



THE LONDON DIOCESAN FUND

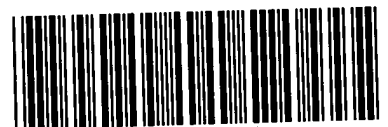
Directors' and Trustees' Report and Financial Statements for the year ended 31 December 2014



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Company number: 150856 Charity number: 241083

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THE LONDON DIOCESAN FUND

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Directors' and Trustees' Report 2014

The directors of the London Diocesan Fund (LDF), who are also trustees, present their report together with the audited financial statements for the year ended 31 December 2014.

Name and registered office: The LDF is a company limited by guarantee and registered in England (150856). It is 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 on 29th June 1918.

Directors, Trustees and Members of the Diocesan Bishop's Council: All members of the Bishop's Council are, except where specifically noted, directors of the company for the purposes of the Companies Acts and are trustees under charity law. The members on 13th May 2015, the date of approval of this report, were:

President and Chairman

The Rt Revd and Rt Hon the Lord Bishop of London, Dr R J C Chartres KCVO

Lay Vice Chairman

Mr J P Normand, Diocesan Synod House of Laity

Clerical Vice Chairman

The Revd Preb L A Moses, Diocesan Synod House of Clergy

Ex Officio

The Bishop of Stepney, the Rt Revd A Newman

The Bishop of Kensington, the Rt Revd P G Williams (until 12/05/15)

The Bishop of Edmonton, the Rt Revd P W Wheatley (until 31/12/14)

The Bishop of Willesden, the Rt Revd P A Broadbent

The Bishop of Fulham, the Rt Revd J M R Baker

The Archdeacon of London, the Ven D G Meara (until 31/08/14)

The Archdeacon of Charing Cross, the Ven Dr W M Jacob (until 28/02/15)

The Archdeacon of Hackney, the Ven R Treweek

The Archdeacon of Middlesex, the Ven S J Welch

The Archdeacon of Hampstead, the Ven L J Miller

The Archdeacon of Northolt, the Ven D J Green

The Dean of St Paul's Cathedral, the Very Revd Dr D J Ison

Elected by The House of Laity, Diocesan Synod (3 seats)

Mr N K Challis

Mr D W Richards

Mrs A L Ruoff

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The following members were elected by the various Areas:

Two Cities

The Revd O C M Ross
The Revd W T Taylor
Mr E D Roberts
Mr A Garwood-Watkins
Miss D R Buggs
Mr B O'Donoghue

Stepney

The Revd Preb R J Hudson-Wilkin (until 24/11/14)
The Revd J Blackburn
Mrs M Ford
Ms J W Munro
Dr P Rice (*)
Mrs C T Sosanya

Kensington

The Revd R G Rainford
The Revd Dr A Emerton
Mrs A Rainford
Mr H A Evans
Mr M J A Brough
Mr D E Loftus (until 24/11/14)

Edmonton

The Revd C J P Hobbs
The Revd Preb C G Pope
Mr I R M Woolf
Mr R N Andrewes
Dr C Ward
Mr N Wildish

Willesden

The Revd Dr N P Henderson
The Revd M Talbot
Mr J R Dolling
Mr C R Scowen
Ms S M Cooper
Mrs A J Rollin

Members are shown in the categories in which they are currently appointed. They may previously have served as members in a different capacity. *Dr P Rice is a member of the Bishop's Council and Standing Committee but is neither a director of the LDF nor a trustee.

Senior staff

The bishops and archdeacons exercise day to day control of the Diocese. Mr Andrew Brookes, until 30th January 2015, was the LDF's Chief Executive and General Secretary. Mr Richard Gough took on the role of Acting General Secretary from 31st January 2015. The General Secretary 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. SMG comprises:

Acting General Secretary:	Mr Richard Gough
Director of Human Resources:	Mrs Colette Black
Director of Property:	Mr Michael Bye
Acting Director of Finance and Operations:	Mr Richard Antcliffe

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Professional advisers

Auditors

haysmacintyre
26 Red Lion Square
London WC1R 4AG

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London SE1 9BB

Insurers

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

Bankers

Barclays Bank PLC
Level 27
1 Churchill Place
London E14 5HP

Communications Consultants

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

Constitution, structure, governance and management

Summary information about the structure of the Church of England

The Church of England is organised in two provinces (Canterbury and York) each led by an archbishop. Each province comprises dioceses, of which there are 40 in England. Each diocese is divided into parishes. Each parish is overseen by a priest (the incumbent, usually called a vicar or rector).

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of some cathedrals on the advice of the Prime Minister. The two archbishops and the Bishop of London are members of the Privy Council. They, together with the Bishops of Durham and Winchester, are ex-officio members of the House of Lords. In addition, there are 21 other bishops who are admitted to the House in order of their length of service as diocesan bishops.

The Church of England is led and governed by Bishops in Synod. The doctrine of the Church of England is to be found in its articles and formularies. The final approval by General Synod of any canon, regulation, form of service or amendment thereof conclusively determines that the Synod is of the opinion that it is neither contrary to, nor indicative of any departure from, the doctrine of the Church of England in any essential matter. General Synod passes Measures which, if accepted by Parliament, have the effect of Acts of

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Parliament. It is made up of three groups (houses): the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually.

National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three main National Church Institutions (NCIs).

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. It gives direction to the Church nationally and supports the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England. They are responsible for paying pensions for the clergy accrued before 1997. In addition to the costs of episcopal administration they also make grants for developments in areas of missionary opportunity.

The Church of England Pensions Board was established by the Church Assembly (the General Synod's predecessor) in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. It has since been given wider powers, in respect of discretionary benefits and accommodation both for retired stipendiary clergy and for widows and widowers of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations. A new fund was set up to cover pensionable service after 1997.

The Pensions Board, which reports to General Synod, is trustee of a number of pension and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close cooperation both with the Archbishops' Council and with the Church Commissioners.

St Paul's Cathedral and Westminster Abbey

St Paul's Cathedral is the mother church of the Diocese of London and legally is constituted as a separate charity. Westminster Abbey is a Royal Peculiar, which means that it falls directly under the jurisdiction of the English Crown, rather than under a bishop.

The information about General Synod, the Church Commissioners, the Archbishops' Council, St Paul's Cathedral and Westminster Abbey is included as background only. The financial transactions of these bodies do not form part of these financial statements.

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 4 million people in 277 square miles.

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The Diocese is led by the Bishop of London. He has delegated certain powers to four Area bishops, the Bishops of Edmonton, Kensington, Stepney and Willesden, and a Suffragan, the Bishop of Fulham. There is an archdeacon for each of these areas. There is also one archdeacon for the City of London and one for the City of Westminster, these two archdeaconries forming the Two Cities area which is led by the Bishop of London personally. Each archdeaconry contains at least one deanery. There are 24 deaneries.

Each deanery consists of several parishes; there are over 400 parishes in the Diocese. The Parochial Church Council (PCC) is the governing body of an individual parish. The PCC is made up of the incumbent as chair, the churchwardens and a number of other ex officio and elected members. Each PCC is a corporate body and a separate charity. PCCs are responsible for, inter alia, the maintenance of churches and certain other buildings. Except where shown, the transactions of PCCs do not form part of these financial statements.

The statutory governing body of the Diocese is its Synod, which is largely an elected body with representation from all parts of the Diocese. It is governed by Standing Orders approved by the Diocesan Synod inaugurated on 17th November 1970 and amended from time to time. Lay members are elected by the members of deanery synods, which consist mainly of members elected by parish members. Clergy members are similarly elected by the clergy in deanery synods. The bishops and archdeacons of the Diocese are ex officio members. In addition, a small number of members may be co-opted or nominated. The Synod meets at least twice per year. Many of the Diocesan Synod's responsibilities are delegated to the Bishop's Council, which acts as its standing committee.

The Bishop's Council, which meets at least three times per year, consists of:

- up to 30 members elected by the members of the Diocesan Synod in each Area;
- up to three members elected by the House of Laity of the Diocesan Synod;
- up to 16 ex officio members, mostly bishops and archdeacons; and
- up to five members nominated by the Bishop of London.

The Diocese conducts its financial affairs through a number of corporate bodies. The main body is the London Diocesan Fund ("the LDF").

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The London Diocesan Fund

The objects for which the LDF is established and for which suitable powers are granted in its constitution are, in summary, as follows:

To promote and assist the work and objects of the Church of England for the advancement of the Christian religion in the Diocese of London, and in particular to organise and provide funds for the following departments of the Church's work:

- maintenance of the clergy generally, including bishops suffragan, incumbents, and assistant curates;
- erection and repair and endowment of churches, church buildings, schools, mission buildings, and residences for incumbents;
- training of candidates for the Ministry, clerical and lay;
- provision of readers and other lay ministers;
- provision of pensions for the clergy, and lay ministers; provision for widows, orphans and dependants of the clergy, and for necessitous clergy;
- assistance towards endowment whether for incumbencies or curacies;
- religious education of the young;
- provision of expenses of diocesan and central organisations;
- provision for residences for curates and lay ministers, institutes, halls, social clubs, refuges and homes, and the repair and endowment of the same; and
- such other objects, if any, as it may from time to time be found desirable to promote for strengthening the religious or other charitable work of the Church.

The LDF is governed by its Constitution which may be altered or varied by a resolution of the Diocesan Synod. The Constitution is regularly reviewed and amended from time to time. With the Charity Commission's consent revisions were adopted by the Annual General Meeting in 2010 and approved by the Diocesan Synod. The articles give specific authority to members of the clergy to participate in certain decisions where they may have a general interest by virtue of their holding clerical office.

Every member of the Bishop's Council is a member of the company unless they decline to take membership. Each member undertakes to contribute to the assets of the LDF in the event of its being wound up, such amount as may be required not exceeding £1.

The members of the LDF are trustees of the charity and also its directors for the purposes of the Companies Act 2006. The Chair of trustees of the LDF is the Bishop of London. The LDF also acts as custodian trustee and as agent to other boards, committees and trusts within the London Diocese.

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Statutory functions

The LDF has responsibility for management of glebe assets (historic endowments given to provide stipends for parochial clergy, owned and managed by LDF under the Endowments and Glebe Measure 1976) to generate income to support the cost of stipends. It is the Diocesan Authority for parochial and other trusts, and also incorporates the responsibilities of the Diocesan Parsonages Board. The trustees are custodians of PCC property.

The Diocesan Synod has appointed the Bishop's Council as Diocesan Mission and Pastoral Committee. The Council has delegated certain powers to the Diocesan Strategic Policy Committee and Area Councils. Funds held under the Dioceses, Pastoral and Mission Measure 2007 are included in these accounts. The LDF has also delegated certain powers to its Finance Committee. These committees and councils have power to co-opt members, subject to elected and ex officio members being the majority. The London Diocesan Board for Schools (LDBS) is a separate legal entity and oversees the Church of England schools in the diocese.

Diocesan Finance Committee (DFC)

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. By a special resolution dated 10th December 1970 its lay membership must be in the majority. The Bishop of London, the archdeacons, the Clerical and Lay Vice Chairs and the Treasurer of the LDF (if appointed) are ex officio members. The DFC makes recommendations to the Council on matters in connection with finance, investment, property and staff business of the LDF. Under a schedule of delegated powers, certain decisions can be taken under shortened procedure, and by officer approval.

Members of the Diocesan Finance Committee:

(also Members of the Bishop's Council)

The Rt Revd and Rt Hon the Lord Bishop
of London Dr R J C Chartres KCVO

The Archdeacon of London, the Ven D G Meara (until 31/8/14)

The Archdeacon of Charing Cross, the Ven Dr W M Jacob (Chair) (until 28/02/15) Mr R Dean

The Archdeacon of Hackney, the Ven R Treweek

The Archdeacon of Middlesex, the Ven S J Welch

The Archdeacon of Hampstead, the Ven L J Miller

The Archdeacon of Northolt, the Ven D J Green

The Revd Preb L A Moses Mr J R Dolling

Mr J P Normand The Revd Dr A Emerton

The Revd C J P Hobbs Mr A Garwood-Watkins

The Revd Preb C G Pope Mr D E Loftus (until 24/11/14)

Miss D R Buggs Mr D W Richards

Ms J W Munro Mr I R M Woolf

(not Members of the Bishop's Council)

Mr E Wong

Mr D Barton

Mr R Dean

Mr N Manns

Mr R N Perry

Dr S Willmington

Mr D Hunter

The Revd Preb A Roberts

Acting Archdeacon of

London, the Revd Preb

N Mercer

(from 15/09/14)

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Audit Committee

The Audit Committee 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 and the DFC and from outside these bodies. At least two members (in addition to the chair) are to be from the Bishop's Council and current DFC members must be in the minority. The Committee ensures that proper regard is taken of statutory and regulatory obligations and best practice, and also reviews the systems of internal financial control.

Members of the Audit Committee:

(also Members of the Bishop's Council)

Mr E D Roberts (Chair)

Mr N K Challis

Mr I R M Woolf

(not Members of the Bishop's Council)

Mr D Bawtree

Mr R N Perry

Dr J F Richardson (from 28/01/14)

The Rt Revd Dr S G Platten (from 22/09/14)

Trustee training

The trustees review their knowledge, skills and experience and appropriate training sessions are provided to address their needs. New trustees are provided with a handbook outlining their main responsibilities. A new trustee induction session is carried out at the beginning of each triennium.

Related bodies

Under the terms of arrangements made in 1919, the LDF incorporates the functions of the London Diocesan Board of Finance and the Bishop of London's Fund, of which brief details are given below:

The Bishop of London's Fund (BLF)

Patron: The Most Revd and Rt Hon the Lord Archbishop of Canterbury

President: The Rt Revd and Rt Hon the Lord Bishop of London

Treasurer: Mr I R M Woolf

The president and treasurer are ex officio trustees.

Other Trustees: The Ven Dr W M Jacob (until 13/05/15)

The Ven D G Meara (until 13/05/15)

The Ven S J Welch

The Ven L J Miller (from 13/05/15)

The Ven D J Green (from 13/05/15)

Mr E D Roberts

Secretary: Mr A Brookes (until 30/01/15)

Mr R Gough (from 31/01/15)

Solicitors: Winckworth Sherwood, Minerva House, 5 Montague Close, London SE1 9BB

Registered Office: 36 Causton Street, London SW1P 4AU

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The Bishop of London's Fund 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 7th 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, which has its own separate legal seal. For day to day purposes and in accordance with a special resolution of 29th 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 (LDBF)

President: The Rt Revd and Rt Hon the Lord Bishop of London
Chairman: The Rt Revd and Rt Hon the Lord Bishop of London
Trustees: The Trustees of the LDF
Secretary: Mr A Brookes (until 30/01/15), Mr R Gough (from 31/01/15)
Solicitors: Winckworth Sherwood, Minerva House, 5 Montague Close, London SE1 9BB
Office: 36 Causton Street, London SW1P 4AU

The LDBF was registered in England as a company limited by guarantee on 30th 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 7th 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 company limited by guarantee (135519).

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 payment and housing of parish clergy and chaplains and support to 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 great majority of the LDF's expenditure. This is financed principally by the collection of voluntary income from the parishes, termed 'Common Fund'. This is supplemented by rental and investment income.

Grants are received from a number of sources including the Church Commissioners and the Trust for London. 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.

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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 the supplementary guidance in *The Advancement of Religion for the Public Benefit* and have regard to them in making relevant decisions.

The trustees believe that this report taken as a whole provides evidence of the public benefit of the charity's work in 2014.

In particular, 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, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care, and spiritual, moral and intellectual development, both for its adherents and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

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
- contributing towards a better society, by promoting social cohesion and social capital, for example by supporting and solemnising marriages
- contributing to the spiritual and moral education of children
- carrying out, as a practical expression of religious belief, other activities, which may also be charitable
- contributing to good mental and physical health; aiding the prevention of poor health, speeding recovery from poor health
- the provision and maintenance of sacred spaces, principally churches and churchyards, open to the public and many of which are listed buildings
- the provision of public spaces such as church halls as an expression of faith.

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Strategic Report

In August 2013 Parliament approved 'The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013'. These Regulations introduce into the Companies Act 2006 a requirement for all large and medium-sized companies to prepare a separate Strategic Report. The regulations also remove the requirement to include a Business Review in the directors' report.

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

Achievements and Performance

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

Capital Vision 2020 emerged from our listening to almost 2,000 people across the Diocese of London. Their conversations were distilled into Capital Vision 2020 which was launched at a service at St Paul's Cathedral in June 2013. In the 18-months since the launch of Capital Vision 2020 many stories have emerged of how parishes are taking forward the key themes and priorities locally.

The key themes of Capital Vision 2020 are

- 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



Associated with each theme are a number of key priorities. Each priority has a sponsor who champions the priority across the Diocese of London, and a priority leader, one of whose main tasks is to ensure each element is grounded in locally driven action.

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Confident in speaking and living the Gospel of Jesus Christ

To enable this we will by 2020

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

Since the launch of Capital Vision 2020 our engagement with social media has increased. Our followers on Twitter have grown by 62% since the launch of Capital Vision 2020, and our Facebook engagement has increased by 60% in the last six months.

Work is ongoing to enhance our web capabilities, and to support parishes in engaging with new media through a new communications network. We have begun a training programme of public-square advocates for Christianity.



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

Over 3,000 ambassadors have now been commissioned and a group of nine churches representing a variety of traditions and locations is engaged in an 18-month pilot working with the London Institute for Contemporary Christianity. We are already seeing the fruits of this as many plan to focus on equipping and commissioning ambassadors in Lent 2015.

In partnership with Premier Media we have developed a printed publication for ambassadors 'Voice of Hope' distributing 5,000 copies to parishes every two months. We have also launched www.ambassadors2020.org a hub of resources for churches and individuals seeking to live as ambassadors for Christ.

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Holy Trinity Southall commissions ambassadors as it celebrates the fruits of all our labours

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

Following the conclusion of the first Riverside Leadership forum with excellent feedback, the second cohort commenced with over 40 participants.

A total of 59 ordinands will leave training in 2015, and the rolling three-year average number of ordinands leaving training will be 49 in 2015, up from 44 in 2014. The young vocations group has new members and a Black, Asian, and Minority Ethnic (BAME) vocations conference is being planned for 2015.



36 new London clergy were ordained at St Paul's Cathedral in June 2014

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Compassionate in serving communities with the love of God the Father

To enable this we will by 2020

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

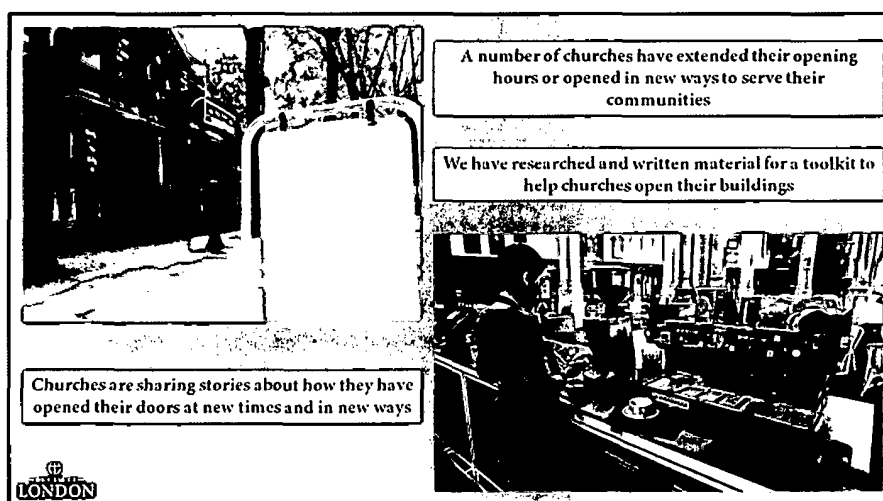
Progress and planning have taken longer than originally expected for our joint venture with the Church Urban Fund. There is now an agreed brand "Capital Mass" and the position of Executive Director has been advertised. There was a highly successful launch of the Church Credit Champions network with London as one of the pilot dioceses. 73 churches are already connected with Church Credit Champions network with 67 credit champions already trained.



The Bishop of Stepney chairs the launch of the Church Credit Champions Network in 2014

5) Open up our church buildings to the wider community

An online toolkit has been launched with guidelines for churches seeking to open their buildings for new activities. A successful event 'An Open Presence' attracted 70 people, and a follow up event is planned. A publication 'Buildings on sure foundations' has been published, sharing stories of churches reopening or opening in new ways.



(l) St Mary's Islington – now open during the day, (r) St Nicholas Cole Abbey – re-opened as a workplace ministry centre

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6) Strengthen links between schools and their local Christian community

Research work is under way on best practice links between schools and local Christian communities and will make recommendations to share and support best practice. The clergy training programme was expanded to include specific training days on engaging with community schools both primary and secondary.



The Bishop of Kensington launches the 2014 Lent Mission with pancakes

Creative in reaching new people and places with the Good News in the power of the Spirit

To enable this we will by 2020

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

We launched a new partnership with Messy Church aiming to attract more young families to our churches through craft activities and informal worship, and a number of new messy churches have started. We have been unable to appoint a Youth Adviser as hoped, which has led to the need to rethink our approach for 2015 and we are developing key partnerships. We have been able to re-launch a Youth newsletter. Children's ministry training continues to be successful with 100 people completing Basic Skills training in 2014.



Just one of the many Messy Churches across the Diocese

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8) Create or renew 100 worshipping communities

Twelve worshipping communities have now been created or renewed since the launch of Capital Vision 2020. These are located at Tottenham Hale, St Sepulchre's Holborn, Inspire London (Old Street), St David's Holloway, St Nicholas Cole Abbey, St Dionis Parsons Green, St Alban's Acton Green, Christ Church Spitalfields, St Peter's Bourne (missional community), Acton Vale (missional community), White City (missional community) and St Michael's Fulwell.

Planning sessions have taken place at both area and deanery level to look at potential opportunities for the coming years and a pipeline is developing. Work also continues in key development areas across London with planning and consultation in Earl's Court, King's Cross, Cricklewood, Colindale, Canary Wharf/Wood Wharf, Queen Elizabeth Olympic Park, Old Oak Common and Southall Gas Works.



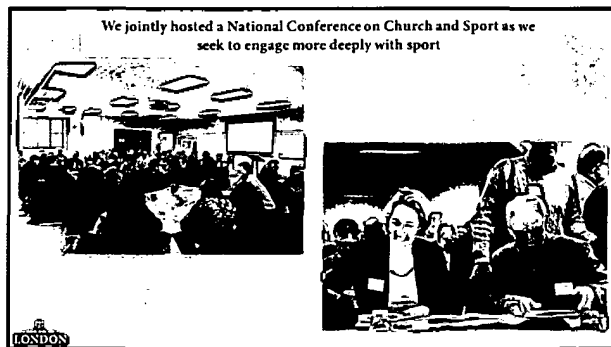
Space for a new worshipping community – part of a development at Tottenham Hale

9) Engage more closely with sport and the creative arts

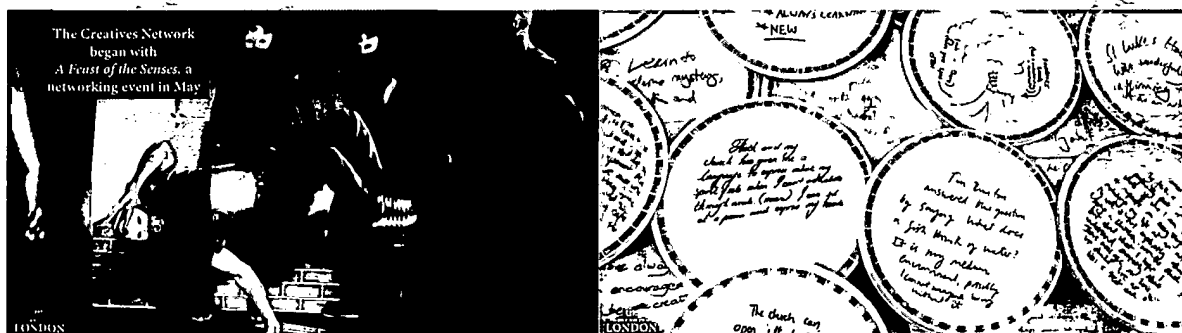
A national conference on church and sport was jointly hosted by the Dioceses of London and Chelmsford in February 2014. One of the outcomes of this was an increased focus on church and sport at a national church level with the appointment of Bishop Tony Porter to a National Task group of which the Diocese is a part. Sport England funded a major piece of research in the Diocese at the end of 2014 to map and audit the current and potential Diocese of London sports landscape and to assess potential for further funding.

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A network for those in the creative industries has been established, with over 100 people signing up. The first event in May 2014 gathered those involved at the interface of the Church and creative arts at the Intermission Theatre, celebrating the role of the creative arts. A programme of network events and a quarterly e-newsletter are being planned as ways to develop the network. A new role for a Missioner to the Creative Industries is being established in 2015.



(l) Intermission Theatre at St Saviour's Walton Place, (r) Paper plates used to share ideas for engaging further with the creative arts

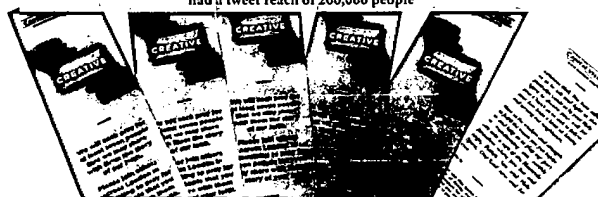
10) Each pray for at least seven people that we may share with them the story of our faith

Pray for seven was launched by the Bishop of Fulham in Lent 2014, with two key resources, a bookmark from an idea by the Mothers' Union, of which 10,000 have now been distributed, and a prayer app developed by Andy Geers of Euston Church, which we sponsored for three months. The app has now been downloaded 45,000 times globally. Pray for seven was also integral to our week of prayer at St Paul's Cathedral and locally.

We have encouraged each other to pray for seven people that we may share with them the story of our faith

We have distributed thousands of bookmarks throughout the Diocese

We sponsored the PrayerMate app to encourage people to pray and our sponsorship had a tweet reach of 200,000 people



The 'pray for seven' bookmarks – launched in 2014

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Financial Review

General Fund

The LDF recorded an operating surplus on the General Fund (after transfers) of £0.2m (2013: £0.2m). The General Fund holds all our unrestricted funds that have not been designated for specific purposes. Our aim is to balance the General Fund to within 1% of the LDF's General Fund income. In 2014 the net incoming resources of £0.2m, meets the definition normally used to indicate a 'balanced budget'.

Compared to 2013:

- Incoming resources increased by £0.7m to £34.1m (2013: £33.4m).
- Resources expended increased by £1.5m to £33.7m (2013: £32.2m).

Donations from parishes through the Common Fund increased by 3.3% or £0.7m to £21.8m. The trustees are most grateful to all donors.

The financial contributions for clergy sponsored directly by parishes and others are up by £0.1m in 2014, and are shown as income, 'parish reimbursements for clergy costs', in these accounts at £3.3m.

General Fund returns on cash in the banks and from investments increased by £0.1m to £1.4m. Bank interest rates continued at historically low levels of around 0.3% - 0.5%.

In 2014, the main expenditure in the General Fund continues to be ministry costs, up £0.7m to £21.1m, and clergy housing and care of churches, up £0.9m to £6.9m.

Contributions to the Archbishops' Council (one of the NCIs) decreased marginally by £0.1m to £2.2m. The major part of these donations funds the training of new clergy.

Overall, the LDF achieved an operating surplus on the General Fund of £0.2m in 2014, after a pension deficit movement on the lay workers' pension fund of £0.4m and transfers to other funds of £0.6m, including a transfer to the designated Capital Vision 2020 fund of over £0.5m.

Taking the surplus of £0.2m and the £0.1m unrealised gains on investments, the overall surplus on the LDF's General Fund for 2014 is £0.3m.

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Total Funds (General Fund, Designated, Restricted and Endowment Funds together)

Total incoming resources increased by £1.8m or 5.1% from £35.0m in 2013 to £36.8m in 2014, mainly because of the continuing generosity of the thousands of people in the parishes who support the LDF's work.

Total resources expended increased by £2.2m or 5.8% from £37.7m in 2013 to £39.9m in 2014, mainly due to increased expenditure on ministry and clergy housing.

Net outgoing resources for the year after pension deficit movements across all funds were £2.7m (2013: £2.7m).

The reason for the deficit is that in some designated, restricted and endowment funds, expenditure exceeded income as these funds were deliberately spent down for the furtherance of the ministry and mission of the Church in London and providing benefit to people living and worshipping in the Diocese.

During the year the property team continued to manage the LDF's properties aiming to provide the best possible service to clergy and parishes, and maximise the revenue from investment property and from functional property that was temporarily not in operational use.

Some of the support was given to individual projects and individual clergy, notably through the Bishop of London's Mission Fund; other support took the form of the provision of housing and other facilities for clergy; and some took the form of loans and grants to parochial church councils and the London Diocesan Board for Schools. More details of these activities are in the notes to the accounts and on our website at www.london.anglican.org.

The table below shows an increase in net assets of £14.3m (2013: £15.2m) for the year to £401.0m (2013: £386.7m). The substantial majority of this is represented by property used in the LDF's charitable operations.

	2014 £m	2013 £m
Net outgoing resources for year after transfers	(2.7)	(2.7)
Other recognised gains and losses:		
Unrealised gains on investment assets	0.4	4.2
Unrealised gains on property assets	15.7	10.9
Realised gains on property assets	0.9	2.8
Net gains	17.0	17.9
Net movement in funds for the year	14.3	15.2
Balances at 1 January	386.7	371.5
Balances at 31 December	401.0	386.7

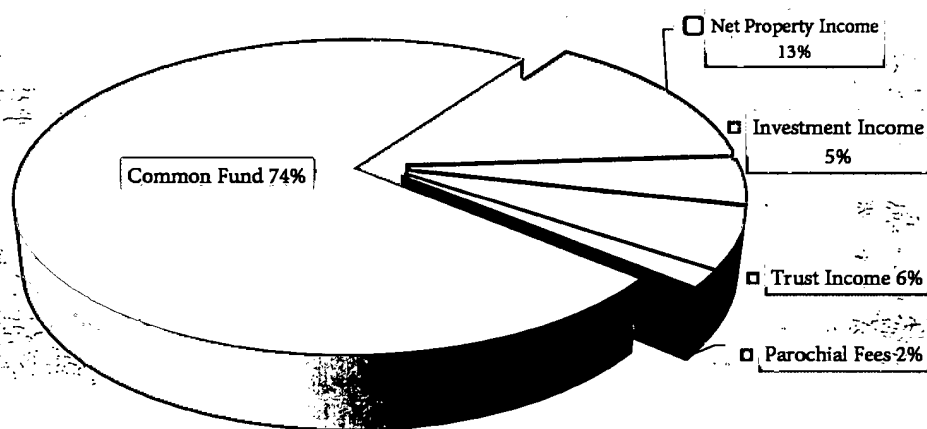
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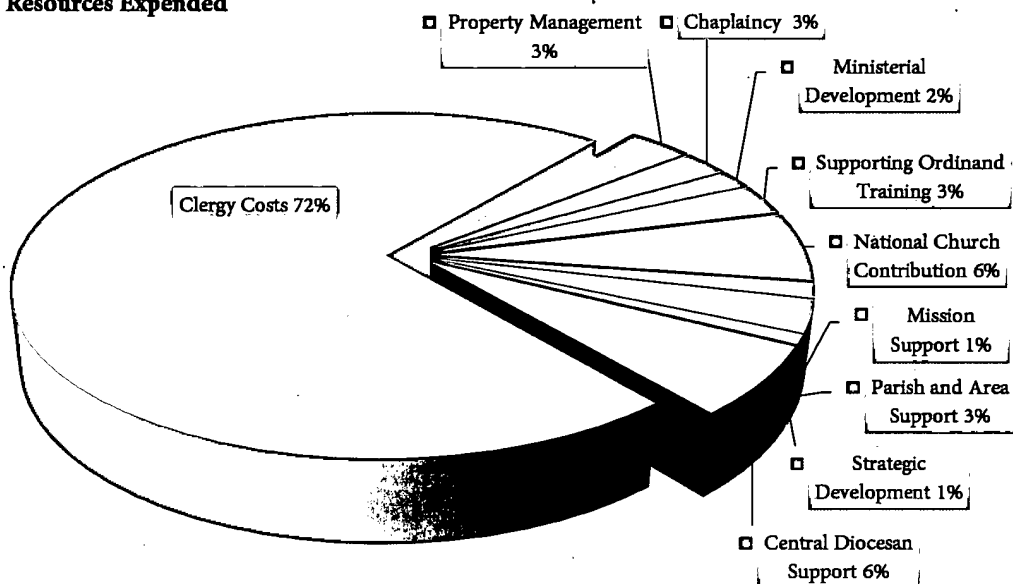
The Budget and Outlook for 2015

The budget for 2015 was approved by the Bishop's Council and received by the Diocesan Synod at the end of 2014. It provides for General Fund income to increase by £1.2m and Common Fund to increase to £22.4m. General Fund expenditure is budgeted to increase by £1.1m, with a budgeted 2% increase in stipends in 2015. The budgeted allocation of General Fund income and expenditure in 2015 is set out below.

Incoming Resources



Resources Expended



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Plans for Future Periods

We aim to keep the day by day income and expenditure of the LDF in balance while using designated and restricted funds for the purposes for which they are held. We have set a balanced budget for General Funds.

The challenges for the future are to:

- Deliver ministry and services in more effective ways, being at all times innovative;
- Grow our resources and be good stewards of them.
- Continue to develop and deliver the Capital Vision 2020 strategy

Principal Risks and Uncertainties

Like other organisations, the LDF faces risks to its operations, finances and reputation. The Senior Management Group, in consultation with the Archdeacons, considers, evaluates and records the major areas of risk to which the LDF is exposed, assessing both the likelihood and impact of those risks crystallising, together with the measures in place 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 Committee. The risk register is available for inspection by all directors and trustees. As part of new directors' and trustees' induction, details of the risk management process are provided. A formal report on risk management is considered by the Bishop's Council annually.

The risks which are currently assessed as scoring highest include:

- abuse of a child or a vulnerable adult in a parish which impacts the organisation,
- nationally divisive issues lead to reductions in clergy and/or congregations and finance, and
- operationally there could be too many complex initiatives, making it difficult for Senior Staff and the SMG to focus on agreed priorities.

The main risks to the LDF's income are that parishes will be unable to donate as generously as they have pledged or would wish. A 5% decrease in Common Fund contributions would mean a reduction in income of just over £1m.

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.

Under the Ecclesiastical Offices (Terms of Service) Measure 2009 the LDF is legally liable for the payment of clergy stipends not less than the National Minimum Stipend (or pro rata if part time) for those posts under Common Tenure. Under Common Tenure there are detailed rules similar to normal employment law on grievances, holidays, any discipline procedures, capability, etc. In addition, clergy have the right to receive,

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and the LDF has an obligation to pay, stipends. In contrast the LDF's principal income stream, contributions from parishes, is a matter of generosity and shared goals for ministry, but is not legally enforceable.

The LDF's management will keep the risks under review and ensure that proportionate mitigation strategies continue to be in place.

Investment Policy

The LDF holds investments on its own behalf, and as ecclesiastical custodian trustee for parishes under the Parochial Church Councils (Powers) Measure 1956.

The LDF keeps investments under its control under regular review and receives periodic guidance from an Investment Advisory Group and from the Property Guidance Group. The main investment objective is to seek the maximum return over the long term, taking into account both income and capital appreciation, with minimum risk to the real value of the assets. Targets set for the strategic allocation of assets between different classes of investment reflect the trustees' views on the appropriate balance to be struck between returns and risks.

The trustees have had an ethical investment policy in place for several years which principally covers its financial investments in equities and bonds. The policy incorporates:

- Negative screening: The LDF invests in funds with basic exclusions for tobacco, arms and gambling.
- Engagement: The LDF invests in funds that follow the United Nations backed principles for responsible investment (UNPRI), and the UK's stewardship code.

The LDF currently operates asset allocation objectives that vary between types of fund. Broadly, they are based upon bands for property and equity that encompass around 70-90% of assets with cash and bonds forming around 10-30%.

In recent years more work has been carried out to seek an appropriate level of asset allocation for each of the LDF's significant constituent designated, restricted, and endowment funds. The results of this are then pooled and actions taken where identified. For example, a further £3.5m of cash was approved for investment in equities in the final quarter of 2013 and was invested in the first quarter of 2014.

Investment returns

Investment property generated gross income of 3.7% in 2014 with income of £2.5m from a net book value of £68.0m

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Investments in equities, fixed interest securities and other quoted securities amounted to £35.0m (2013: £30.2m). These include sole trusts, and details are in Note 7 to the financial statements. Gains in value of £0.4m (2013: £4.2m) were recorded and dividends of £1.5m (2013: £1.3m) were received. The gains in the value of investments in shares (which are largely held through investment funds), of the order of +1%, were marginally ahead of the movement in the value of the FTSE all-share index, which fell 2% in 2014.

Policies and other matters

Reserves Policy and Designated Funds

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 is that General Fund reserves (unrestricted, undesignated) equivalent to approximately one month's expenditure should be held in cash or near cash form for this purpose. General reserves at 31st December 2014 were £2.8m (2013: £2.5m). These equate to about 30 days of general fund expenditure (2013: 28 days), which is in line with our policy.

Funds with a value of £102.1m (2013: £98.7m) have been designated for particular purposes as described more fully in Note 12a to the financial statements.

Over half of this value, £57.6m (2013: £58.2m), is represented by operational property and the associated parsonage and fund property reserves, which are used to help to house clergy in support of one of the principal charitable objectives of the LDF. As described in the notes to the financial statements, most clergy housing is not owned by the LDF but is nevertheless recognised in the accounts in accordance with Financial Reporting Standard no 5.

About one-third of these funds, £32.6m (2013: £28.5m) is represented by investment property (and the associated reserve) which is discussed below.

Some of these funds have been designated to enable loans to be made to further the charitable aims of the LDF. The value of the funds will continue without material change as loans are made and repaid. The Diocesan Loan Capital designated fund of £4.3m (2013: £4.3m) is the major example. It is used mainly to provide loans to parishes, often to enable them to undertake major capital projects that would otherwise not be able to proceed.

During 2013 the trustees approved the creation of a new Capital Vision 2020 reserve, which at 31st December 2014 had a value of £1.6m (2013: £1.15m).

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The remainder of the designated funds, with a value of £6.0m (2013: £6.6m), is designated for a variety of purposes, especially enabling the LDF to take advantage of strategic development opportunities e.g. in development areas within London. Many of these funds are gradually being exhausted as they are expended for the purposes for which they were designated. Some of these funds may be expected to be replenished over time by further donations and designations.

Policy on Property Investments of Unrestricted but Designated Funds

All assets, except operational properties used mainly for housing clergy, are invested with the aim of producing income to support the LDF's charitable work.

Unrestricted but designated property investments (and the associated reserve), amounting to £32.6m (2013: £28.5m) of the amounts discussed above, are held for two principal reasons.

One reason is to reduce the risks posed by significant changes in the environment in which the LDF operates and to protect the LDF from insolvency or serious disruption to its work. The LDF needs to balance the risk between the short term nature of income and the long term continuing needs of clergy.

Clergy are generally office holders and are not employed by the LDF. Stipends are paid by the Central Stipends Authority, part of the Archbishops' Council, which looks to the LDF to recompense it in respect of the clergy in the Diocese, in accordance with section 5 of the Diocesan Stipends Funds Measure 1953. Clergy are entitled to receive a basic stipend and, in practice, receive an enhanced stipend. This entitlement for many incumbents continues until they reach the age of seventy. For some, it is a lifetime entitlement. Some clergy have an expectation that they will continue to receive the enhanced stipend for as long as their entitlement to stipend continues. This represents a long term moral, but not legal, obligation for the LDF. On the other hand, the LDF's income consists mainly of voluntary donations by parishioners through their PCCs.

If there were, for any reason, a major decline in parishioners' giving to the Church, the LDF might be left with a major imbalance between income and expenditure. If Common Fund income were to fall by a half, selling the unrestricted investments might make up the shortfall for between two and three years.

With the implementation of the Ecclesiastical Offices (Terms of Service) Measure 2009 and regulations made under section 2 of that Measure, office holders holding a stipendiary post are now entitled to receive a stipend not less than the National Minimum Stipend. The Measure and Regulations were implemented on 31 January 2011.

The second reason for holding the designated investments is to ensure 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 provide assets for future generations.

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Restricted Funds

Funds with a value of £17.8m (2013: £22.0m) were restricted in their application in accordance with conditions specified by the donors. They are described more fully in Note 12b to the financial statements. Glebe assets are regarded as restricted expendable endowment funds.

Valuation of real property assets

The majority of the real property assets are held for the long term use of the LDF, rather than for re-sale, and are valued in the accounts at 'insurance value' which reflects the replacement cost. The market value of the property might differ substantially from its insurance value. In the directors' and trustees' opinion, given the intention to hold the properties in the long term and taking account of paragraph 2(1) of Schedule 7 to The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the difference is not of such significance as to require the attention of the members of the company to be drawn to it and this report therefore does not indicate the difference with such degree of precision.

Pension Schemes

Church of England Funded Pension Scheme – Clergy: Following the results of the 2012 valuation, the LDF's contribution rate increased to 39.9% from 38.2% of pensionable stipends from 1 January 2015 (of which 14.1% will be 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). Contribution rates will be reviewed at the next valuation of the Scheme, due at 31st December 2015.

Lay Church Workers' Pension Fund: During 2012 the LDF consulted staff members on a proposed change of accrual rate for future service regarding the Church Workers' Pension Fund (CWPF) for lay staff. Changes came into effect on 1st April 2013 to manage the increasing cost of this scheme. The CWPF has been closed to new members since 2008.

Lay Defined Contribution Scheme: The LDF now has a defined contribution pension scheme for lay staff which is currently managed by Aviva.

Other Matters

In 2014, the trustees commissioned a review of how the LDF manages its major property projects, with a particular focus on the development at Tottenham Hale. Mr Brian Carroll and Mr Terence Russoff were invited to carry out this independent review. Their report was presented in January 2015 and set out a number of recommendations, which were received by the trustees. The trustees have established a working group whose remit is to propose responses to the recommendations, to report back with proposals for the way forward to the May 2015 trustees' meeting, and to start to oversee implementation required in the coming year.

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Note 9b of the financial statements details the LDF's support of connected charities, for example support of £281k (2013: £266k) given to the London Diocesan Board for Schools through sharing facilities at London Diocesan House as well as a cash grant of £180k (2013: £180k). This is to ensure that the Diocese of London fulfils both its statutory educational responsibilities and its desire that the Gospel of Christ is also spread through educational ministry.

One of the ways in which the LDF supports the ministry of parishes is through the provision of grants and loans. In 2014, grants to London parishes totalled £1.2m (2013: £1.4m).

Members and Members' Interests

The LDF is a charitable company limited by guarantee and its directors and trustees may derive no benefit, income or capital interest in the LDF's financial affairs other than reimbursement of out of pocket expenses. Note 9b to the financial statements shows expenses reimbursed to Bishop's Council members. This note also shows the amounts paid to the clerical members of Council for their stipend. This is paid to them as ministers of religion in the Diocese rather than as Directors or Trustees.

The Synodical Secretary maintains a register of declarations of interest. All trustees have access to it.

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 preparing 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 a director of the LDF to exercise reasonable care, skill and diligence.

Funds Held as Custodian Trustee on Behalf of Others

As shown on page 53 the LDF is custodian trustee for trust assets of £17.8m (2013: £17.3m). Detailed certificates of holdings were sent to parishes and other managing trustees as at 31 December 2014.

Most of these trusts are held on behalf of parishes whose charitable purposes are parallel to those of the LDF. Assets held under these trusts are held separately from those of the LDF.

A statement of the custodian trustees' responsibilities is found on page 52 together with non-statutory financial statements, notes thereto and a non-statutory independent auditors' report to the custodian trustees between pages 52 and 56. Because of the large number of such trusts, they are not listed separately.

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

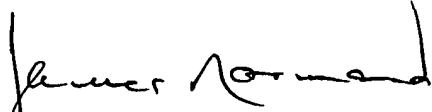
The trustees are responsible for preparing the Directors' and Trustees' Report, incorporating the Strategic Report, and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year in accordance with 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 and of any excess of expenditure over income for that period.

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 group and 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.



J P Normand, Chair, Diocesan Synod House of Laity,
Member of Bishop's Council and Lay Vice Chair of the Finance Committee

13 May 2015

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Independent auditors' report to the members of the London Diocesan Fund

We have audited the financial statements of the London Diocesan Fund for the year ended 31 December 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Summary Income and Expenditure Account, the Cash Flow Statement 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 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of trustees' and directors' responsibilities set out on page 29, 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.

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.

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Opinion on financial statements

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' and Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

13 May 2015

26 Red Lion Square
London
WC1R 4AG

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Statement of Financial Activities - for the year to 31 December 2014

		Unrestricted funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2014	2013
		£m	£m	£m	£m	£m	£m
Incoming Resources	Notes						
Incoming Resources from generated funds							
<i>Voluntary income</i>							
Common Fund		21.8	-	-	-	21.8	21.1
Parish Reimbursements for Clergy Costs		3.3	-	-	-	3.3	3.2
Donations		0.5	0.2	1.2	-	1.9	1.0
Church Commissioners		-	0.3	0.2	-	0.5	0.5
Trust for London		1.3	-	-	-	1.3	1.3
<i>Activities for generating funds</i>							
Operational Property Rentals		2.8	-	-	-	2.8	1.3
Parochial Fees		0.5	-	-	-	0.5	0.5
<i>Investment Income</i>							
Dividends and Interest Receivable	10b	1.4	0.1	0.2	-	1.7	1.5
Investment Property Rentals		2.5	-	-	-	2.5	4.1
Other Incoming Resources		-	0.1	0.4	-	0.5	0.5
Total Incoming Resources		34.1	0.7	2.0	-	36.8	35.0
Resources Expended							
Cost of generating funds							
<i>Investment management costs</i>							
Rental portfolio costs - agent fees		0.4	-	-	-	0.4	0.4
Investment Property repairs & maintenance		0.7	-	0.1	-	0.8	1.5
Charitable activities							
Ministry		21.1	0.2	0.1	-	21.4	20.6
Education & Outreach		0.6	-	-	-	0.6	0.6
Parish and Area Support Services		1.3	0.1	0.2	-	1.6	1.4
Clergy Housing & Care of Churches		6.9	1.3	0.3	2.4	10.9	8.9
National Church		2.2	-	-	-	2.2	2.3
Grants to Parishes & Overseas	5	0.2	0.9	0.3	-	1.4	1.6
Governance		0.3	-	-	-	0.3	0.3
Other resources expended		-	0.2	0.1	-	0.3	0.1
Total Resources Expended	4	33.7	2.7	1.1	2.4	39.9	37.7
Net incoming / (outgoing) resources for year before transfers		0.4	(2.0)	0.9	(2.4)	(3.1)	(2.7)
Pension Deficit movement		0.4	-	-	-	0.4	-
Net incoming / (outgoing) resources for year after pension deficit movement and before transfers		0.8	(2.0)	0.9	(2.4)	(2.7)	(2.7)
Transfers between funds	12d	(0.6)	3.7	(4.8)	1.7	-	-
Net incoming / (outgoing) resources for year after transfers		0.2	1.7	(3.9)	(0.7)	(2.7)	(2.7)
Other recognised gains and losses:							
Unrealised gains on investment assets	7	0.1	0.2	-	0.1	0.4	4.2
Unrealised gains on property assets	6	-	1.1	-	14.6	15.7	10.9
Realised gains / (losses) on property assets		-	0.4	(0.3)	0.8	0.9	2.8
Net Gains / (Losses)		0.1	1.7	(0.3)	15.5	17.0	17.9
Net movement in funds for the year		0.3	3.4	(4.2)	14.8	14.3	15.2
Balances at 1 January 2014		2.5	98.7	22.0	263.5	386.7	371.5
Balances at 31 December 2014		-2.8	102.1	17.8	278.3	401.0	386.7

All incoming and expended resources relate to continuing operations.

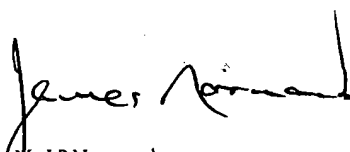
The notes on pages 36 to 50 form part of these financial statements.

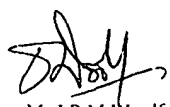
Balance Sheet - as at 31 December 2014

	Notes	Unrestricted General Fund £m	Unrestricted Designated Funds £m	Restricted Funds £m	Endowment Funds £m	Total 2014 £m	Total 2013 £m
Fixed Assets							
Operational Property	6	-	56.7	2.5	233.5	292.7	273.7
Investment Property	6	-	32.2	7.0	28.8	68.0	72.0
Fixtures, Fittings and Equipment		-	-	-	-	-	-
Investments	7	5.4	12.1	5.7	11.8	35.0	30.2
		<u>5.4</u>	<u>101.0</u>	<u>15.2</u>	<u>274.1</u>	<u>395.7</u>	<u>375.9</u>
Current Assets							
Debtors	9	1.6	3.0	0.7	-	5.3	4.8
Cash and short term deposits	10a	0.8	2.3	3.1	4.2	10.4	17.5
		<u>2.4</u>	<u>5.3</u>	<u>3.8</u>	<u>4.2</u>	<u>15.7</u>	<u>22.3</u>
Creditors:							
Amounts falling due within one year	11	2.2	1.8	0.4	-	4.4	4.7
Net Current Assets		<u>0.2</u>	<u>3.5</u>	<u>3.4</u>	<u>4.2</u>	<u>11.3</u>	<u>17.6</u>
Total assets less current liabilities		<u>5.6</u>	<u>104.5</u>	<u>18.6</u>	<u>278.3</u>	<u>407.0</u>	<u>393.5</u>
Creditors:							
Amounts falling due after one year	11	2.8	2.4	0.8	-	6.0	6.8
Net Assets		<u>2.8</u>	<u>102.1</u>	<u>17.8</u>	<u>278.3</u>	<u>401.0</u>	<u>386.7</u>
Funds							
General		2.8	-	-	-	2.8	2.5
Designated	12a	-	102.1	-	-	102.1	98.7
Restricted	12b	-	-	17.8	-	17.8	22.0
Endowment	12c	-	-	-	278.3	278.3	263.5
Total Funds		<u>2.8</u>	<u>102.1</u>	<u>17.8</u>	<u>278.3</u>	<u>401.0</u>	<u>386.7</u>

The notes on pages 36 to 50 form part of these financial statements.

The financial statements on pages 32 to 50 were approved, and authorised for issue, by the Diocesan Bishop's Council on 13 May 2015.


Mr J P Normand
Trustee


Mr I R M Woolf
Trustee

THE LONDON DIOCESAN FUND

Summary Income and Expenditure Account - for the year to 31 December 2014

	2014 £m	2013 £m
Non-endowment movements		
Gross income	36.8	35.0
Realised gains	0.1	2.4
Total income	36.9	37.4
Total expenditure	(37.5)	(35.8)
Net (expenditure) / income on non-endowment funds before unrealised gains and transfers	(0.6)	1.6

There was no income from non-charitable trading activity in the year.

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 32, which together with the notes to the financial statements on pages 36 to 50 provides full information on the movement during the year on all the funds of the LDF.

Note of historical cost profits and losses - for the year to 31 December 2014	2014 £m	2013 £m
(Deficit) for the financial year	(2.7)	(2.7)
Realisation of revaluation gains of previous years	0.9	2.8
Historical Cost (loss) / gain for the year	(1.8)	0.1

The notes on pages 36 to 50 form part of these financial statements.

THE LONDON DIOCESAN FUND

Cash Flow Statement - for the year to 31 December 2014

		2014	2013
	Notes	£m	£m
Net cash outflow from operating activities	13a	(7.2)	(5.4)
Returns on investments and servicing of finance	13b	6.9	6.9
		(0.3)	1.5
Capital flows and financial investment	13b	(6.8)	1.9
(Decrease) / Increase in cash in the year		<u>(7.1)</u>	<u>3.4</u>
Reconciliation of net cash flow to movement in net funds (see note 13)			
(Decrease) / Increase in cash in the year		(7.1)	3.4
Non cash increase in funds		0.1	0.5
Movement in net funds in the year		<u>(7.0)</u>	<u>3.9</u>
Net funds at 1 January		14.9	11.0
Net funds at 31 December	13c	<u>7.9</u>	<u>14.9</u>

The notes on pages 36 to 50 form part of these financial statements.

Notes to the financial statements - for the year ended 31 December 2014

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 (2005) and the Diocesan Annual Report and Financial Statements Guide (v4. 2009).

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, investment properties and operational properties.

1.2 Funds

The LDF has various types of fund for which it is responsible and which require separate disclosure. Note 12 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.

(a) General Funds

(b) Designated Funds (note 12a)

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 12b)

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 funds in the Statement of Financial Activities except to the extent that income is freely available for the general purposes of the LDF.

Endowment Funds (note 12c)

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.

1.3 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.

1.4 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 Funded Pensions Scheme, for clergy. Both are multi-employer schemes where the LDF is unable to identify its share of the underlying assets and liabilities so they are accounted for as defined contribution schemes in accordance with FRS 17. More information about both of these schemes is given in note 14. The LDF also has a defined contribution pension scheme for those of its lay staff who are not members of the DBS. Contributions to all three schemes are recognised as expenditure when they fall due.

Notes to the financial statements - for the year ended 31 December 2014 (continued)

1.5 Statement of Financial Activities

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

Income	Explanation
Voluntary Income	
Common Fund	Contributions paid by the parishes in the Diocese of London to the LDF.
Parish Reimbursements for Clergy Costs	These are 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.
Trust for London	Grant income from Trust for London.
Activities for generating funds	
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 Parochial Church Council (PCC), and part is due to the LDF. The LDF element is used to help fund the overall stipends bill.
Investment Income	
Dividends and Interest receivable	Income arising is credited to the relevant funds on a receipts basis for dividends, and on an accruals basis for interest income.
Investment Property rental income	Investment property is let out at the market rate. Designated and Glebe investment rental income is receivable within general funds.
Expenditure	Explanation
Cost of generating 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 & 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 & Care of Churches	Clergy Housing & Care of Churches represents the repairs, maintenance, depreciation and other property costs associated with the operational property portfolio, and the relevant costs of the Diocesan Advisory Committee and property department.
National Church	The LDF's contribution to the National Church's costs.
Grants to Parishes & Overseas	Grants made to London parishes and overseas Dioceses.
Governance	
Governance Costs	Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to those costs associated with charitable activities and fund raising. Governance costs include the costs of Diocesan Synod and the cost of legal advice provided to the trustees in their capacity as the LDF's trustees.

Notes to the financial statements - for the year ended 31 December 2014 (continued)

1.6 Tangible Fixed Assets

Property

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

(a) Benefice Houses

The LDF is formally responsible for the maintenance and repair of parsonages and has some jurisdiction over their future use or potential sale, but legal title is vested in the incumbent.

FRS 5 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. Accordingly the trustees consider it appropriate to treat such properties as expendable endowment fund assets valued at insurance value. It is considered that this approximates, once depreciated, to depreciated replacement cost.

(b) Burial Grounds

Burial grounds owned by the LDF are held at £nil value in the accounts as the trustees believe that the cost of a practical valuation is onerous compared to the 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 this 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 in the books.

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

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

(e) Fixtures, fittings and equipment

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

Depreciation

Fixed assets are depreciated over their useful economic life. Depreciation is charged on the following types of assets, over their expected lives as follows:

Benefice Houses	150 years
Other freehold properties	50 years
Leasehold properties	Lease Term
Fixtures, fittings and equipment	4 years

1.7 Investments

Investment Property

The trustees' policy is that freehold properties held for investment purposes have been included at the trustees' best estimate of market value. Previously, major items of (mainly commercial) investment property were valued every five years by external consultants, with interim year-end valuations being performed in the intervening years by a suitably qualified officer of the LDF. Other investment properties (mainly residential) were included at a capital multiple of 20 years' rental (2013: 20 years' rental). This was kept under review in light of changing market conditions of both property values and rental incomes.

In 2013 a detailed review of the LDF's investment property resulted in all of its investment property portfolio being professionally valued externally. Future valuations will take place as required, in accordance with relevant accounting standards.

Investment Property is not depreciated. Realised gains and losses on investment property are taken to the Statement of Financial Activities under the heading of Other recognised gains and losses.

Other Investments

Investments are stated at market value calculated by reference to the mid market value at 31 December. Realised gains or losses on disposal are calculated as the difference between disposal proceeds and carrying value.

1.8 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 53 with supporting notes on pages 54 and 55. The custodian trustee funds have been subject to a non-statutory audit and the audit report thereon covering pages 51 to 55 is found on page 56.

Notes to the financial statements - for the year ended 31 December 2014 (continued)

2 (Deficit) on Income and Expenditure for the financial year

The (deficit) for the financial year is stated after charging:

	2014 £'000	2013 £'000
Depreciation - Operational and Investment Property	3,560	2,976
Depreciation - Fixtures, Fittings and Equipment	17	16
	<u>3,577</u>	<u>2,992</u>
Auditors' Remuneration (including VAT)		
Statutory audit	24	24
Non-Audit Services:		
- Tax advice	6	2
- Non-statutory review of Custodian Trusts	2	2
	<u>32</u>	<u>28</u>

3 Staff and Clergy Costs

<u>Costs of lay staff</u>	2014 £'000	2013 £'000
Wages and Salaries	2,570	2,179
Employer's National Insurance	248	207
Employer's Pension Contributions	480	430
	<u>3,298</u>	<u>2,816</u>

The number of lay employees employed on diocesan business was 76 (2013: 65). During 2014, 2 extra people (2013: 3) had employment contracts with the LDF but were funded externally and seconded elsewhere. The total number of lay employees for statutory purposes was, therefore, 78 (2013: 68).

The Full Time Equivalent average number of people employed on diocesan business was 67 (2013: 57). During 2014, 2 extra people (2013: 3) had employment contracts with the LDF but were funded externally and seconded elsewhere. The total Full Time Equivalent for statutory purposes was, therefore, 69 (2013: 60).

The number of employees whose emoluments for the year exceeded £60,000 are as follows:	2014 No.	2013 No.
£110,001-£120,000	1	1
£80,001-£90,000	1	1
£70,001-£80,000	2	2
£60,001-£70,000	<u>4</u>	<u>2</u>

Emoluments, above, is defined as gross salary, plus employer's national insurance contributions.

Aggregate employer normal pension contributions for all the higher-paid employees above were £99,579 (2013: £87,318) payable to various pension schemes, of which £54,557 was payable to defined contribution pension schemes (2013: £34,634). There were 3 (2013: 3) higher-paid employees who were members of the defined benefit pension scheme.

Clergy costs

As at 31 December 2014 there were 9 individuals (2013: 12) - 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 2014, their costs included Gross Stipends of £229,988 (2013: £309,988), Employer's NI of £19,849 (2013: £26,466) and Employer's pension contributions of £76,425 (2013: £99,774).

In addition in 2014 there were 13 ordained clergy (2013: 9) who whilst undertaking ministerial work, were required to be included in the LDF payroll. In total for 2014, their costs included Gross Stipends of £201,899 (2013: £191,824), Employer's NI of £16,860 (2013: £16,724) and Employer's pension contributions of £51,774 (2013: £47,039).

Clergy holding parochial or archidiaconal posts

	2014 £'000	2013 £'000
Gross stipends	12,637	12,272
Employer's National Insurance	992	954
Employer's Pension Contributions	4,393	4,260
	<u>18,022</u>	<u>17,486</u>
Average number of total stipendiary clergy posts	<u>513</u>	<u>511</u>
Number of total stipendiary clergy posts at 31 December	<u>511</u>	<u>509</u>

Clergy posts above include Common Fund clergy, off-Common Fund clergy and chaplains.

Notes to the financial statements - for the year ended 31 December 2014 (continued)

4 Governance Costs and the allocation of Support Costs between Charitable Activities

	2014 £'000	2013 £'000			
<i>Indirect support costs (allocated below)</i>					
Salary and employment costs	1,464	1,362			
Office costs	366	341			
	<u>1,830</u>	<u>1,703</u>			
Resources Expended	Before allocation of support costs	Direct support costs	Indirect support costs	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000
Cost of generating funds					
<i>Investment management costs</i>					
Rental portfolio costs - agent fees	446	-	-	446	429
Investment Property repairs & maintenance	786	-	50	836	1,487
Fundraising	38	-	-	38	25
	<u>1,270</u>	<u>-</u>	<u>50</u>	<u>1,320</u>	<u>1,941</u>
Charitable activities					
Ministry	20,710	4	709	21,423	20,591
Education & Outreach	413	5	171	589	631
Parish & Area Support services	835	310	411	1,556	1,435
Clergy Housing Property and Care of Churches Costs	6,752	193	284	7,229	5,898
Clergy Housing Depreciation	3,560	-	-	3,560	2,976
Clergy Housing & Care of Churches	<u>10,312</u>	<u>193</u>	<u>284</u>	<u>10,789</u>	<u>8,874</u>
National Church	2,196	-	-	2,196	2,255
Grants to Parishes & Overseas	1,333	-	62	1,395	1,634
Governance Costs	25	143	143	311	266
Other resources expended	274	-	-	274	96
	<u>37,368</u>	<u>655</u>	<u>1,830</u>	<u>39,853</u>	<u>37,723</u>

Indirect 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. Finally, residual administration costs are apportioned in proportion to expenditure.

5 Grants to Parishes & Overseas

Funding source	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2014 £'000	Total 2013 £'000
Grants to Parishes from:						
Diocesan Bishop's Council	-	2	-	-	2	-
Trust for London / Other	175	-	-	-	175	147
Area Pastoral funds	-	350	-	-	350	381
Bishop of London's Mission Fund	-	376	-	-	376	450
Funds held for Parish Benefit	-	119	161	-	280	397
	<u>175</u>	<u>847</u>	<u>161</u>	<u>-</u>	<u>1,183</u>	<u>1,375</u>
Overseas:						
Angola and Mozambique (ALMA) and Lent Projects	-	-	150	-	150	201
Grant administration allocation	62	-	-	-	62	58
	<u>62</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62</u>	<u>58</u>
Total	<u>237</u>	<u>847</u>	<u>311</u>	<u>-</u>	<u>1,395</u>	<u>1,634</u>

The above monies funded grant awards to 61 institutions (2013: 89).

THE LONDON DIOCESAN FUND

Notes to the financial statements - for the year ended 31 December 2014 (continued)

6 Tangible Fixed Assets - Operational and Investment Property

	Unrestricted - Designated Funds			Restricted Funds	Expendable Endowment Funds				
	Freehold Property £'000	Long Leasehold Property £'000	Total £'000	Closed Church Property £'000	Leasehold Benefice Houses £'000	Freehold Benefice Houses £'000	Glebe Property £'000	Total £'000	Combined Total £'000
At cost or valuation									
At 1 January 2014	85,659	3,860	89,519	15,966	2,718	209,790	56,190	268,698	374,183
Additions	9,770	139	9,909	8	-	1,735	122	1,857	11,774
Transfers	(324)	324	-	-	-	-	-	-	-
Disposals	(1,127)	-	(1,127)	(6,435)	-	-	(1,156)	(1,156)	(8,718)
Revaluation	991	(97)	894	-	162	12,842	1,484	14,488	15,382
At 31 December 2014	94,969	4,226	99,195	9,539	2,880	224,367	56,640	283,887	392,621
Depreciation									
At 1 January 2014	8,777	275	9,052	-	383	16,455	2,591	19,429	28,481
Charge for the year	1,247	82	1,329	-	43	1,624	564	2,231	3,560
Transfers	-	-	-	-	-	-	-	-	-
Disposals	(162)	-	(162)	-	-	-	-	-	(162)
Revaluation	-	-	-	-	-	-	-	-	-
At 31 December 2014	9,862	357	10,219	-	426	18,079	3,155	21,660	31,879
Net Book Value									
At 31 December 2014	85,107	3,869	88,976	9,539	2,454	206,288	53,485	262,227	360,742
Split by:									
NBV Operational Property	52,897	3,869	56,766	2,486	2,454	206,288	24,714	233,456	292,708
NBV Investment Property	32,210	-	32,210	7,053	-	-	28,771	28,771	68,034
	85,107	3,869	88,976	9,539	2,454	206,288	53,485	262,227	360,742
Net Book Value									
At 31 December 2013	76,882	3,585	80,467	15,966	2,335	193,335	53,599	249,269	345,702

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

The LDF's investment property portfolio was professionally valued externally as at 31 December 2013 by Cluttons LLP. Future full valuations will take place as required, in accordance with relevant accounting standards, with interim year-end valuations being performed in the intervening years by a suitably qualified officer of the LDF.

Net revaluation gains above of £15,382k differ from those shown on the SOFA, largely due to the net revaluation movement in 2014 of the value-linked loans creditor.

Benefice and operational houses are carried at depreciated insurance value which is a reasonable equivalent of depreciated replacement cost.

Subsequent to the year-end, the LDF exchanged and completed on the purchase of a property for £7.4m. There were no capital commitments at the year-end.

THE LONDON DIOCESAN FUND

Notes to the financial statements - for the year ended 31 December 2014 (continued)

7 Investments

	At 1 January 2014 £'000	Additions £'000	Disposals £'000	Unrealised Gains / (Losses) £'000	Transfers £'000	At 31 December 2014 £'000
General Fund						
CCLA Global Equities	3,264	2,000	-	112	-	5,376
Designated Funds						
CCLA Global Equities	3,503	1,000	-	94	-	4,597
OLIM Charity Value and Inc Equities	865	500	-	(49)	-	1,316
CCLA Fixed Interest Securities Bond	753	-	-	61	-	814
M&G Charibond	758	-	-	39	-	797
M&G Investments	3,705	-	-	(3)	-	3,702
Designated Trusts						
Equity Investments	627	221	(3)	16	-	861
TOTAL - Designated	10,211	1,721	(3)	158	-	12,087
Restricted Funds						
OLIM Charity Value and Inc Equities	1,020	-	-	(32)	-	988
Sole Trusts						
Listed Investments	18	-	(29)	(1)	29	17
M&G Investments	3,294	350	-	(1)	-	3,643
CBF Investment Fund	707	334	(1)	41	(38)	1,043
TOTAL - Restricted	5,039	684	(30)	7	(9)	5,691
Expendable Endowment Funds						
Glebe						
M&G Investments	6,958	-	-	(5)	-	6,953
Permanent Endowment Funds						
Sole Trusts						
Listed Investments						
M&G Investments	3,568	137	(2)	12	(29)	3,686
CBF Investment Fund	1,096	-	-	59	-	1,155
CBF Fixed Interest Securities Fund	22	-	-	2	-	24
TOTAL - Endowment	11,644	137	(2)	68	(29)	11,818
Total Fixed Asset Investments	30,158	4,542	(35)	345	(38)	34,972

Cost or valuation

Additions represent the cost or market value at the date of gift or transfer to the LDF.

CBF investments are valued by the CCLA.

The historic cost of the investments held at 31 December 2014 is £23,654k (2013: £23,309k).

THE LONDON DIOCESAN FUND

Notes to the financial statements - for the year ended 31 December 2014 (continued)

8 Investments in subsidiary undertakings

The LDF owns 100% of the issued share capital of a subsidiary undertaking, Causton Street Farms Limited (registration 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.

9 Debtors

	General £'000	Designated £'000	Restricted £'000	Endowed £'000	2014 £'000	2013 £'000
Contributions to the Common Fund	286	-	-	-	286	349
Rent Receivable	623	-	215	-	838	539
Prepayments and accrued income	500	1,082	433	-	2,015	815
	<u>1,409</u>	<u>1,082</u>	<u>648</u>	<u>-</u>	<u>3,139</u>	<u>1,703</u>
Loans to Parishes						
- Diocesan Bishop's Council awarded	-	872	-	-	872	1,452
- Area Council awarded	-	634	-	-	634	663
	<u>-</u>	<u>1,506</u>	<u>-</u>	<u>-</u>	<u>1,506</u>	<u>2,115</u>
Loans to individuals	28	380	-	-	408	428
Other Debtors	180	-	7	-	187	508
	<u>1,617</u>	<u>2,968</u>	<u>655</u>	<u>-</u>	<u>5,240</u>	<u>4,754</u>

	2014 £'000	2013 £'000
<u>Movements in Loans to Parishes:</u>		
At 1 January	2,115	3,692
Additions (new loans and interest)	286	348
Repayments	(895)	(1,925)
At 31 December	<u>1,506</u>	<u>2,115</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% or 5% 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 2014 was £1,146k (2013: £1,710k).

Notes to the financial statements - for the year ended 31 December 2014 (continued)

9b Related Parties

London Diocesan Board for Schools (LDBS)
The LDF and the LDBS are separate charities but the members of various Diocesan bodies appoint 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 the Lord Bishop of London, Dr R J C Chartres KCVO is President and Chair of the LDF and President of the LDBS. The Archdeacon of Middlesex, trustee of the LDF, served as Chair of the LDBS during the year.
The Revd Preb C G Pope, and Mr D W Richards, were also trustees 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 £180k (2013: £180k). The LDBS is a charitable company (reg. no. 198131). At 31 December 2014 other debtors included £1k for salary and office cost recharges (2013: £nil).

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

	2014	2013
Accommodation - rent	£'000	£'000
House services and meeting rooms	84	78
	197	188
	281	266

Trustees' Expenses/Remuneration
In 2014 the LDF reimbursed a total of £66k to 17 members of the Bishop's Council (2013: £62k to 19 members). The expenses related to working expenses, for example as Archdeacon, Area Dean or other official roles, rather than as expenses reimbursed in their role as trustees.

The LDF is responsible for a substantial part (if not all) of the stipend of the clerical members of the Bishop's Council by virtue of their clerical office, along with National Insurance and pensions of Bishops are borne and funded by the Church Commissioners.

The following was paid to 14 other members of the clergy in 2014 (Full Time Equivalent: 14) who were members of the Bishop's Council (2013: 14 members; Full Time Equivalent: 14):

	2014	2013
Gross Stipends	£'000	£'000
Employer's National Insurance	389	375
Employer's Pension Contribution	34	33
	128	123
	551	531

Under the Repair of Benefice Buildings Measure 1972 the Diocese is responsible for the upkeep of parsonages. 12 members of Bishop's Council during the year (2013: 12) were housed in parsonages by virtue of their clerical office. 2 employees (2013: 2) were housed in a parsonage, though not by virtue of their employment.

A further 8 members of Bishop's Council (and Finance Committee) (2013: 8) and 12 employees in holy orders, including chaplains (2013: 14), were housed in properties owned by the London Diocesan Fund.

One member (2013: One member) of Bishop's Council was contracted during the year to provide rental property to meet an LDF operational housing commitment. These services were carried out on an arms-length basis. The value of this rental in 2014 was £24k (2013: £26k).

Three members of Bishop's Council (2013: Six) (or their close family members) donated £1.3k to the London Diocesan Fund during the year for unrestricted purposes (2013: £4k). One member of Bishop's Council (2013: One) (or their close family members) donated £1k to the London Diocesan Fund during the year for the ALMA partnership (2013: £0.25k), which is accounted for within restricted funds.

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

Notes to the financial statements - for the year ended 31 December 2014 (continued)

10a Cash and short term deposits

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2014 £'000	2013 £'000
Bank Deposits	128	1,558	1,002	-	2,688	15,507
Cash at Bank and in hand	667	777	2,067	4,234	7,745	1,998
	<u>795</u>	<u>2,335</u>	<u>3,069</u>	<u>4,234</u>	<u>10,433</u>	<u>17,505</u>

10b Investment Income

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2014 £'000	2013 £'000
Dividends	1,313	32	183	-	1,528	1,325
Cash and Deposit interest	98	15	4	-	117	171
Fixed interest investments	-	-	2	-	2	3
Loan interest	30	-	-	-	30	46
	<u>1,441</u>	<u>47</u>	<u>189</u>	<u>-</u>	<u>1,677</u>	<u>1,545</u>

11 Creditors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	2014 £'000	2013 £'000
Amounts falling due within one year:						
Parish Loans Payable	-	283	-	-	283	456
Grants Payable	-	1,191	-	-	1,191	1,246
Other Creditors	995	133	389	10	1,527	1,528
Accruals and deferred income	1,184	176	7	-	1,367	1,513
	<u>2,179</u>	<u>1,783</u>	<u>396</u>	<u>10</u>	<u>4,368</u>	<u>4,743</u>

Amounts falling due after one year:

Other Creditors	-	-	-	-	-	550
Accruals and deferred income	2,805	-	760	-	3,565	3,600
Church Commissioners Value Linked Loans	-	2,471	-	-	2,471	2,591
	<u>2,805</u>	<u>2,471</u>	<u>760</u>	<u>-</u>	<u>6,036</u>	<u>6,741</u>

£760k of the long-term Restricted Accruals and deferred income above (2013: £768k) relates to the residual lease premium for the lease of St Mark's Church in North Audley Street, Westminster. In accordance with United Kingdom Generally Accepted Accounting Practice, this balance is being released as income to the Statement of Financial Activities evenly over the 112 year period of the lease term.

£2,805k of the long-term General Fund accruals and deferred income above (2013: £2,832k) relates to the residual lease premium for the lease of 13 & 13a North Audley Street, Westminster.

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 in the accounts at the depreciated insurance value of the property bought with the loan.

THE LONDON DIOCESAN FUND

Notes to the financial statements - for the year ended 31 December 2014 (continued)

12a Designated Funds

	At 1 January 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2014 £'000
Capital Vision 2020	1,150	4	(84)	-	560	1,630
Operational Property	50,330	-	(1,330)	1,076	4,219	54,295
Investment Property	27,546	-	-	1	4,663	32,210
Parsonage Reserve	2,433	29	(1)	61	(1,735)	787
Fund Property Reserve	5,475	321	(34)	37	(3,317)	2,482
Investment Property Reserve	1,000	139	-	-	(765)	374
Inspection and Maintenance Funds	768	-	-	13	(100)	681
Designated Trusts	2,534	38	(119)	16	(50)	2,419
Mission Opportunity	737	-	(59)	20	-	698
Bishop of London's Mission Fund	147	473	(427)	-	-	193
Clergy Training and Support	752	2	(56)	(3)	-	695
Area Pastoral Funds	1,183	14	(350)	17	277	1,141
Area Bank Accounts	49	85	(82)	-	-	52
Diocesan Loan Capital	4,350	-	(2)	(2)	-	4,346
Tottenham Hale Reserve	100	-	(100)	-	-	-
Strategic Development Reserve	120	27	(27)	-	(11)	109
Total Designated Funds	98,674	1,132	(2,671)	1,236	3,741	102,112

Note 12d

* - Incoming resources, includes realised gains.

Designated Fund Descriptions (refer to the Directors' and Trustees' Report for information regarding the LDF's reserves policy)

Capital Vision 2020	The LDF's strategic plan is 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, which at 31 December 2014 had a value of £1.630k, including a transfer of £560k from the General Fund.
Operational Property	As well as incorporating the Diocesan offices, Operational Property comprises over 110 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 at the year-end of £54.3m, £56.8m is represented by actual properties which are partially offset by (£2.5m) of Value Linked Loans creditors (as described in note 11).
Investment Property	Investment Property comprises over 50 freehold and leasehold properties (£32.2m) held to generate income and capital growth which helps fund stipends and other charitable activities.
Parsonage, Fund Property and Investment Property Reserves	The Parsonage, Fund 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. The Investment Property reserve was created in 2013, and a transfer of £1m was made from the Fund Property Reserve.
Inspection and Maintenance Funds	This fund comprises the Quinquennial Fund and the Ingoing Works Fund. We carry out planned maintenance on an average of one-sixth of our operational properties each year (83 of approximately 500), but the actual number varies from year to year. Since quinquennial works were carried out on 83 parsonages in 2014, no further transfers were made to the Quinquennial Fund. However, £100k was transferred from the Ingoing Works Fund to the General Fund in 2014. All necessary works in accordance with the Repair of Benefice Buildings Measure 1972 are undertaken.
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.
Mission Opportunity	This fund was established to meet 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. The designated budget holder for the fund has been 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.
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 £200k. Requests from parishes are first considered by the Loans Monitoring Group (LMG), a sub-committee of the Finance Committee, and the decisions made by the Finance Committee.
Tottenham Hale Reserve	This fund is set aside to support the strategic initiatives in Tottenham Hale to further the mission and ministry of the Church in that location. The fund was fully utilised in 2014.
Strategic Development Reserve	This fund is to finance work to inform and assist in the strategic deployment of the LDF's resources to further the mission and ministry of the Church in London.

THE LONDON DIOCESAN FUND

Notes to the financial statements - for the year ended 31 December 2014 (continued)

12b Restricted Funds

	At 1 January 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2014 £'000
Sole Trust Expendable Funds	5,083	1,187	(311)	40	(9)	5,990
Closed Church Buildings Fund	536	(351)	(385)	(33)	1,457	1,224
Closed Church Buildings Operational Property	2,477	-	-	-	8	2,485
Closed Church Buildings Investment Property	13,488	-	-	-	(6,435)	7,053
Closed Church Buildings Investment Reserve	-	155	-	-	170	325
Projects restricted funds	436	487	(209)	-	-	714
Bishops' secretaries fund	3	224	(224)	-	-	3
Environmental fund	6	3	(5)	-	-	4
Total Restricted Funds	22,029	1,705	(1,134)	7	(4,809)	17,798

Note 12d

* - Incoming resources, includes realised gains.

Restricted Funds

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 12c. 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.

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 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 Pastoral Measure 1983.

Closed Church Buildings Operational and Investment Property

This fund represents the net book value of Closed Church Buildings property (see note 6).

Closed Church Buildings Investment Reserve

This reserve, created in December 2013, is used for the purchase and refurbishment of Closed Church Buildings Investment Property. When such a property is sold, the sale proceeds will be credited to this fund.

Projects restricted funds

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.

Environmental fund

This shows the restricted funding towards various environmental projects carried out by the LDF.

12c Endowment Funds

	At 1 January 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2014 £'000
Expendable Endowment						
Glebe Operational Property Fund	22,627	-	(694)	1,677	1,104	24,714
Glebe Investment Property Fund	30,972	-	(14)	(49)	(2,138)	28,771
Glebe Investment Fund	8,850	461	-	(5)	(464)	8,842
Glebe Investment Property Reserve	500	337	-	-	1,498	2,335
Parsonage House Capital	195,670	-	(1,667)	13,004	1,735	208,742
Permanent Endowment						
Sole Trust Permanent Endowment	4,825	(2)	-	72	(29)	4,866
Total Endowment Funds	263,444	796	(2,375)	14,699	1,706	278,270

Note 12d

* - Incoming resources, includes realised gains.

Glebe Property Fund

This represents the net book value of glebe property with movements shown in note 6. 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 (£24.7m) and investment (£28.8m) 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. The Glebe Investment Property Reserve was created in 2013, and a transfer of £500k was made from the Glebe Investment Fund.

Parsonage House Capital

This fund represents the net book value of Freehold and Leasehold Benefice Houses (see note 6).

Sole Trust Permanent Endowment

This fund represents those amounts held under the LDF's Sole Trusteeship where the capital is not expendable (see note 12b).

THE LONDON DIOCESAN FUND

Notes to the financial statements - for the year ended 31 December 2014 (continued)

12d Transfer Between Funds - Detailed Breakdown of Movements

Statement of Financial Activities transfers analysed:

	General £'000	Designated £'000	Restricted £'000	Endowment £'000	Total £'000	Reference
Parsonage additions	-	(1,735)	-	1,735	-	i
Transfer of proceeds to Investment Property reserve	-	4,800	(4,800)	-	-	ii
Trust reclassifications	88	(50)	(9)	(29)	-	iii
Transfer of budgeted items in the General Fund to the designated Area Pastoral Funds	(277)	277	-	-	-	iv
Net transfers (to) / from designated funds at year-end	(449)	449	-	-	-	v
	(638)	3,741	(4,809)	1,706	-	
		Note 12a	Note 12b	Note 12c		

- i. Transfer from or to the designated Parsonage reserve for the purchase or sale of parsonages respectively.
- ii. These transfers relate to the movement to the designated Investment Property Reserve of various proceeds.
- iii. These transfers relate to the release of funds from various Trusts to be utilised on appropriate unrestricted purposes.
- iv. These transfers relate to budgeted items set aside from the General Fund for the designated Area Pastoral Funds.
- v. These relate to transfers agreed at the year-end between the General Fund and specific designated funds.

13 Notes to the cash flow statement

	2014 Total £'000	2013 Total £'000
a) Reconciliation of operating deficit to operating cash flows		
Operating Deficit	(2,643)	(2,697)
Depreciation charges	3,577	2,992
(Increase) / Decrease in debtors	(486)	1,716
(Decrease) in creditors	(716)	(549)
Investment and Rental Income	(6,921)	(6,895)
	<u>(7,189)</u>	<u>(5,433)</u>

b) Gross Cash Flows

Returns on investments and servicing of finance

Dividends and Interest Receivable	1,677	1,545
Rental Income	5,244	5,350
	<u>6,921</u>	<u>6,895</u>

Capital Expenditure and investment

Sale of property	9,481	5,919
Purchase of property	(11,774)	(3,820)
Sale of investments	32	58
Purchase of investments	(4,542)	(187)
	<u>(6,803)</u>	<u>1,970</u>

c) Analysis of Changes in net funds

	At 1 January 2014 £'000	Cash Flows £'000	Other £'000	At 31 December 2014 £'000
Funds				
Cash at bank and in hand	1,998	5,747	-	7,745
Short Term Deposits	15,507	(12,819)	-	2,688
	<u>17,505</u>	<u>(7,072)</u>	<u>-</u>	<u>10,433</u>
Value-linked loans due after one year	(2,591)	-	120	(2,471)
	<u>14,914</u>	<u>(7,072)</u>	<u>120</u>	<u>7,962</u>

Notes to the financial statements - for the year ended 31 December 2014 (continued)

14 Pensions

(a) Lay staff pensions

The LDF participates in the Church of England Defined Benefit Scheme (DBS), part of the Church Workers' Pension Fund. The non-contributory scheme provides benefits based on final pensionable salaries. The Church of England Pensions Board is the trustee and administers the Pension Fund. The assets of the Pension Fund are held separately from those of the LDF. The scheme was closed to new LDF members in the last decade.

At 31 December 2014 the LDF had 27 active members and 51 deferred pensioner members in the Pension Fund (2013: 30 and 53 members respectively) out of a total of 626 active members and 1,725 deferred members (2013: 709 and 1,710 members respectively).

It is not possible for an individual employer to determine its share of the underlying assets and liabilities as each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. In such cases, Financial Reporting Standard (FRS) 17 requires the employer to account for its contributions to the DBS as if it were a defined contribution scheme but to make certain additional disclosures based on available information. The required disclosures, together with a description of the operation of the DBS, are given below.

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 Scheme 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 Scheme 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.

If, following an actuarial valuation of the Life Risk Pool there were a surplus or deficit in the pool and the Actuary so recommended, further transfers might 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) would be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years. As at 31st December 2010 the valuation showed an overall deficit in excess of £40m, of which the Life Risk Section was shown to be in deficit by £6.7m and some £5.5m was notionally transferred from the employers' sub-pools to the Life Risk Pool. As at 31st December 2013 the valuation showed a reduced overall deficit of £12.9m.

The completed service section of the DBS (active and deferred members) for the London sub-pool was found to be in deficit as at 31st December 2010. The trustees agreed to close this deficit by making annual payments over the next 5 years totalling £1,223k. This liability was included in full in the 2011 financial statements. As at 31 December 2014, the remaining pension creditor was found to be overstated by £428k as the financial position of the Scheme had improved based on the information available at that time, and consequently the creditor has been released to the General Fund.

From 1 April 2013, the future accrual rate was amended from 60ths to 80ths. Accordingly, the LDF's contribution rate was reduced from 31.0% to 23.5% of gross pensionable salary. With effect from 1 April 2015, the LDF's contribution rate will increase to 25%.

Notes to the financial statements - for the year ended 31 December 2014 (continued)

14 Pensions (continued)

(b) Clergy Pensions

From 1st January 1998, Diocesan clergy became members of the Church of England Funded 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 1st January 1998. The scheme's assets are held separately from those of the LDF. Past service clergy pensions for service before 1st January 1998 are paid by the Church Commissioners at no cost to the LDF.

The LDF is the sponsoring employer for 525 members (2013: 533) of the scheme out of a total membership of approximately 8,400 active members. The Church of England Funded Pensions Scheme is a defined benefit scheme but the LDF is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. For schemes such as this, paragraph 9(b) of FRS 17 requires the LDF to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

A valuation of the Scheme was carried out as at 31 December 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- a) An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two-thirds by 31 December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- b) Investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- c) RPI inflation of 3.2% pa (and pension increases consistent with this);
- d) Increase in pensionable stipends of 3.2% pa; and
- e) Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 according to the CMI 2012 core projections, with a long-term annual rate of improvement of 1.5% for males and females.

Following the results of the 2012 valuation, the LDF's contribution rate increased from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due at 31 December 2015.

15 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 2014 there were 45 members (2013: 48) who were liable to contribute £1 each in the event of the company being wound up. The maximum number of members permitted by the Memorandum and Articles of Association is 54.

**The following pages do not form part of the statutory financial statements
of the London Diocesan Fund for the year ended 31 December 2014**

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Report of the Custodian Trustees

The Bishop's Council of the London Diocesan Fund, acting as Custodian Trustees under ecclesiastical law, presents the report and non-statutory financial statements for the year ended 31 December 2014.

Legal Status

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as custodian trustees of parish buildings and land. It also acts as custodian trustee for monies held on trust. These pages report the specific trust holdings only and provide an aggregation of the financial assets of approximately 150 separate trusts. Land and building assets held by the LDF as custodian trustee 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-existed the formation of the London Diocesan Fund in 1918 and in which some property and capital are vested. For day to day purposes, its activities have been subsumed into the London Diocesan Fund since 1 January 1918.

Review of the Year

During the year, there were transfers of £0.1m from the endowment fund to expendable capital. These predominantly represent 'small' (as defined by the Charity Commission) custodian trusts where the managing trustees have resolved to release the permanent endowment, allowing capital to be expended in line with the relevant trust purposes. This is in accordance with the Charities Act 2011.

Total incoming resources remained steady from 2013 to 2014, with no increase or decrease.

Funds continue to be expended in line with the purposes for which they were intended, with some £1.0m expended for charitable purposes during the year under review.

Additional new resources of £0.4m were received during the year in the form of new funds.

The overall value of funds held by the London Diocesan Fund as custodian trustee increased by £0.5m to £17.8m in 2014, with the increase explained largely by unrealised gains in investment assets.

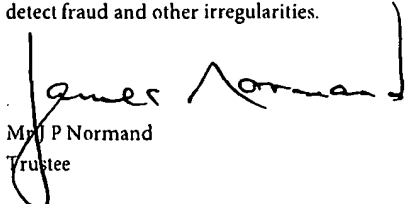
Statement of Custodian Trustees' responsibilities

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 Trustees have chosen to prepare these statements with regard to the Charities Act 2011. In preparing these non-statutory financial statements with regard to the Charities Act 2011, the Custodian Trustees are 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 Trustees are 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the funds and to prevent and detect fraud and other irregularities.


Mr P Normand
Trustee

13 May 2015

Non-Statutory Financial Statements

Statement of Financial Activities - for the year ended 31 December 2014

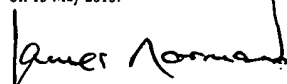
	Permanent Endowment Fund £m	Restricted Capital Fund £m	Restricted Unexpended Income £m	Total 2014 £m	Total 2013 £m
Incoming Resources					
Investment income	-	-	0.2	0.2	0.2
Income direct to beneficiaries	-	-	0.4	0.4	0.4
Total Incoming Resources	-	-	0.6	0.6	0.6
Resources Expended					
Income paid to beneficiaries	-	-	(0.4)	(0.4)	(0.4)
To objects of the trusts	(0.1)	(0.3)	(0.2)	(0.6)	(0.6)
Total Resources Expended	(0.1)	(0.3)	(0.6)	(1.0)	(1.0)
Net (Outgoing) Resources before transfers and new resources	(0.1)	(0.3)	-	(0.4)	(0.4)
Additional new resources	0.4	0.1	(0.1)	0.4	0.2
Transfers between funds	(0.1)	0.1	-	-	-
Net Incoming / (Outgoing) Resources for the year	0.2	(0.1)	(0.1)	0.0	(0.2)
Gains on investment assets	0.4	0.1	-	0.5	1.5
Net Movement in Funds for the year	0.6	-	(0.1)	0.5	1.3
Funds at 1 January 2014	12.7	3.4	1.2	17.3	16.0
Funds at 31 December 2014	13.3	3.4	1.1	17.8	17.3


Custodian Trusts Balance Sheet - as at 31 December 2014

	Notes	Total 2014 £m	Total 2013 £m
Assets			
Fixed Asset Investments	2	16.7	16.1
Current Asset Investments	3	1.1	1.2
Net Assets		17.8	17.3
Funds			
Permanent Endowment	2	13.3	12.7
Restricted - Capital	2	3.4	3.4
Restricted - Unexpended Income	3	1.1	1.2
		17.8	17.3

The notes on pages 54 and 55 form part of these non-statutory financial statements.

The non-statutory financial statements were approved by the Diocesan Bishop's Council acting as custodian trustees on 13 May 2015.


Mr J P Normand
Trustee


Mr R M Woolf
Trustee

Notes to the Custodian Trusts Financial Statements - for the year ended 31 December 2014

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 PCC (Powers) Measure 1956, the London Diocesan Fund acts as custodian trustees 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 150 trusts.

The Balance Sheet as at 31 December 2014 has been prepared, together with a Statement of Financial Activities, which analyses the movement in funds. Comparative figures for 2013 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 investments.

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 criteria 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 - for the year ended 31 December 2014 (continued)

2. Fixed Asset Investments represented by Permanent Endowment Capital

	1 January 2014	Additions	Disposals	Unrealised Gains / (Losses)	Other Asset / Liability Movements and Transfers	31 December 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Listed Investments	144	-	-	2	-	146
M&G Charifund	3,746	1	-	33	-	3,780
Investments held by CCLA:						
CBF Fixed Interest	154	25	-	13	-	192
CBF Investment Fund	6,740	110	-	354	(118)	7,086
CBF Property Fund	142	-	-	18	-	160
CBF Deposit Fund	1,789	202	(11)	-	(24)	1,956
Other Assets/(Liabilities)	1	-	-	-	-	1
	12,716	338	(11)	420	(142)	13,321

Fixed Asset Investments represented by Expendable Capital

Listed Investments	85	-	(31)	6	-	60
M&G Charifund	229	-	-	-	-	229
Investments held by CCLA:						
CBF Fixed Interest	205	-	-	16	-	221
CBF Investment Fund	1,484	-	(131)	78	121	1,552
CBF Deposit Fund	1,291	-	(120)	(1)	22	1,192
Other Assets/(Liabilities)	118	-	-	-	-	118
	3,412	-	(282)	99	143	3,372
Total Fixed Assets	16,128	338	(293)	519	1	16,693

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

Listed Investments	2	-	-	-	-	2
M&G Charifund	51	-	-	-	-	51
Investments held by CCLA:						
CBF Fixed Interest	85	-	-	7	-	92
CBF Investment Fund	208	18	-	13	-	239
CBF Deposit Fund	628	150	(239)	-	(32)	507
	974	168	(239)	20	(32)	891

Current Asset Investments represented by Unexpended Income from Expendable Capital Assets

Investments held by CCLA:						
CBF Fixed Interest	48	-	-	4	-	52
CBF Investment Fund	37	-	-	2	-	39
CBF Deposit Fund	150	42	(65)	1	32	160
	235	42	(65)	7	32	251
Other Assets/(Liabilities)	1	-	-	-	-	1
Total Current Assets	1,210	210	(304)	27	-	1,143
TOTAL	17,338	548	(597)	546	1	17,836

INDEPENDENT AUDITORS' REPORT TO THE CUSTODIAN TRUSTEES OF THE FUNDS

We have audited the non-statutory financial statements of Custodian Trust Funds for the year ended 31 December 2014 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).

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. This report, including our opinion, has been prepared for and only for the Custodian Trustees as a body. Our audit work has been undertaken so that we might state to the Custodian Trustees 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 Trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Custodian Trustees' Responsibilities set out on page 52, the trustees are 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 Trust Funds as at 31 December 2014 and of their incoming resources and application of resources 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 Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Custodian Trustees is inconsistent in any material respect with the non-statutory financial statements; or
- sufficient accounting records have not been kept; or
- the non-statutory financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.


haysmacintyre
Statutory Auditor

13 May 2015

26 Red Lion Square
London
WC1R 4AG

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