet – as at 31 December 2020

	Notes	Total 2020 £m	Total 2019 £m
Assets			
Fixed Asset Investments	2	18.2	18.3
Current Asset Investments	3	0.9	1.0
Net Assets		19.1	19.3
Funds			
Permanent Endowment	2	15.4	15.5
Restricted - Capital	2	2.8	2.9
Restricted – Unexpended Income	3	0.9	0.9
		19.1	19.3

The notes on pages 66 to 68 form part of these non-statutory financial statements. The non-statutory financial statements of the custodian trustee were approved by the Diocesan Bishop's Council acting as custodian trustee on 12 May 2021.



James P Normand
Chair of the Diocesan Finance Committee
and Lay Vice-Chair of Bishop's Council



The Revd Jody Stowell
Clerical Vice-Chair of Bishop's Council

Notes to the Custodian Trusts Financial Statements – for the year ended 31 December 2020

1. Accounting policies

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

a. Basis of Preparation

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as custodian trustee of parish buildings and land. The London Diocesan Fund also acts as custodian trustee for monies held on trust. These pages report the specific trust holdings only and provide an aggregation of the transactions and balances of the financial assets of some 111 trusts (117 in 2019).

The Balance Sheet as at 31 December 2020 has been prepared, together with a Statement of Financial Activities, which analyses the movement in funds. Comparative figures for 2019 have been provided.

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

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

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

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

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

b. Fund Balances

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

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

c. Investment Income

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

d. Other Income and Expenditure

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

e. Investments

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

Notes to the Custodian Trusts Financial Statements (continued)

2. Fixed Asset Investments represented by Permanent Endowment Capital

	1 January 2020	Additions	Disposals	Unrealised Gains/(Losses)	Other Asset/ Liability Movements and Transfers	31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Listed Investments	122	-	(103)	2	(2)	19
M&G Charifund	4,286	38	(64)	(562)	-	3,698
Investments held by CCLA:						
CBF Fixed Interest	19	-	-	1	-	20
CBF Investment Fund	9,212	-	-	626	(106)	9,732
CBF Property Fund	136	-	-	(7)	-	129
CBF Deposit Fund	1,755	60	(6)	-	(2)	1,807
Other Assets/(Liabilities)	1	-	-	-	45	46
	15,531	98	(173)	60	(65)	15,451

Fixed Asset Investments represented by Expendable Capital

M&G Charifund	266	-	-	(47)	-	219
Investments held by CCLA:						
CBF Fixed Interest	163	-	-	6	-	169
CBF Investment Fund	1,750	55	(316)	108	105	1,702
CBF Deposit Fund	604	-	(6)	-	2	600
	2,783	55	(322)	67	107	2,690
Total Fixed Assets	18,314	153	(495)	127	42	18,141

Notes to the Custodian Trusts Financial Statements (continued)

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

	1 January 2020 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2020 £'000
Listed Investments	1	-	-	-	2	3
M&G Charifund	50	-	(50)	-	-	-
Investments held by CCLA:						
CBF Investment Fund	177	57	(6)	17	-	245
CBF Deposit Fund	625	121	(83)	-	(1)	662
	853	178	(139)	17	1	910

Current Asset Investments represented by Unexpended Income from Expendable Capital Assets

	1 January 2020 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2020 £'000
Investments held by CCLA:						
CBF Investment Fund	56	-	(54)	-	-	2
CBF Deposit Fund	56	11	(49)	-	1	19
	112	11	(103)		1	21
Other Assets/(Liabilities)	5	-	-	-	(3)	2
Total Current Assets	970	189	(242)	17	(1)	933
TOTAL	19,284	342	(737)	144	41	19,074

Independent Auditors' Report to the Custodian Trustee of the Funds

We have audited the non-statutory financial statements of Custodian Funds for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Custodian Trustee as a body. Our audit work has been undertaken so that we might state to the Custodian Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Custodian Trustee as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Custodian Trustee's Responsibilities set out on page 64, the Custodian Trustee is responsible for the preparation of the non-statutory financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on the non-statutory financial statements

In our opinion the non-statutory financial statements give a true and fair view of the financial position of the Custodian Funds as at 31 December 2020 and of their incoming resources and application of resources for the year then ended.



Haysmacintyre LLP
Statutory Auditor
10 Queen Street Place, EC4R 1AG

12 May 2021

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