



THE LONDON DIOCESAN FUND

Trustees' report
and financial statements
for the year ended
31 December 2022

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



Company number: 150856
Registered Charity number: 241083
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Financial Summary 2022

London saw recovery from the global pandemic in the first half of 2022 but also the cost-of-living crisis and fuel cost increases due to the war in Ukraine. The London Diocesan Fund (LDF) has continued to support the parishes within the Diocese over the year. We are extremely grateful to all the parishes who continued to contribute Common Fund during 2022 which has enabled ministry and mission to continue in London, offering support and comfort to many in our city.

Across all funds the LDF is reporting an operating deficit of £2.1m before transfers and gains in 2022. Total income increased by £4.2m and total resources expended increased by £4.6m, increasing the operating deficit by £0.4m.

During the year the LDF recognised £3.0m of realised gains (2021: £8.8m) on tangible fixed assets, resulting from the reshaping of the property portfolio. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over time. Property and investment values dropped in 2022, with £10.4m in unrealised losses and revaluations (2021: gain of £21.1m). Therefore, the accounts show an overall decrease in the value of all funds of £9.1m for the year to £507.3m (2021: £516.0m). The following table summarises the overall financial position:

All Funds	2022 £m	2021 £m
Operating Deficit	(2.1)	(1.7)
Pension deficit movements	0.4	0.6
<i>Sub-total</i>	(1.7)	(1.1)
Other recognised gains and losses:		
Net gains/(losses) on investments	(5.0)	6.5
Unrealised gains on tangible fixed assets	(5.3)	14.6
Realised gains on tangible fixed assets	3.0	8.8
<i>Net movement in funds for the year</i>	(9.0)	28.8

General Fund

The LDF has normally achieved a balanced position for its general fund but in 2022 there was a deficit before year-end adjustments of £1.0m (2021: £1.0m surplus).

Income increased by £1.1m from £40.3m to £41.4m.

Donations from parishes through the Common Fund increased by 5% to £22.7m (2021: £21.6m). This is partly due to timing, as some of 2021 contributions did not arrive until 2022, but also due to parishes seeing an improvement in their local circumstances post covid. We are grateful to Trust for London who continue to provide distributions that help bridge the gap in general fund income. This was in total £2.6m, (2021: £4.7m) a return to trend after one off additional funding in 2021. Other sources of income, including rental and investment income showed an increase of 15% to reach £16.1m (2021: £14.0m)

Expenditure increased by £3.1m from £39.3m to £42.4m.

Significant expenditure streams continue to be ministry costs of £26.5m (2021: £25.1m) and clergy housing and property costs of £9.9m (2021: £7.3m). 2022 saw a higher number of refurbishment projects for Clergy Housing. After a period of less work being carried out due to Covid restriction, some of the projects were more complex and expensive than what normally would have been expected. There was a drawdown of £1.1m from the designated Maintenance Fund in 2022.

Strategic Report

The Church of England in London is vibrant and at the heart of communities within our Diocese. The trustees believe that, by promoting the work of the Church of England in the Diocese of London, the London Diocesan Fund (LDF) helps to promote the whole mission of the Church, including its pastoral, evangelistic, social and ecumenical aspects more effectively, both in the Diocese as a whole and in its individual parishes. In doing so it provides a benefit to the public throughout the LDF's activities. These activities are set out in more detail in the following report, and public benefit is considered in more detail on page 18.

Purpose of the London Diocesan Fund (LDF)

The purpose of the LDF is to do everything we can to support the mission and growth of the church in London.

In common with other Dioceses the LDF has responsibility for paying and housing parish clergy and providing training and support services. Parishes contribute to the cost of these services through the Common Fund.

Our activities are guided by the 2030 Vision – **'for every Londoner to encounter the love of God in Christ'**. The key themes of the 2030 Vision are:

Ambitions:

- Confident Disciples
- Compassionate Communities
- Creative Growth

Priorities:

- Growing Younger
- Safer Churches (Safeguarding)
- Racial Justice

These ambitions and priorities are underpinned by running an effective organisation and the wise stewardship of our resources, namely people, buildings and finances.

Achievements and Performance

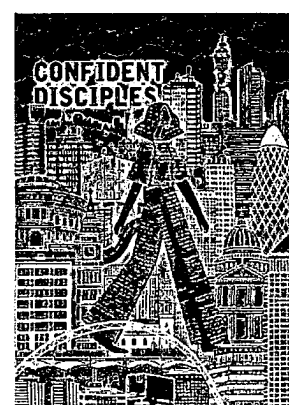
Three Ambitions:

1) *Confident Disciples*

Since getting into post on a part-time basis (3 days a week) at the end of April, the Discipleship Enabler has engaged with each of the five areas, involving 138 engagements with those on Area Teams, Deaneries and 11 individual Parishes. This has included a day long lay Stepney Area Conference with 70 lay leaders.

The initial focus has been on developing a framework to help churches explore how a shared Way of Life might deepen their discipleship. This resource was presented to the College of Bishops (LCB) and Senior Staff meeting in September. The format of meetings of LCB, Senior Staff and some Area Staff is already being informed by this work, with the inclusion of intentional prayer practices.

A process of familiarising churches with the draft resource has begun through the offer of Quiet Days. Three have been delivered so far: one to a Deanery, one to a PPC and Leadership team and one to a Diocesan team, involving a total of 10 clergy and 16 lay leaders. Another five are planned for the early part of 2023. The resource has also been presented through an hour-long seminar to 14 church leaders at a discipleship conference. Work



has been started to draw in our area Spirituality Advisors to help champion and deliver some of this work in their areas.

Aided by our Communications assistant (1 day a week with the Confident Disciples ambition), an online campaign introduced the Way of Life framework to the wider diocese. Bi-weekly videos on social media focused on practices that help us connect with God in our daily lives. Through Lent 2023, the London College of Bishops, together with lay leaders, presented prayer practices to enable us to Stay with God (the first of three movements in our Discipleship). Resources were provided to be used in churches alongside these online sessions. 563 individuals signed up to join the prayer sessions.

The Diocesan website is being developed to make it easier for churches to find resources that will help deepen discipleship within their specific context. Regular stories of everyday faith are being shared.

2) *Compassionate Communities*

The Compassionate Communities team equip churches by offering training and resources around their six themes of work - caring for God's creation; mental health & isolation; refugees, modern slavery & asylum seekers; money, debt & food insecurity; housing & homelessness; and safer communities for all young people. They held 11 training events in 2022.

The team also set up schemes that churches can participate in. Examples from 2022 include their clergy hosting scheme, which was in partnership with Housing Justice for hosting destitute asylum seekers, and coordinating support for those who wanted to host Ukrainian refugees. They supported, guided and matched 19 of our clergy to host Ukrainian families, at short notice.

The Compassionate Communities website has a wealth of resources for churches, and in 2022 the team recorded and uploaded 27 films to their YouTube channel. The films were a mix of inspiring stories and testimony from churches, interviews with charity partners about what they offer for churches, and online recordings of training and events for people to use as a resource. These received 2225 views from the channel and approx. 1400 views where they have been posted on other channels. For every 1 person coming to the events, there were 7 online hits on the film link.



The Compassionate Communities team built or maintained partnerships with 60 external charities/organisations across London as well as continuing to develop cross working within the LDF. They offer consultancy and advice directly to parishes: visiting, listening and where necessary following up with advice and introductions to organisations or resources.

The work of the team is communicated in a monthly e-newsletter, with 456 subscribers, and their social media channels are used to share resources and events. In 2022 they published 41 blogs on their website covering all of their themes of work, including from 29 guest authors/experts.

3) *Creative Growth*

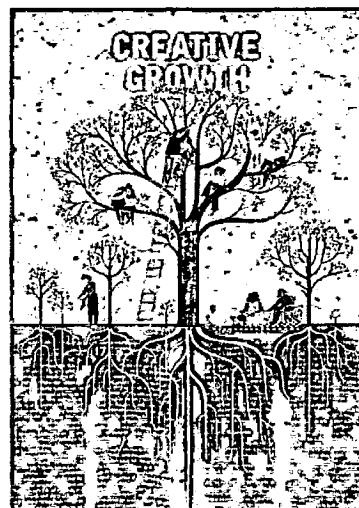
Our Creative Growth Team supports the growth and multiplication of every parish in the Diocese to reach new people, in new places, in new ways.

The Grow Course invites every parish to a journey of health, renewal, and multiplication, forming practices to grow in depth, breadth and impact. 78 London churches have completed the course. Introductory days continue to promote the course.

The Creative Growth team provide consultation, training and coaching for individuals and parishes interested in starting new worshipping communities. Digital stories and learning for planting are available online through CCX.org.uk. Eight new congregations have been supported over the year.

The Creative Growth Team consults, trains, and provides learning circles and digital resources for individuals interested in pioneering ministry.

Pioneer School, a partnership with CMS, is a year-long course to equip pioneers from which 21 people have now graduated. Pioneer advocates in each episcopal area encourage and assist in pioneering ministry.



Part of Creative Growth is championing the Church across estates; planting and supporting estate church communities. The Team provides training courses, online stories, digital learning and resources to start new congregations with Christian leaders who have rich contextual knowledge and experience. Estates advocates in each episcopal area champion the starting of new worshipping communities and support those interested in ministry on estates.

The Creative Growth team supports resource churches with planting curates and ongoing learning. Since 2018, 24 planting curates have been placed across 18 Resource Churches.

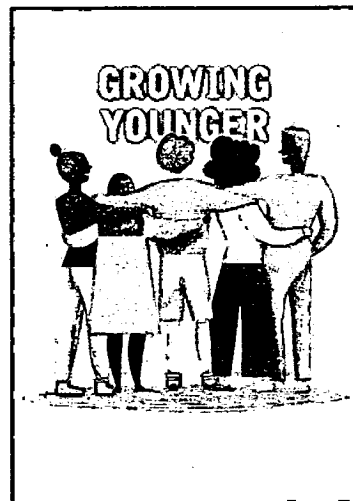
Three Priorities:

1) *Growing Younger*

Our Growing Younger team offer training and development to raise standards of children and youth provision across the diocese. They now have seven courses available on their online learning platform, with over 290 subscribers.

17 clergy attended 'Launchpad' in-person training in 2022, to help them plan youth work in their parish. Of those who have attended Launchpad training, over 60% have launched new youth work. The team have also offered topical training events throughout the year, alongside 'Cultivate' - a year-long course for paid workers providing them with the foundations to thrive in their role.

Over 100 parishes a year are supported by the Growing Younger team with bespoke consultancy to develop their youth work. This has included visits to parishes to observe practice, helping with recruitment, management, and troubleshooting, and supporting parish youth workers in their roles and with career development.



The Growing Younger team continue to run two key programs (funded from National Church grants) –

- The three-year Apprenticeship scheme trains new workers in parishes. Nine apprentices are currently on placement in a parish. So far, 19 apprentices have graduated from the programme.
- The Spark Fund supports young people's missional ideas to share their faith with their own generation. In 2022, a mini-grant programme was introduced with a simpler process of application which has already seen six projects apply.

Each of the five Episcopal Areas has a member of the Growing Younger team assigned to them to ensure good support. Work has begun in planning Growing Younger training days in each Episcopal Area.

2) *Safer Churches*

The Safer Churches Team provides professional safeguarding advice and support to ensure a Safer Diocese.

Each Episcopal Area has a Diocese Safeguarding Advisor (DSA) visiting parishes, both as part of case work management and to develop local relationships and offer guidance. A Safer Churches Co-ordinator continues to develop a comprehensive programme of practice improvement. The team receive an average of 61 concerns or allegations per month. The live case load sits at around 80 open non PCR2 cases and around 35 Safeguarding Agreements are being managed at any one time.

The team provide communications to parishes. Webpages are kept up to date and a monthly safeguarding newsletter has an extensive readership (with an email opening rate of around 60%). The Head of Safeguarding and the DSAs regularly attend Deanery Synods, Area Councils, and diocesan meetings.



The Diocese has invested in Parish Safeguarding Dashboards and is encouraging – through liaison between Area offices and the Safer recruitment project coordinator - every parish to utilise it as a proactive tool to support their safeguarding responsibilities. The dashboard is proving useful for safeguarding audits and archdeacon's visitations and active use is increasing.

The safer churches team provide a portfolio of safeguarding training. 35 leadership training sessions (750 attendees) were delivered in 2022. The same provision is planned for 2023 with the intention to run extra courses if there is demand. The Diocese invests in an online learning platform for 2500 users enabling personal professional development.

The team support safer recruitment and DBS applications (now required every three years). 1,607 enhanced DBS checks were completed in the first nine months of 2022. 27 enhanced DBS checks in the 6 months to October 2022 were returned blemished for investigation to a satisfactory conclusion by a DSA.

A past case review of over 5,000 files has been delivered following recommendations from the independent scrutiny team in 2018 that were accepted by the Archbishops Council and House of Bishops. Work is underway to translate the findings of this review into overall practice development.

3) *Racial Justice*

Throughout 2022 a monthly racial justice prayer e-bulletin has been sent out. There are 149 people signed up to receive it. The bulletin is produced by members of the racial justice prayer group to support parishes efforts in understanding the significance of various cultural celebrations and how we might honour these in our local context. It also raises awareness of the historic legacy of those involved in racial justice and the work still needed so impact can be made.

The Racial Justice Priority Group requested that the 22nd of the month to be denoted as racial justice prayer day in the Diocesan Cycle of Prayer.

Each Episcopal Area has a Dean of Racial Justice, to support the area teams to provide support at Areas meetings of GMH/UKME clergy events, to support to parishes who wish to speak into issues of racial justice, and to be trusted for impartial advice for those experiencing issues who may need a 'safe space'.

The Racial Justice pages on the diocesan website provide resources for parishes to access a range of materials, including a 10-point action plan to facilitate engagement with racial justice, a sign-up form to receive the monthly racial justice prayer e-bulletin, and blogs, articles and research reports to educate and inform conversations.

Anti-racism training has been provided for parishes in vacancy to enable them to become a force for change. Anti-racism training has also been rolled out across parishes in the Edmonton Area. Edmonton and Kensington Area Conferences focussed on racial injustice for 2022.

LDF support services to resource and support the church in London:

Ministry

The Ministry Team has undergone extensive change over the past year with two new appointments and a new Diocesan Director of Ministry.

The Ministry Team work with the Bishops to discern with all those who may have a vocation to ordained ministry supporting them from first exploration, through the discernment process, to their training at a theological education institution and on to their ordination. 208 Ordinands are in training. The 'Towards Ordained Ministry' Course, vocations courses, discernment groups, recruitment programmes and support to vocations advisors continue to be run.

An induction programme for all new incumbents is provided during their first year in post. New incumbents (after six months in post) are expected to attend a one-week residential to assist them in establishing themselves in their new role. Every new incumbent is assigned a trained mentor to accompany them for their first year to 18 months. Scheduled meetings with their bishop, archdeacon and Area Director of Ministry (ADM) also take place.

The team provide the tools and support for the bi-annual Ministerial Development Review (MDR) with a trained consultant for all clergy. A summary of the review together with objectives and development needs is returned to the reviewee's bishop and ADM, both of whom will respond appropriately. A copy of the return is retained in the reviewee's Blue File. The MDR process directly feeds into the Continued Ministerial Development (CMD) programme for lay leaders and clergy.

Trained interim workers and mediators work with clergy and PCCs where there is a need to identify the future for a parish or where there is conflict or pastoral breakdown.

Courses are run for clergy in their 50s (Renewing Vision Renewing Ministry – one week residential); those moving posts (Your Next Move - one day session); and those preparing for retirement (a residential for clergy and their spouses over 58 years old).

The Ministry Team, in partnership with training and resources from the Confident Disciples team, St Mellitus College and the St Edmunds Centre, supports people (including 300 lay ministers) who are exploring lay discipleship in the world, in the workplace and in the Church. This includes taking people through the discernment and training process for Licensed Lay Ministry.

Communications

The Communications Team produce a bi-weekly e-newsletter - 'Diocesan News' - with links to stories, need-to-know information and support for clergy and office holders. The aim is to inform and inspire ministry.

In 2022 the diocesan newsletters were sent out to a mailing list of 4,900 people, with an average open rate of 58%.

16 LDF staff receive support from the communications team to use Mailchimp, allowing them to send Area mailings or team newsletters (eg. the safeguarding newsletter).

The communications team manage three active social media channels to signpost timely news, events and updates. This affords two-way engagement and a sense of 'being part of something bigger'.

The Diocese has nearly 12,000 Twitter followers, 4,400 Facebook followers, and the growing Instagram account has over 1,850 followers. Regular engagement and conversations happen across all three platforms.

Maintaining the diocesan website is an important aspect of the team's work, publishing news stories and making regular updates to resources/support pages where necessary. In 2022 the website had 865,000 views with 570,000 individual users.

Via the diocese's PR agency, Luther Pendragon, the communications team provides media support to clergy and their parishes, by phone and email, for both crisis communications and good news stories. Press releases are crafted for parishes and positive news stories sent out to the press.

The diocese and bishops gain regular coverage in Christian publications (e.g. The Church Times) alongside secular media (eg. the BBC, the Times etc) to showcase the Church in London at its best. The communications team also handles negative PR and crisis communications.

The diocesan team works with the national CoE digital team to train and equip parishes to have a good online presence. Training events are signposted, enquiries answered and communications advice maintained on the diocesan website.

Environment

Work on the environment and climate change remains part of the Diocese's Compassionate Communities ambition, as the Diocese progresses towards its target of net zero carbon by 2030.

By end of 2022, 170 out of 470 churches were signed up with the national Eco Church scheme, including 73 award winners (2 Gold, 13 Silver & 58 Bronze awards).

Support for churches and congregations is delivered by the Head of Environment and Sustainability, the Fundraising Administrator, the Creation Care Advisory Group and 5 teams of Area Champions. This includes advice to churches on solar panels, heat pumps, energy saving, churchyard conservation and other environmental projects. A comprehensive suite of webpages offers information and advice for parishes and others. This includes information to help minimise the financial impact of the energy crisis.

The LDF makes voluntary public disclosures, though these are not required under Streamlined Energy and Carbon Reporting (SECR). GHG (greenhouse gas) emissions in 2021 from the Diocese's churches and church halls are estimated at 10,800 tonnes net carbon dioxide equivalent (CO₂e), a 34.6% improvement in efficiency (Covid-adjusted) since 2005. Annual energy use was 47 gigawatt hours (gWh), a 28.1% improvement. These figures are derived from entries in the national CoE Energy Footprint Tool by dedicated parish staff and volunteers.

Greenhouse gas (GHG) emissions from fuel and power in the LDF's Causton Street offices in 2022 totalled 39.2 tonnes gross CO₂e¹ – 32.4% below 2019. Emissions net of renewable electricity and gas and offsetting were 4.1 tonnes, down 62.2%. Since January 2022, Diocesan House has been fully supplied by a new 'net zero' supplier².

The LDF is working towards completion in second quarter of 2023 of its estate terrier of operational housing properties; including baseline energy performance assessments, and a costed net zero carbon strategy.

Governance

In 2022 The Governance Team facilitated three meetings of the Diocesan Synod; six meetings of the Diocesan Bishop's Council; and 22 Area Councils (averaging just over four per Area). Matters considered and decisions made by these key governance bodies promote the mission and ministry of the parishes across the diocese. The Team also runs the elections to these bodies.

Governance advice is provided to clergy and parish officers across the Diocese. Typically, around 400 emails and phone calls requesting advice on PCCs, sub committees and APCMs are responded to. Additional zoom calls are occasionally arranged.

The Head of Governance participates in Ministry Development Clergy Study Days by leading the session on running APCMs. 16 members of the clergy took part in this session in the March 2022.

An annual letter (1,000 copies) is sent to PCC Secretaries on key governance matters, and to highlight any changes in the rules affecting parishes. In the Autumn of 2022, the Scales of Representation (lay representation) on the 2023 deanery synods were produced for approval by the Diocesan Synod.

The Team offer support to parishes on Data Protection via: 'iHasco' online training available for all parishes; a dedicated Data Protection email address (400 concerns since 2018); a 'Toolkit for parishes'; and a roadshow of

¹ International GHG Protocol, Scopes 1 & 2 + Transition & Distribution & Well to Tank emissions, as per CoE policy

² Renewable electricity, Scope 2; 75% green gas, 25% natural gas with offsetting, Scope 1

Data Protection workshops attended by 200 clergy and laity. A film of one of the workshops, the 'Toolkit,' and a pack of over 100 FAQs continues to be available on the diocesan website.

Housing & Investment Property

The housing team maintain clergy housing across the Diocese. In 2020, the team managed approximately 3,000 reactive repairs, 80-100 quinquennial maintenance projects, and 50-60 ongoing works projects.

The team have launched a new reactive repair reporting tool, Fixflo, which will make reporting and tracking repairs easier while also providing a customer feedback function.

In 2022, a new principal reactive repairs contractor was appointed, receiving positive feedback from clergy so far.

The housing team continue to ensure our clergy housing is safe to occupy. They managed over 550 gas boiler safety tests, are currently reinspecting all our clergy housing for asbestos and have completed around 135 surveys. They are rescheduling fixed wiring electrical inspections and aim to complete over 100 tests per year from 2023.

The housing team also generate income from our housing estate to reduce pressure on Common Fund giving. In 2022 they generated circa £2.5 million of income for the diocese from letting operational housing. They are currently developing a carbon net zero strategy for the diocesan housing estate. To enable the development of this strategy, condition surveys and energy performance assessments were carried out on clergy housing.

Parish Property Support

The team has five primary workstreams:

- DAC and other Faculty process, including advice on the care of churches
- Administration linked with the Mission & Pastoral Measure
- Closed Church leases and disposals
- Property Management: advice on leases, licences and disposals for parishes, alongside direct oversight of LDF property
- Fundraising for parishes and for LDF projects

The **Diocesan Advisory Committee's** role relates to the legal process of Faculty Jurisdiction. This includes alteration, improvement and repair of our active places of worship. London is blessed with DAC volunteer members who are experts, including leading authorities on planning, repair and facilitating use. A further panel of 12 volunteer architects review proposals and give technical advice.

The officers, volunteer members and archdeacons work within the framework of the legislation to deliver change with respect to buildings and the provision of facilities. Licenses and leases which are within the Faculty Jurisdiction (such as a party wall agreement with a church or churchyard) are supported by the asset managers within the team. Ecclesiastical exemption enables the diocese to take advice and recommend proposals for the alteration of listed and non-listed buildings.

The DAC legal process is managed by 2 full time equivalent officers who review in the region of 300 applications for works each year. In the coming year, we wish to add a further 1 full time equivalent officer to support this function and help move proposals through the legal channels more swiftly.

We also administer processes which are linked to the **Mission and Pastoral Measure** (2011). The Measure oversees the method by which clergy vacancies are filled, sets out the legal procedure for parish reorganisation and for closing consecrated church buildings and settling their future.

Throughout the diocese, there is a new emphasis on strategic planning, and facing up to change. This is expressed in our collective missional response to new populations as well as diminishing engagement, which

often results in alterations of parish boundaries, and the merging of benefices. We also administer Bishop's Mission Orders, which are a means of experimenting with new types of missional outreach and groups in collaboration with others, often across parish boundaries.

There was a very long period without any church closures, and we have a small number of consecrated church buildings which have not been in Anglican use for many years. Through the closing of these buildings, and the sale or leasing of these properties, we are able to release capital, and to make significant funding available for our active parishes. Over the past 12 months we have sold one building which released £1.2m for reinvestment. The support for this role was increased from 0.5 to 1 full time equivalent role and both the quality and quantity of pastoral work has increased. In 2019, 5 schemes were actively being processed, whereas at present 16 are active, with another 20 in development.

The **Closed Church portfolio** includes 30 former parish churches which closed, largely during the late 1970s and 80s, and were retained on long leases with repairing obligations. From 2000, these leases were not managed and the tenants have fallen dramatically behind on the investment set out in their agreements. It takes considerable effort to break long leases (involving a breach of covenant) but we are now working through a prioritised list. The repair deficit for these 30 buildings is close to £150m.

Investing LDF staff resource in this workstream is about reducing liability, regaining relationships in the local community and demonstrating to national bodies that we are capable of looking after our designated assets, i.e. listed buildings. The income will be returned as re-investment in open churches which is estimated at £15m over the next five years. In addition to battling the vagaries of the property market, greater staff resource is essential in steering these transactions in the right direction.

The **Property Management** element of the team's work gives advice and support on all aspects of the administration of leases, licences, disposals of freehold and other property matters. The small team of three - equivalent to 1.9FT - need to deal with over 2000 pieces of property. During an average year we facilitate about 420 leases and respond to another 1000 property queries. We work with agents to help parishes market their property more effectively for a higher return, which is key if we are going to remain financially resilient.

The very small team will, we hope, be increased by an additional 2FT posts in the coming year.

Fundraising became part of the Directorate's responsibility two years ago. Over this period, staff and consultants have secured over £17m of external funding for 85 different parishes as well as for the LDF. This funding relates to key building repairs, delivering training and providing new facilities to enable mission, as well as social and community outcomes.

In the next year we will seek a new Head of Development (Fundraising), as well as a senior manager. These new recruits will work with consultants to continue the excellent work already underway.

Financial Review

Financial summary

Total income increased by £4.2m to £52.0m in 2022 from £47.8m in 2021. We are grateful for the continuing generosity of the thousands of people who give to their parish and in turn to parishes that contribute to the Common Fund. This, together with continued use of our capital assets to generate additional income, enables the work of the LDF in funding stipends and housing for clergy across the Diocese. During the year, £1.8m (2021: £2.7m) was drawn down from the restricted Strategic Development funding awarded by the Church Commissioners.

London Diocesan Fund: Directors' and Trustees' Report for the year ended 31 December 2022

Total resources expended increased by £4.5m to £54.0m in 2022 from £49.5m in 2021, mainly due to cost of living and inflationary increases on expenditure.

The property team continued to manage the LDF's properties, providing the best possible service to clergy and parishes and maximising revenue from investment property and operational property temporarily not in use. Included in the activity were £3m of realised gains (2021: £8.8m) on tangible fixed assets, resulting from the reshaping of the property portfolio: a substantial part of this gain was reinvested in property as part of that reshaping. Operational properties are held at cost in the accounts and so the gains on sale represent the increase in value of the asset over the time it has been owned by the LDF, which in some cases was several decades.

Net expenditure for the year before investment gains, and other recognised gains and losses, across all funds was £2.0m (2021: net expenditure of £1.7m).

The following table shows an overall decrease in net assets of £8.9m for the year to £507.1m (2021: £516.0m).

	2022 £m	2021 £m
Operating Deficit	(2.1)	(1.7)
Pension deficit movements	0.4	0.6
<i>Sub-total</i>	(1.7)	(1.1)
Other recognised gains and losses:		
Net gains/(losses) on investments	(5.0)	6.5
Unrealised gains on tangible fixed assets	(5.3)	14.6
Realised gains on tangible fixed assets	3.0	8.8
<i>Net movement in funds for the year</i>	(9.0)	28.8
Balances as at 1st January	516.0	487.2
Balances as at 31st December	507.0	516.0

Budget and outlook for 2023

The effect of the Covid-19 pandemic was still being felt in the first half of 2022, followed by the cost of living crisis. As the prime purpose of the LDF is to support the mission and growth of the church in London, it has been an important time for the LDF to be able to support the clergy and parishes in the Diocese.

A deficit budget for the general fund has been set for 2023. It remains the aim of the LDF to have objectives which are affordable and sustainable. While the budgets for the past decade have been balanced, it was already clear, pre-Covid, that significant challenges lay ahead. Costs were expected to increase with inflation while increases in Common Fund pledges were not keeping pace. This challenge has been exacerbated by the Covid-19 pandemic and cost of living crisis, as parishes are under increasing financial pressure. Due to wise stewardship in the past the LDF is fortunate to have reserves which are being used to fund the deficits in the short term. In spending these reserves to cover the general fund deficit, they are no longer available to generate investment income nor to fund some of the other proposed projects of the LDF.

While it is hoped to return to balanced budgets within the next couple of years, having reviewed cash reserves and financial projections, the Trustees are confident that the LDF finances are sufficiently robust to weather this ongoing uncertainty, and the Trustees have no doubts over the continued operation of the LDF.

At this time of challenge, we look to deepen trust and dependence on God and to encourage each other in prayer and faith.

Policies

Reserves policy and management

At the end of the year to 31 December 2022 the LDF held net assets of £507.1m (2021: £516.0m), split between the various funds as shown in the table below:

Fund categories	2022 £m	2021 £m
General	7.5	8.1
Designated	143.9	170.6
Restricted	31.0	30
Endowment	324.6	307.3

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

General reserves at 31 December 2022 were £7.5m (2021: £8.1m). This level of reserves is considered to be appropriate for the time-being due to the ongoing economic uncertainty, the high levels of inflation, and the expected operating deficits. The level is kept under review.

Designated reserves to the value of £143.9m (2021: £170.6m) include the following key funds:

LDF Property Fund £136.9m (2021: £148m). This fund represents both operational and investment property that are not covered by Measures that govern Stipends Capital and Parsonages. Operational Property of £74.9m (2021: £74.1m) representing Diocesan offices, and over 100 units of property generally used to house clergy who are not housed in parsonages. Investment property fund of £61.9m (2021: £73.8m) used to generate income for the following purposes:

- To mitigate financial risk, such as significant changes in the environment in which the LDF operates and to protect the LDF from insolvency or serious disruption to its work.
- To aid an equitable balance of expenditure between generations. Many of the assets used by the LDF today were provided by past generations and there is a need to preserve these assets for future generations.
- To supplement the Common Fund in furtherance of the LDF's charitable objectives.

The clergy pension reserve is no longer in deficit. As at 31 December 2022, clergy pension plan assets cover future liabilities in full (2021: deficit of £1.0m). Further details can be found within note 15(b).

Other designated funds include the Diocesan Loan Capital fund of £2.2m (2021: £2.2m) used to provide loans to parishes, often to enable them to undertake major capital projects that would otherwise not be able to proceed. More information on other funds can be found in Note 13a.

Restricted reserves with a value of £31.0m (2021: £30.0m) are restricted in their application in accordance with conditions specified by the donors, the main reserves being Sole Trust Expendable Funds, Closed Church Buildings Operational Property and Closed Church Buildings Investment Property. The funds include those managed on behalf of the Angola, London and Mozambique Association (ALMA) of £1.9m (2021: £2.2m).

Endowment reserves with a value of £324.6m (2021: £307.3m) mainly comprise of restricted expendable endowment funds. These include glebe assets, consisting of historic endowment land given to provide stipends for parochial clergy, now owned and managed by LDF, and Parsonage House capital, representing the net book value of freehold and leasehold benefice houses.

Investment policy

Policy

The investments managed by the LDF are in two clear classes: a) Investment Property and b) Investment Funds (Equities and Bonds). The LDF regularly reviews its investment policy and receives periodic guidance from its Non-Property Investment Guidance Group and from the Property Guidance Group.

The LDF acts within its powers as a charity and is mindful of the approaches taken by the wider Church of England, and in particular the advice of the Ethical Investment Advisory Group (EIAG). The LDF believes that incorporating ethical considerations into our Investment Process is in the best interests of the organisation and consistent with both our Memorandum and Articles of Association and the values of our stakeholders. The LDF aims to be a responsible and ethical investor across all assets.

The following policy relates to investment funds. A complementary policy for property is due to be developed.

Investment Funds (Equities and Bonds)

- The LDF invests in investment funds rather than directly in a segregated portfolio of shares, in order to achieve an acceptable level of risk and fees whilst achieving diversification with a relatively modest amount of funds invested (c£46m as at December 2022).
- The LDF will choose funds that meet the returns target set and meet our Ethical, Social and Governance (ESG) criteria.
- The LDF invests in Funds that sign-up to the UN-backed Principles for Responsible Investment (UNPRI) and/or the UK's Stewardship Code, and this informs discussions with fund managers. We therefore expect that fund managers will engage effectively to ensure companies are incentivised to act justly.

However, there are certain areas of activity in which we do not wish to invest. This is generally because to do so would be in conflict with the missional aims and objectives of the Church.

The LDF has an ethical investment policy that applies primarily to its non-property investments. The policy was reviewed and revised in 2022 and in January 2023 the Bishops Council agreed to the exclusion of Fossil Fuel Extraction. This change in policy is expected to be implemented in 2023.

The policy states that the LDF will invest only in investment funds that have exclusions as set out in the table below. In instances where fund managers have such exclusions by practice rather than by policy, the LDF will continue to engage regularly with the fund managers and review the portfolio.

<i>LDF Exclusions and Requirements</i>	<i>Investment type/requirement</i>
<i>LDF excludes investment in the following sectors:</i>	Arms
	Pornography
	Tobacco
	Gambling
	Fossil Fuel Extraction
<i>LDF requirement of Fund Managers</i>	High Interest Lending
	Be signatories to UNPRI and/or UK Stewardship Code

**Revenue exclusions prohibit individual underlying holdings which generate revenue in excess of 5% of the stated rate from the specified investment category.*

Investment returns

Investment property

The strategic work to reshape the investment property portfolio continues as we look to increase the level of income generated from the asset base. This work commenced in 2013, when net income of £1.3m was generated and by 2023 it will exceed £4.0m. A large site in Central London was sold in January 2022 with proceeds invested in a mixed retail site in Croydon. In total the investment property portfolio generated net income in excess of £3.8m in 2022 (2021: £3.6m).

London Diocesan Fund: Directors' and Trustees' Report for the year ended 31 December 2022

The portfolio has seen significant capital growth since inception although property values decreased due to adverse market conditions in 2022, leaving a value of £121.8m (2021: £126.3m)

Equity Investments

Investments in equities, fixed interest securities and other quoted securities amounted to £46.2m (2021: £51.4m). Losses of £5.0m were sustained (2021: gain £6.5m) and investment income of £2.6m (2021: £1.7m) received.

The losses in the capital value of the above investments, of the order of 9.8% were higher than the movement in the value of the FTSE all-share index, which fell by 4.1% in 2022. As a result of the Covid-19 pandemic, as well as the more recent invasion of Ukraine, global markets have seen significant volatility in share value. LDF investments are held with a view to long term growth and income generation.

	2022 %	2021 %	2020 %	2019 %	2018 %	2017 %
Historical gains/(losses) on LDF investments	(9.8)	14.9	1.3	19.9	(11.2)	7.5
Historical gains/(losses) on FTSE all-share index	(4.1)	14.5	(12.5)	14.0	(12.3)	7.7

Valuation of operational property assets

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

Pension schemes

Church of England Funded Pension Scheme – Clergy: From January - March 2022, the overall pension contribution rate was 39.9%, with deficit recovery contributions of 7.1%. However, it was clear through valuation as at December 2021 that the scheme is now in surplus. From April 2022, the overall contribution rate was reduced to 36%. This has been reduced further to 28% from January 2023.

As of 31 Dec 2022, pensions liability was valued at NIL (2021: £1.0m), therefore, it has been agreed there will be no deficit contributions made towards the clergy pension scheme for the foreseeable future.

Lay Church Workers' Pension Fund:

The final salary section was closed to future accrual on 31 December 2021 with all members transferring to the PB14 section, a defined contribution scheme, from 1 January 2022.

Lay Defined Contribution Scheme:

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

Risk management

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

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

In March 2020, the effects of the Covid-19 virus pandemic started to be felt in the UK. In accordance with the government guidance, the LDF put measures in place to protect the welfare of its staff and stakeholders. The LDF has continued to adapt to changing restrictions and guidance during 2022. Staff have returned to the office on a hybrid basis when possible, and churches have reopened for worship, implementing local measures as appropriate.

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

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

Funds held as custodian trustee

The LDF is custodian trustee for trust assets of £18m (2021: £20.7m). Most of these trusts are held on behalf of parishes whose charitable purposes are broadly parallel to those of the LDF. Assets held under these trusts are held separately from those of the LDF. Detailed certificates of holdings as at 31 December 2022 have been sent to parishes and other managing trustees.

Other matters

The LDF also supports connected charities, one of which is the London Diocesan Board for Schools, to which we grant the use of facilities at London Diocesan House to the value of £367k (2021: £339k), and to whom a cash grant of £171k was made in 2022 (2021: £171k).

Other support is provided to parishes in the form of grants and loans. In 2022 grants to London parishes totalled £2.8m (2021: £1.6m). This includes funds from National Church Strategic Development Funds (SDF).

In December 2022, Martin Sergeant, a former Operations Manager to the Archdeaconry of London, pleaded guilty to the theft of £5.2m. The monies in question were not stolen from the LDF but associated parties. The LDF has been in close contact with Action Fraud and the Charity Commission during the investigation and has commissioned an independent enquiry into the circumstances surrounding the theft.

Plans for future periods

We believe that the effect of the Covid-19 pandemic will continue to be felt for months if not years to come and we will continue to support London parishes and worshipping communities through this time. However, our aim to support the mission and growth of the Church in London in the years ahead remains and is given new expression through our 2030 Vision. We will continue to work through the outworking of this Vision over future periods.

Going concern

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

Accordingly, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and do not believe that there are any material uncertainties as to the going concern of the charity. Therefore, the trustees are content that the charity continues to adopt the going concern basis of accounting in preparing the annual accounts.

Governance, structure and management

The Diocese of London

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

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

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

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

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

The London Diocesan Fund

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

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

Management and senior staff

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

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

General Secretary:

Director of Housing and Investment Property:

Interim Director of Housing and Investment Property:

Director of Human Resources and Safeguarding:

Director of Finance and Operations:

Director of Parish Property and Fundraising

Director of Strategy and Communications:

Mr Richard Gough

Mr William Hagger (resigned 31 March 2023)

Mr Jeremy Lock (appointed 6 March 2023)

Mrs Suzanne Long (resigned 28 February 2023)

Mr Christopher Harris

Mr Kevin Rogers

Mr Angus Stephenson

Remuneration

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

Statutory functions

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

Charity Governance Code

The LDF has incorporated the 'Charity Governance Code' as a key tool in its governance management framework. At each meeting of the charity's Audit and Risk Committee a section of the Code is reviewed and the LDF's application of it assessed. The aim is to develop and embed the Code's principles and practices in the organisation's operations. During 2021, a Board Effectiveness Review was conducted by an external organisation.

Principal activities

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

It does this operationally through the provision of stipend and housing to parish clergy and chaplains and supporting their ministry as well as that of the parishes and other worshipping communities.

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

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

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

Fundraising

The LDF fundraising plan incorporates three streams:

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

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

Public benefit of activities

The trustees have a statutory duty under the Charities Act 2011 to have regard to the public benefit guidance issued from time to time by the Charity Commission. The trustees have noted the Charity Commission's guidance *Charities and Public Benefit* and have regard to this in making relevant decisions. Guidance was included in the

Trustee Induction material distributed to the Diocesan Bishop's Council in Spring 2022. The trustees believe that this report, taken as a whole, provides evidence of the public benefit of the charity's work in 2022.

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

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

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

Committees

The Diocesan Synod has appointed the Bishop's Council as the *Diocesan Mission and Pastoral Committee*. The Council has delegated certain powers to Area Councils and to the Diocesan Finance Committee (DFC). Additional members may be co-opted by these committees and councils or nominated by the Diocesan Bishop.

Diocesan Finance Committee

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

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

Audit and Risk Committee

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

The ARC ensures that the LDF's financial control and regulatory and statutory reporting are effective, that their accounts are appropriately audited; that risks are appropriately identified, assessed and managed; and that incidences of actual or alleged malpractice and fraud are reported, and necessary action taken on them.

Trustee training

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

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

Disclosure of information to auditors

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

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

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

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

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

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

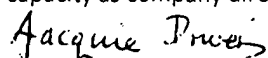
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

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

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

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

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



Jacquie Driver
Chair of the Diocesan Finance Committee
10 May 2023

Appendices – committee membership and administrative details

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

All members of the Bishop's Council are directors and members of the company for the purposes of the Companies Acts and are trustees under charity law. The following members served during the period from 1 January 2022 until 10 May 2023, the date of approval of this report:

Chair

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

The Dean of St Paul's Cathedral,
the Very Revd Andrew Tremlett (from
21/09/22)

Lay & Clerical Vice Chairs

Mr Ade Adebajo
Diocesan Synod House of Laity
The Revd Christopher Trundle
Diocesan Synod House of Clergy

Elected by the House of Laity, Diocesan Synod

Miss Susan Cooper (until 25/01/23)
Dr Phillip Rice
Mr Stephen Garside
Mr Jonathan Wolstenholme
Mr Toby Partridge

Ex Officio

The Bishop of Stepney,
the Rt Revd Joanne Woolway Grenfell
The Bishop of Kensington,
the Rt Revd Dr Graham S Tomlin (until
31/08/22)
The Bishop of Kensington,
the Rt Revd Dr Emma Ineson (from
19/02/23)
The Bishop of Edmonton,
the Rt Revd Robert J Wickham
The Bishop of Willesden,
the Rt Revd Lusa Nsenga-Ngoy (from
06/02/22)
The Bishop of Fulham,
the Rt Revd Jonathan M R Baker
The Bishop of Islington,
the Rt Revd Ric C Thorpe
The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Peter Farley-Moore (from
10/04/22)
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford
The Archdeacon of Charing Cross,
the Ven Adam Atkinson
The Dean of St Paul's Cathedral,
the Very Revd Dr David J Ison (until
15/09/22)

Nominated by the Bishop of London

Mr Richard N Perry
Ms Jacquie Driver (from 1/01/22)
Mr Paul Nicholas (from 13/02/22)

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

Two Cities

The Revd Luke Ijaz (from 04/01/22)
Mr Brian O'Donoghue
Mr Jeremy Thomas
Mrs Sarah Finch
Mr Zi Ken Toh

Stepney

The Revd Graham Hunter
Mrs Christina T Sosanya
Ms Josile Munro
Mr Peter Sinclair (from 04/01/22)

Kensington

The Revd Samuel Cross
The Revd Samuel Follett
Mr David Hurst
Mrs Sarah Tett
Mr Kenneth Riley (until 16/07/22)

Edmonton

The Revd Thomas Watts
Mr Inigo R M Woolf
Dr Christopher R M Ward
Miss Amanda McIntyre
Mrs Margarita Barr-Hamilton

Willesden

The Revd Christopher Phillips
The Revd Matthew Cashmore
Mr John R Dolling
Mr Clive R Scowen

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

Members of the Diocesan Finance Committee as at 10 May 2023

(also Members of the Bishop's Council)

The Archdeacon of London,
the Ven Luke J Miller
The Archdeacon of Hackney,
the Ven Peter Farley-Moore (from 10/4/22)
The Archdeacon of Middlesex,
the Ven Richard Frank
The Archdeacon of Hampstead,
the Ven John E I Hawkins
The Archdeacon of Northolt,
the Ven Catherine R Pickford
The Archdeacon of Charing Cross,
the Ven Adam Atkinson
The Revd Christopher Trundle
The Revd Matthew Cashmore (from 23/05/22)
Mr Ade Adebajo
Ms Jacquie Driver (Chair) (from 01/01/22)
Mr Paul Nicholas
Mr Inigo R M Woolf
Mr David Hurst
Ms Josile Munro
Mr Clive Scowen
Mr Stephen Garside (from 23/05/22)

(not Members of the Bishop's Council)

Mr Andrew Garwood-Watkins
Mr Antonio Joseph (until 12/09/22)
Mr Anthony Dixon
Mr Julian Desborough
Mr Michael Bithell
Mr Noel Manns
Mr Rich Spens
Mr Richard Myers
Ms Juliet Maggs

Members of the Audit and Risk Committee as at 10 May 2023

(also Members of the Bishop's Council)

Mr Richard N Perry (Chair)

Dr Phillip Rice
Stephen Garside (from 05/05/22)

(not Members of the Bishop's Council)

Mr Don Bawtree
Mrs Elizabeth Marshall
Mr Mohan Yogendran
The Revd Owen Higgs
Mr Christopher Longden

The Bishop of London's Fund

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

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

Other trustees of the Bishop of London's Fund

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

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

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

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

The London Diocesan Board of Finance

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

Trustees: The Trustees of the LDF
Secretary: Mr Richard Gough

London Diocesan Fund: Directors' and Trustees' Report for the year ended 31 December 2022

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

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

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

Professional Advisers

Auditors

Haysmacintyre LLP
10 Queen Street Place,
London EC4R 1AG

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Insurers

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

Solicitors

Birketts LLP
106 Leadenhall Street
London EC3A 4AA

Communications Consultants

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

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

Opinion

We have audited the financial statements of London Diocesan Fund for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Summary Income and Expenditure Account, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

London Diocesan Fund: Directors' and Trustees' Report for the year ended 31 December 2022

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



Adam Halsey
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 3 July 2023

10 Queen Street Place
London EC4R 1AG

London Diocesan Fund: Financial Statements for the year ended 31 December 2022

Statement of Financial Activities – for the year to 31 December 2022

		Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
		General	Designated	Funds	Funds	2022	2021
		£m	£m	£m	£m	£m	£m
Income and endowments from	Notes						
<i>Donations, legacies & grants</i>							
Common Fund		22.7	-	-	-	22.7	21.6
Parish reimbursements for clergy costs		3.8	-	0.3	-	4.1	4.1
Donations and legacies		0.8	0.1	2.2	-	3.1	1.5
Church Commissioners		-	-	6.4	-	6.4	5.6
City Church Fund		2.6	-	-	-	2.6	4.7
<i>Charitable activities</i>							
Operational property rental income		3.9	-	0.1	-	4.0	3.2
Parochial fees		0.4	-	-	-	0.4	0.4
<i>Investment Income</i>						-	
Dividends and interest receivable	11a	2.3	-	0.3	-	2.6	1.7
Investment property rentals	11b	4.8	-	0.4	-	5.2	4.3
<i>Other income</i>		0.1	0.5	0.3	-	0.9	0.7
Total income		41.4	0.6	10.0	-	52.0	47.8
Expenditure on							
<i>Raising funds</i>							
<i>Investment management costs</i>							
Rental portfolio costs-agent fees		0.5	-	-	-	0.5	0.4
Investment property repairs and maintenance		0.5	0.2	0.1	0.1	0.9	1.8
<i>Charitable activities</i>							
Ministry		26.5	0.3	5.3	-	32.1	31.0
Education and outreach		1.1	-	-	-	1.1	0.8
Parish and Area support services		1.9	-	0.4	-	2.3	2.2
Clergy housing and property costs		9.9	1.0	0.6	0.2	11.7	7.9
National Church		1.8	-	-	-	1.8	3.0
Grants to parishes and overseas		0.2	0.6	2.4	-	3.2	1.9
<i>Other expenditure</i>		-	0.1	0.4	-	0.5	0.5
Total expenditure	5	42.4	2.2	9.2	0.3	54.1	49.5
Net income/(expenditure) before investment gains		(1.0)	(1.6)	0.8	(0.3)	(2.1)	(1.7)
Realised gains on tangible fixed assets		-	0.8	0.6	1.6	3.0	8.8
Net gains/(losses) on investments	8	-	-	(0.7)	(4.3)	(5.0)	6.5
Net incoming resources for the year		(1.0)	(0.8)	0.7	(3.0)	(4.1)	13.6
Transfers between funds	13d	0.4	(14.5)	0.6	13.5	-	-
Other recognised (losses)/gains							
Pension deficit movement		-	0.4	-	-	0.4	0.6
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	(11.8)	(0.3)	6.8	(5.3)	14.6
Net movement in funds for the year		(0.6)	(26.7)	1.0	17.3	(9.0)	28.8
Reconciliation of funds:							
Funds at 1 January 2022		8.1	170.6	30.0	307.3	516.0	487.2
Funds at 31 December 2022		7.5	143.9	31.0	324.6	507.0	516.0

London Diocesan Fund: Financial Statements for the year ended 31 December 2022

Balance Sheet – as at 31 December 2022
150856

Company number:

	Notes	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2022	Total 2021
		General £m	Designated £m	£m	£m	£m	£m
Fixed Assets							
Operational property	7a	-	86.9	2.4	245.9	335.2	328.2
Investment property	7b	-	82.0	9.3	30.5	121.8	126.3
Non-property investments	8	-	0.4	8.1	37.7	46.2	51.4
Fixtures and fittings		0.1	-	-	-	0.1	0.2
		0.1	169.3	19.8	314.1	503.3	506.1
Current Assets							
Debtors	10a	3.0	1.8	2.4	-	7.2	13.2
Cash at bank		9.0	(16.7)	9.6	10.5	12.4	18
		12.0	(14.9)	12.0	10.5	19.6	31.2
Creditors							
Amounts falling due within one year	12	(4.6)	(1.0)	(0.8)	(0.1)	(6.5)	(5.7)
Net Current Assets		7.4	(15.9)	11.2	10.4	13.1	25.5
Total assets less current liabilities		7.5	153.3	31.0	324.6	516.4	498.7
Creditors – amounts falling due after one year							
Pension scheme liabilities	15	-	-	-	-	-	(2.6)
Other creditors	12	-	(9.4)	-	-	(9.4)	(8.9)
Net Assets		7.5	143.9	31.0	324.6	507.0	487.2
Funds							
General		7.5	-	-	-	7.5	5.1
Designated	13a	-	143.9	-	-	143.9	160.9
Restricted	13b	-	-	31.0	-	31.0	27.7
Endowment	13c	-	-	-	324.6	324.6	293.5
Total Funds		7.5	143.9	31.0	324.6	507.0	487.2

The financial statements on pages 28 to 61 were approved, and authorised for issue, by the Diocesan Bishop's Council on 10 May 2023.

Jacque Power

Jacque Driver
Chair of the Diocesan Finance Committee

Christopher Trundle

The Revd Christopher Trundle
Clerical Vice-Chair of Bishop's Council

Summary income and expenditure account – for the year to 31 December 2022

	2022 £m	2021 £m
Income	52.0	47.8
Expenditure	(54.1)	(49.5)
Net (expenditure) before investment gains	(2.1)	(1.7)
Net (losses)/gains on investments	(5.0)	6.5
Realised gains on property assets	3.0	8.8
Net (expenditure)/income for the year	(4.1)	13.6
Other comprehensive income:		
Unrealised (losses)/gains on property assets	(5.3)	14.6
Net movement on defined benefit pension schemes	0.4	0.6
Total comprehensive (expenditure)/income	(9.0)	28.8

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 28 with movements in endowment funds excluded to comply with company law.

Cash flow statement – for the year 31 December 2022

		2022 £m	2021 £m
Net cash (outflow) from operating activities	Notes 14a	(16.7)	(0.5)
Net cash inflows from investing activities	14b	7.6	3.9
(Reduction)/increase in cash in the year		(9.1)	3.4
Cash and cash equivalents			
As at 1 January		21.4	18.0
As at 31 December		12.3	21.4

The notes on pages 31 to 61 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

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

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

1.1 Basis of preparation

The LDF prepares its annual financial statements on the historical cost basis of accounting as adjusted for the revaluation of investments and investment properties. The financial statements are prepared on a going concern basis (see page 16).

1.2 Key judgements

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

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

1.3 Funds

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

Unrestricted Funds

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

- General Funds
- Designated Funds (note 13a)

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

Restricted Funds (note 13b)

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

Endowment Funds (note 13c)

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

1.4 Taxation status

The LDF is a registered charity and as such is able to take advantage of exemptions granted under the relevant tax legislation including the Corporation Taxes Act 2010. It is not liable to corporation tax on charitable income or income from charitable activities.

1.5 Pensions

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

1.6 Statement of Financial Activities

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

<u>Income</u>	<u>Explanation</u>
Donations, legacies and grants	
Common Fund	Contributions paid by the churches in the Diocese of London to the LDF
Parish reimbursements for clergy costs	Amounts received in respect of clergy involved in largely local initiatives, financed directly by parishes or other institutions
Donations	Gifts from external organisations and individuals
Church Commissioners	Grant income from the Church Commissioners
City Church Fund	Grant income from the City Church Fund
Charitable Activities	
Operational property rental income	Operational property is usually held to house clergy. Where property is not used for this purpose in the short-term, it is let out at market rates to generate additional income. Designated and glebe operational rental income is receivable within general funds.
Parochial fees	Parochial fees are statutory charges for weddings and funerals, of which part is due to the local PCC, and part is due to the LDF. The LDF element is used to help fund the overall stipends bill.
Investment Income	
Dividends and interest receivable	Income arising is credited to the relevant funds on a receipts basis for dividends, and on an accruals basis for interest income.
Investment property rental income	Investment property is let out at the market rate. Designated and glebe investment rental income is receivable within general funds.
<u>Expenditure</u>	<u>Explanation</u>
Raising funds – investment management costs	
Rental portfolio costs: agent fees	Agent fees paid in relation to the management of the property portfolio.
Investment property repairs and maintenance	Repairs and maintenance relating to the investment property portfolio.

Charitable activities

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

1.7 Tangible Fixed Assets

Property

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

(a) Benefice Houses

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

Depreciation

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

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

(b) Burial Grounds

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

(c) Closed Church Buildings

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

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

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

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

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

(f) Fixtures, fittings and equipment

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

Depreciation.

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

1.8 Financial instruments

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

1.9 Investments

Investment Property

The trustees' policy is that freehold and long leasehold properties held for investment purposes have been included at the trustees' best estimate of market value. In 2022 a detailed review of the LDF's investment property resulted in the vast majority of its investment property portfolio being professionally valued externally. Valuations were conducted by Cluttons LLP. Future external valuations will take place as required, in accordance with relevant accounting standards. Interim valuations for the top 30 value properties are undertaken in intervening years by external valuers, the rest of the portfolio is to be valued by a suitably qualified officer of the LDF.

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

Other Investments

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

1.10 Custodian Trusts

Trusts where the LDF acts as custodian trustee with no control over the management or use of the funds are not included in the Balance sheet or Statement of Financial Activities of the LDF. A separate Balance sheet and Statement of Financial Activities is set out on page 64 with supporting notes on pages 65 to 67. The custodian trustee funds have been subject to a non-statutory audit and the audit report thereon covering pages 64 to 67 is to be found on page 68.

2. Post balance sheet events

There have been no material events to report since 31 December 2022 which affect the values stated in these accounts.

3. Net incoming resources for the financial year

The net incoming resources for the financial year is stated after charging

	2022	2021
	£'000	£'000
Depreciation – fixtures, fittings and equipment	106	46
	<u>106</u>	<u>46</u>
Auditors' Remuneration (including VAT)		
Statutory audit	34	29
Non-Audit Services:		
□ Tax advice	4	12
□ Non-statutory review of Custodian Trusts	2	2
	<u>40</u>	<u>43</u>

4. Staff and Clergy Costs

<i>Costs of lay staff</i>	2022	2021
	£'000	£'000
Wages and Salaries	4,164	3,510
Employer's National Insurance	447	350
Employer's Pension contributions	923	822
	5,534	4,682
Charge to pension deficit (Lay staff pension scheme)		
<i>See note 15(a)</i>	-	609
	5,534	5,291

The Full Time Equivalent average number of lay people employed on diocesan business, and funded out of unrestricted general funds, was 74 (2021: 65). A further 27 Full Time Equivalent lay employees (2021: 23) were funded from restricted or designated funds. Therefore, the Full Time Equivalent average number of people employed was 101 (2021: 88).

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

	2022	2021
	No	No
£120,001 - £130,000	1	-
£110,001 - £120,000	1	-
£100,001 - £110,000	-	1
£90,001 - £100,000	1	1
£80,001 - £90,000	1	-
£70,001 - £80,000	2	3
£60,001 - £70,000	2	3

Emoluments, above, is defined as gross salary.

Aggregate employer normal pension contributions for all the higher-paid employees were £ 99,472 (2021: £146,424) payable to defined contribution pension schemes. There were 0 (2021: 0) higher-paid employees who were members of the defined benefit pension scheme.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility delegated to them by the trustees for planning, directing and controlling the activities of the diocese. For these purposes, key management are deemed to be the senior management group (see page 17) and the trustees.

Remuneration for the Senior Management Group amounted to salary of £558,449 (2021: £479,820), Employer's NI £66,749 (2021: £59,484), and Employer's pension contributions of £80,017 (2021: £122,724). Expenses reimbursed amounted to £4,113 (2021: £3,516).

Clergy costs

As at 31 December 2022 there were 2 individuals (2021: 2) who (following the implementation of the Ecclesiastical Offices (Terms of Service) Measure 2009 in February 2011) are legally employees of the LDF, despite being on the clergy payroll. Where their costs fall to the LDF, they are included in the clergy disclosure note below. In total for 2022, costs for those individuals who were included on the clergy payroll at any point in the year included gross stipends of £56,056 (2021: £72,258), employer's NI of £4,660 (2021: £7,236) and employer's pension contributions of £18,683 (2021: £20,063).

In addition, in 2022 there were 14 ordained clergy (2021: 22) who, whilst undertaking ministerial work, were required to be included in the LDF payroll. In total for 2022, their costs included gross stipends of £533,690 (2021: £682,823), employer's NI £59,225 (2021: £65,841) and employer's pension contributions of 144,231 (2021: £222,011). These costs are excluded from the cost of lay staff on page 35.

London Diocesan Fund: Financial Statements for the year ended 31 December 2022

4. Staff and Clergy Costs (continued)

Clergy holding parochial or archidiaconal posts

(including Common Fund clergy, off-Common Fund clergy and chaplains.)

	2022	2021
	£'000	£'000
Gross stipends	15,369	14,919
Employer's National Insurance contributions	1,104	1,219
Employer's pension contributions	5,174	5,494
	<u>21,647</u>	<u>21,632</u>
Average number of total stipendiary clergy posts	533	539
Number of total stipendiary clergy posts at 31 December	533	538

5. Governance costs and the allocation of Support Costs between Charitable Activities

	2022	2021
	£'000	£'000
Support costs (allocated below)		
Salary and employment costs	2,195	2,370
Office costs	1,063	419
Governance costs	448	594
	3,706	3,383

Resources Expended	Before allocation of support costs £'000	Support costs £'000	Total 2022 £'000	Total 2021 £'000
Raising funds				
<i>Investment management costs</i>				
Rental portfolio costs – agents fees	476	-	476	401
Investment property repairs and maintenance	902	84	986	1,696
Fundraising	-	-	-	-
	1,378	84	1,462	2,097
<i>Charitable activities</i>				
Ministry	30,884	1,202	32,086	30,893
Education and outreach	773	297	1,070	771
Parish and area support services	1,089	1,214	2,303	2,185
Clergy housing and property costs	10,871	804	11,675	7,883
National Church	1,807	-	1,807	3,037
Grants to parishes and overseas	3,018	105	3,123	1,900
Other expenditure	495	-	495	583
	50,315	3,706	54,021	49,349

Support costs are allocated based on full time equivalent (FTE) staff numbers as administrative costs primarily consist of salary and employment costs, subject to a de minimis threshold. Office costs that are incurred are directly attributable to the staff employed and are also analysed on this basis. In accordance with SORP 2015 governance costs of £448,000 (2021: £593,000) have been allocated on the same basis. Finally, residual administration costs are apportioned in proportion to expenditure.

6. Grants to Parishes and Overseas

Funding source:	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022	Total 2021
<i>Grants to Parishes from:</i>	£'000	£'000	£'000	£'000	£'000	£'000
Archbishops' Council	-	-	1,527	-	1,527	-
Core funds	-	-	388	-	388	315
Area pastoral funds	74	375	-	-	449	313
Bishop of London's Mission Fund	-	12	-	-	12	110
Funds held for parish benefit	-	170	254	-	424	905
	74	557	2,169	-	2,800	1,643
<i>Overseas:</i>						
Angola and Mozambique (ALMA) and Lent projects	2	-	216	-	218	162
Grant administration allocation	105	-	-	-	105	96
	181	557	2,385	-	3,123	1,901

Grants from core funds represent funds awarded from primarily general fund sources such as Archdeacons Discretionary funds and other monies held to support parishes. The above monies funded grant awards to 289 institutions (2021: 91). This number included a distribution of cost of energy support grants to 259 parishes, some of those parishes received other grants in the year.

7a. Tangible Fixed Assets – Operational Property

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

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

7a. Tangible Fixed Assets – Operational Property (continued)

	Designated Funds			Restricted Funds	Endowment Funds				Grand Total
	Freehold Property	Long Leasehold Property	Sub-total		Leasehold Benefice Houses	Freehold Benefice Houses	Glebe Property	Sub-total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At cost or valuation									
At 1 January 2022	83,789	5,157	88,946	2,234	2,890	232,430	30,648	265,968	357,146
Additions	5,913	-	5,913	318	-	1,781	31	1,812	8,043
Transfers	863	-	863	-	-	(358)	(505)	(863)	-
Disposals	(406)	-	(406)	(201)	-	(610)	(456)	(1,066)	(1,673)
Revaluation	451	-	451	-	-	-	-	-	451
At 31st December 2022	90,610	5,157	95,766	2,351	2,890	233,243	29,718	265,850	363,968
Depreciation									
At 1 January 2022	8,534	349	8,883	-	426	17,031	2,595	20,052	28,935
Charge for the year	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Transfers	63	-	63	-	-	41	(104)	(63)	-
Disposals	(69)	-	(69)	-	-	(48)	(17)	(65)	(134)
Revaluation	-	-	-	-	-	-	-	-	-
At 31st December 2022	8,528	349	8,877	-	426	17,024	2,474	19,924	28,801
Net Book Value									
At 31st December 2022	82,081	4,808	86,889	2,351	2,464	216,218	27,244	245,925	335,166
Net Book Value									
At 31 December 2021	75,254	4,808	80,062	2,234	2,464	215,399	28,053	245,915	328,211

7a. Tangible Fixed Assets – Operational Property (continued)

Properties purchased using Church Commissioners' value linked loans are valued at fair value at the balance sheet date, being estimated market value. As at 31 December 2022, the value of these properties was £9,394,000 (2021: £8,943,000). The valuation as at 31 December 2022 was undertaken by a suitably qualified officer of the LDF, based on knowledge of the properties (such as refurbishment levels and general condition) with reference to available market data for similar properties in similar locations. Future external valuations will take place as required. The carrying amount on a cost basis of the revalued properties is £3,627,000.

Capital Commitments

As at 31 December 2022, the LDF had £nil of capital commitments (2021: £nil) in relation to capital work on major developments planned for 2022 and onwards.

7b. Fixed Assets – Investment Property

	Designated Funds			Restricted Funds	Expendable Endowment Funds	Grand Total £'000
	Freehold Property £'000	Long Leasehold Property £'000	Sub-Total £'000	Closed Churches £'000	Glebe Property £'000	
At cost or valuation						
At 1 January 2022	73,572	6,900	80,472	11,189	34,566	126,227
Additions	13,263	-	13,263	-	107	13,370
Transfers	-	-	-	-	-	-
Disposals	-	-	-	(1,550)	(10,927)	(12,477)
Revaluation	(11,301)	(475)	(11,776)	(308)	6,772	(5,312)
At 31st December 2022	75,534	6,425	81,959	9,331	30,518	121,810
Fair Value						
At 31st December 2022	75,534	6,425	81,959	9,331	30,519	121,809
Fair Value						
At 31 December 2021	73,572	6,900	80,472	11,189	34,566	126,227

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

8. Non-Property Investments

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Market value at 1 January 2022	20,345	8,532	8,802	13,762	51,441	45,151
Additions (at cost)	-	-	7	-	7	-
Transfers	(20,345)	(7,948)	41	28,252	-	-
Disposals	-	(154)	(42)	-	(196)	(304)
Net (losses) on revaluations	-	(42)	(731)	(4,280)	(5,053)	6,594
Market value at 31 December 2022	-	388	8,077	37,734	46,199	51,441

Non-property investments are represented by:

	2022	2021
	£'000	£'000
M&G Charifund	20,643	21,815
CBF Global Equity Income Fund	16,561	19,265
CBF Investment Fund	8,995	10,361
	<u>46,199</u>	<u>51,441</u>

CBF investments are valued by the CCLA.

The historic cost of the investments held at 31 December 2022 was £31,931,000 (2021: £32,012,000).

9. Investments in subsidiary undertakings

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

10a. Debtors

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Contributions to the Common Fund</i>						
Rent receivable	1,088	6	425	-	1,519	704
Prepayments and accrued income	288	79	856	-	1,223	308
	<u>1,376</u>	<u>85</u>	<u>1,281</u>	<u>-</u>	<u>2,741</u>	<u>1,012</u>
<i>Loans to Parishes</i>						
Diocesan Bishop's Council awarded	-	716	-	-	716	843
Area Council awarded	-	687	-	-	687	688
	<u>-</u>	<u>1,403</u>	<u>-</u>	<u>-</u>	<u>1,403</u>	<u>1,531</u>
Loans to individuals	-	301	-	-	301	346
Other debtors	1,610	3	1,136	-	2,749	1,927
	<u>2,987</u>	<u>1,792</u>	<u>2,417</u>	<u>-</u>	<u>7,196</u>	<u>4,816</u>

10a. Debtors (continued)

<i>Movements in Loans to Parishes</i>	2022	2021
	£'000	£'000
As at 1 January 2022	1,531	1,105
Additions (new loans and interest)	431	828
Repayments	(559)	(402)
As at 31 December 2022	1,403	1,531

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

Certain loans to parishes and individuals fall due after more than one year, and the total of these at 31 December 2022 was £1,330,600 (2021: £1,314,200).

10b. Related Parties

London Diocesan Board for Schools (LDBS)

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

- Mr I R M Woolf, a trustee of the LDF, was employed by the LDBS.
- The Bishop of Edmonton, Rt Revd Robert J Wickham, trustee of the LDF became a trustee of LDBS on 1 January 2022

The LDF makes an annual grant to the work of the LDBS amounting to £171,000 (2021: £171,000) and a contribution towards the cost of staff time of £NIL (2021: £15,000). At 31 December 2022 other creditors included £NIL for payroll items relating to the LDBS (2021: other creditors - £11,963).

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:

	2022	2021
	£'000	£'000
Accommodation - rent	131	131
House services and meeting rooms	236	208
	367	339

Trustees' expenses and remuneration

In 2022 the LDF reimbursed a total of £19,806 to 8 members of the Bishop's Council (2021: £15,611 to 8 members). The vast majority of these expenses related to working expenses, for example as Archdeacons, Area Dean or other ecclesiastical roles, rather than as expenses reimbursed in their role as trustees. In 2022, a further £29,007 (2021: £1,766) was paid to 11 (2021: 4) trustees, representing removal grants for clergy and other clergy grants. These amounts are in line with the LDF's usual practice regarding clergy expenses and are not related to their roles as trustees.

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

10b. Related Parties (continued)

The following was paid to 13 (full time equivalent: 13) other members of the clergy in 2022 who were members of the Bishop's Council (2021: 21 members; full time equivalent: 14).

	2022 £'000	2021 £'000
Gross Stipends	421	446
Employer's National Insurance contributions	35	38
Employer's pension contribution	132	156
	588	640

Under the Repair of Benefice Buildings Measure 1972 the Diocese is responsible for the upkeep of parsonages. 8 members of Bishop's Council during the year (2021: 17) were housed in parsonages by virtue of their clerical office. No employees (2021: none) were housed in a parsonage.

A further 8 members of Bishop's Council and Diocesan Finance Committee (2021: 9) and 8 employees who are also clergy, including chaplains (2021: 12), were housed in properties owned by the London Diocesan Fund.

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

Other

- the Archbishops' Council (Charity No 1074857), from which the LDF receives grants and to which the LDF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, including General Synod. The Archdeacon of London is a trustee.
- the Church Commissioners for England (Charity No 1140097), from which the LDF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDF pays for clergy stipends through the Church Commissioners
- the Church of England Pensions Board (Charity No 236627), to which the LDF pays contributions for clergy and employees and makes contributions towards the provision of housing for clergy in retirement.
- Trust for London. (Charity No 205629). The Bishop of London has control over part of the City Church Fund which is held by Trust for London. The Bishop of London receives recommendations on the allocation of the fund by the City Churches Grants Committee, comprising the Archdeacon of London, the General Secretary, the Chair of the Finance Committee, the Area Dean of City Deanery and the Lay Chair of City Deanery. The fund can only be used to support churches within the City of London.
- PCCs and deaneries within the Diocese of London. The LDF is required to be a custodian trustee in relation to PCC property, but the LDF has no control over PCCs, which are independent charities. PCCs and deaneries are able to influence the decision-making within the LDF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

11a. Dividends and Interest Receivable

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2022 £'000	Total 2021 £'000
Dividends	1,646	13	253	-	1,912	1,748
Cash and deposit interest	226	1	6	-	233	10
Loan interest	438	-	-	-	438	13
	2,310	14	259	-	2,583	1,771

11b. Investment Property Rentals

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022 £'000	Total 2021 £'000
	£'000	£'000	£'000	£'000	£'000	£'000
Investment property rentals	4,796	7	414	-	5,217	4,319

12. Creditors

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2022 £'000	Total 2020 £'000
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due within one year:						
Parish Loans Payable	-	262	-	-	262	575
Grants Payable	-	649	120	-	769	686
Other Creditors	836	71	542	11	1,460	635
Accruals and deferred income	3,778	78	112	18	3,986	4,585
	4,614	1,060	774	29	6,477	6,481
Amounts falling due after one year:						
Church Commissioners Value						
Linked Loans	-	9,394	-	-	9,394	8,943

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

London Diocesan Fund: Financial Statements for the year ended 31 December 2022

13a(i) Designated Funds	At 1 January 2022	Income*	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Vision 2020	81	-	(67)	-	(15)	(1)
Richard Chartres Fund for London	5	-	-	-	-	5
Housing Capital Strategy Fund	2,162	-	(893)	-	(75)	1,194
LDF Property	148,007	113	(291)	(11,776)	800	136,853
Parsonage Reserve	14,333	-	-	-	(14,333)	-
Inspection and Maintenance Funds	1,147	-	-	-	(811)	336
Designated Trusts	634	4	(170)	(42)	-	426
Mission Opportunity	424	-	(79)	-	-	345
Bishop of London's Mission Fund	208	60	(168)	-	-	100
Clergy Training and Support	337	2	(12)	-	13	340
Area Pastoral Funds	1,725	7	(301)	-	-	1,431
Area Bank Accounts	93	44	(35)	-	-	102
Diocesan Loan Capital	2,154	-	-	-	-	2,154
Strategic Development Reserve	291	-	(99)	-	(15)	177
Clergy Pension Deficit Reserve	(968)	-	-	387	581	-
St Edmunds Course (Lay Ministry)	-	27	(10)	-	2	19
Parish Property Capital Strategy Funds	-	1,129	(77)	-	(672)	380
Total Designated Funds	170,633	1,386	(2,202)	(11,431)	(14,525)	143,861

*Income includes realised
gains/(losses)

Note 13d

13a(ii) Designated Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Capital Vision 2020	-	-	-	-	-
Richard Chartres Fund for London	-	-	5	-	5
Housing Capital Strategy Fund	-	-	1,233	(39)	1,194
LDF Property	168,848	-	(22,664)	(9,333)	136,851
Parsonage Reserve	-	-	-	-	-
Inspection and Maintenance Funds	-	-	336	-	336
Designated Trusts	-	388	38	-	426
Mission Opportunity	-	-	400	(55)	345
Bishop of London's Mission Fund	-	-	428	(329)	99
Clergy Training and Support	-	-	340	-	340
Area Pastoral Funds	-	-	1,951	(519)	1,432
Area Bank Accounts	-	-	102	-	102
Diocesan Loan Capital	-	-	2,217	(64)	2,153
Strategic Development Reserve	-	-	178	-	178
Clergy Pension Deficit Reserve	-	-	-	-	-
St Edmunds Course (Lay Ministry)	-	-	19	-	19
Parish Property Capital Strategy Funds	-	-	381	-	381
Total Designated Funds	168,848	388	(15,036)	(10,339)	143,861

Capital Vision 2020

The LDF's strategic plan was encompassed within Capital Vision 2020, a vision of a Church that is Christ-centred and outward looking. During 2013 the trustees approved the creation of a new Capital Vision 2020 designated reserve to fund the strategy. During 2022 the fund was used to provide initial funding for implementing Vision 2030.

Richard Chartres Fund for London

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

Housing Capital Strategy Fund

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

Parsonage Reserve

The Parsonage fund cash had been shown separately from the property assets but was transferred to the Endowment Fund as of 1 January 2022 to bring all Parsonage Funds together (see Note 13d).

13a. Designated Funds (continued)

LDF Property

This fund represents both operational and investment property that are not covered by Measures that govern Stipends Capital and Parsonages. Operational property includes the Diocesan offices, and over 100 units of property generally used to house clergy who are not housed in parsonages. Investment property comprises over 50 freehold and leasehold properties, held to generate income and capital growth, which helps fund stipends and other charitable activities.

Inspection and Maintenance Funds

This fund comprises the Quinquennial Fund, with a year-end fund value of £336k (2021: £1,147k), and the Ingoing Works Fund with a year-end fund value of £nil (2020: £nil). We carry out planned maintenance on an average of one-sixth of our operational properties each year (88 of approximately 540), but the actual number varies from year to year. This fund smooths the impact of these works on the General Fund from year to year, and thus aids budgeting and financial planning. A net transfer of £811k was made from the Quinquennial Fund in 2022 to the General Fund to help pay for current year works. All necessary works in accordance with the Repair of Benefice Buildings Measure 1972 are undertaken, and the funds support this strategy.

Designated Trusts

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

Mission Opportunity

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

Bishop of London's Mission Fund (BLMF)

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

Clergy Training and Support

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

Area Pastoral Funds

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

Area Bank Accounts

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

Diocesan Loan Capital

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

Strategic Development Reserve

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

Clergy Pension Deficit Reserve

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

13a. Designated Funds (continued)

Lay Church Workers Pension Fund Deficit Reserve

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

St Edmunds Course (Lay Ministry)

This fund has been set up to receive a balance of funds held externally and to charge expenses relating to administering the St Edmunds Lay Ministry Course which supports our 2030 Vision of Creating Confident Disciples.

Parish Property Capital Strategy

Similar to the Capital Strategy Fund, the Churches Capital Strategy holds the net capital proceeds from the sale of assets, specifically closed churches. The proceeds are to be redeployed for use to benefit other church buildings.

13b(i). Funds	Restricted	At 1 January 2022	Income *	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2022
		£'000	£'000	£'000	£'000	£'000	£'000
Sole Trust Expendable Funds (inc. ALMA)		8,279	305	(470)	(574)	42	7,582
Closed Church Buildings Fund		20,020	631	(398)	(465)	78	19,866
Area Church Building Fund		1,180	-	(193)	-	593	1,580
Diocesan Church Building Fund		-	414	(139)	-	-	275
Strategic Development funds		90	1,788	(1,784)	-	(78)	16
Projects restricted fund		525	7,066	(5,930)	-	23	1,684
Bishops' secretaries fund		(126)	349	(225)	-	-	(2)
Total Restricted Funds		29,968	10,553	(9,139)	(1,039)	658	31,001

*Income includes realised gains.

Note 13d

13b(ii). Restricted Funds	Fixed Asset Tangible	Investments	Current Assets	Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Sole Trust Expendable Funds (inc. ALMA)	-	6,899	684	-	7,583
Closed Church Buildings Fund	11,682	1,178	7,470	(466)	19,864
Area Church Building Fund	-	-	1,701	(120)	1,581
Diocesan Church Building Fund	-	-	345	(69)	276
Strategic Development funds	-	-	15	-	15
Projects restricted fund	-	-	1,802	(118)	1,684
Bishops' secretaries fund	-	-	(2)	-	(2)
Total Restricted Funds	11,682	8,077	12,015	(773)	31,001

13b. Restricted Funds (continued)

Sole Trust Expendable Funds

This fund comprises over 40 restricted trusts which are held for specific parish or Diocesan purposes. These trusts are consolidated with the main LDF accounts as the LDF acts as sole trustee and therefore has control. The permanent endowment element is disclosed in note 13c. Each Trust is governed by its own trust instrument which may be in the form of a Charity Commission scheme. The activity of the Angola, London and Mozambique Association (ALMA) is consolidated under this heading, comprising funds of £2.0m at 31 December 2021 (2020: £1.8m).

Closed Church Building Funds

These funds represent the Diocesan Pastoral Account (DPA), which is principally governed by the Mission and Pastoral Measure 2011. Decisions on the use of the fund are taken in accordance with the Measure and with target estimates of future maintenance of those buildings. Income from the rental of churches no longer used for Anglican public worship, that is not required for the maintenance of those buildings, may be used for the payment of stipends and maintenance of property for the housing of clergy.

Area Church Building Fund

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

Diocesan Church Building Fund

This fund comprises net funds released after the sale of closed churches. It was set up in 2022. The fund will be used to reinvest in open or new church buildings, to help repair, develop and create church buildings that support mission and ministry across the Diocese.

Strategic Development funds

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

Projects restricted fund

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

Bishops' secretaries fund

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

13c(i). Endowment Funds	At 1 January 2022	Income *	Expenditure	Unrealised Gains/(Losses)	Transfers	At 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Expendable Endowment						
Glebe property	83,169	238	(157)	2,979	(401)	85,828
Parsonage House Fund	217,862	1,391	(126)	-	13,934	233,061
Permanent Endowment						
Sole Trust Permanent Endowment	6,239	-	-	(487)	(41)	5,711
Total Endowment Funds	307,270	1,629	(283)	2,492	13,491	324,598

*Income includes realised gains.

Note 13d

13c(ii). Endowment Funds	Fixed Asset Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Expendable Endowment					
Glebe property	57,860	32,023	(4,028)	(30)	85,825
Parsonage House Fund	218,585	-	14,514	(38)	233,061
Permanent Endowment					
Sole Trust Permanent Endowment	-	5,711	-	-	5,711
Total Endowment Funds	276,445	37,734	10,486	(68)	324,598

Glebe Property Funds

This represents the net book value of glebe property with movements shown in note 7. Rental income from glebe property is credited to general funds where it is used to fund clergy stipend payments. This fund also represents the carrying value of glebe investments and cash, which is used for the purchase and refurbishment of glebe operational and investment properties. When a property is sold, the sale proceeds are credited to these funds. Income from glebe property is credited to general funds where it is used only to fund clergy stipend payments. The use of glebe assets is governed by the Diocesan Stipends Funds Measure 1953 and the Endowments and Glebe Measure 1976.

Parsonage House Fund

These funds are used for the purchase and refurbishment of freehold and leasehold benefice houses (see note 7), as well as cash and investments used for the purchase and refurbishment of houses that form part of this fund.

Sole Trust Permanent Endowment

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

13d. Transfer between funds – detailed breakdown of movements

	General £'000	Designated £'000	Restricted £'000	Endowment £'000	Total £'000	Reference
Parsonage additions	-	735	-	(735)	-	i
Parsonage Reserve transfer from Designated to Endowment Fund	-	(14,333)	-	14,333	-	ii
Transfer of budgeted items in the General Fund from various designated funds	1,222	(1,222)	-	-	-	iii
Clergy Pension Deficit Repayment	(581)	581	-	-	-	iv
Distribution of proceeds from the sale of Christ Church Hayes	-	(672)	672	-	-	v
Net transfers (to)/from designated funds at year-end	(336)	336	-	-	-	vi
Net transfers (to)/from restricted funds at year-end	70	-	(70)	-	-	vii
Net transfers (to)/from endowment funds at year-end	-	50	56	(106)	-	viii
	375	(14,525)	658	13,492	-	
	<i>Note 13a</i>		<i>Note 13b</i>	<i>Note 13c</i>		

- Transfers from or to the Parsonage reserve for the purchase or sale of parsonages respectively.
- Parsonage fund represented by cash was transferred to the Endowment Fund as of 1 January 2022 to allow full Parsonage to be recognised in one fund.
- These transfers relate to budgeted items set aside from the General Fund for various designated funds.
- These relate to transfers representing Clergy Pension Deficit Repayment
- These relate to transfers of proceeds from the sale of Christ Church Hayes to restricted funds
- These relate to transfers agreed at the year-end between the General Fund and specific designated funds.
- These relate to transfers agreed at the year-end between the General Fund and specific restricted funds.
- These relate to transfers agreed at the year-end between the designated funds, restricted funds and specific endowment funds.

14. Notes to the cash flow statement

	2022 Total £'000	2021 Total £'000
14a. Reconciliation of operating (deficit) to operating cash flows		
Operating (deficit)	(2,062)	(1,705)
Depreciation release	106	46
(Increase)/decrease in debtors	(2,380)	8,284
(Decrease)/increase in creditors	(971)	1,791
Non-cash movement in pension liability	387	330
Investment and rental income	(11,800)	(9,210)
	<u>(16,720)</u>	<u>(464)</u>

	2022 Total £'000	2021 Total £'000
14b. Gross cash flows		
Cash flows from investing activities		
Dividends and interest received	2,583	1,735
Rental Income	9,217	7,476
Sale of property	17,013	9,610
Purchase of property	(21,413)	(15,233)
Other fixed asset purchases	(22)	(58)
Sale of investments	196	496
Purchase of investments	(7)	(156)
	<u>7,567</u>	<u>3,870</u>

14c. Analysis of changes in net funds

	At 31 January 2022 £'000	Cash flows £'000	Other £'000	At 31 December 2022 £'000
Funds				
Cash at bank and in hand	21,480	(9,153)		12,327
Value linked loans due after one year	(8,943)	-	(451)	(9,394)
	<u>12,537</u>	<u>(9,153)</u>	<u>(451)</u>	<u>2,933</u>

15. Pensions

	2022 Total £'000	2021 Total £'000
Pension liabilities		
Lay staff pensions (see note a below)	-	-
Clergy pensions (see note b below)	-	(968)
	<u>-</u>	<u>(968)</u>

15(a). Lay staff pensions

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

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. No pensions costs relating to this scheme were charged to the SoFA in the year, and the contributions payable was NIL (2021: £47k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

15(b). Clergy pensions

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

The LDF is the sponsoring employer for 575 members (2021: 573) of the Scheme out of a total membership of approximately 8,400 active members. The Scheme is considered to be a multi-employer Scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to specific employers and contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of the deficit contributions (see below). Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

15(b). Clergy pensions (continued)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards.
- Increase in pensionable stipends of CPIH.
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £'000	2021 £'000
Balance sheet liability at 1 January	968	1,941
Deficit contribution paid	(581)	(979)
Interest cost (recognised in SOFA)	-	3
Remaining charge to the balance sheet liability*	(387)	3
Balance sheet liability at 31 December	-	968

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total pensionable payroll	n/a	-1.5% pa	1.6% pa

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

16. Members' Liability

The London Diocesan Fund is a company registered in England as a company limited by guarantee, having no share capital. At 31 December 2022 there were 45 members (2021: 43) who were liable to contribute £1 each in the event of the company being wound up.

17. Prior year comparatives

Statement of Financial Activities – for the year to 31 December 2021

		Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2021	Total 2020
		General	Designated	Funds	Funds	2021	2020
		£m	£m	£m	£m	£m	£m
Income and endowments from	Notes						
<i>Donations, legacies & grants</i>							
Common Fund		21.6	-	-	-	21.6	22.6
Parish reimbursements for clergy costs		4.1	-	-	-	4.1	4.2
Donations and legacies		0.6	0.1	0.8	-	1.5	1.3
Church Commissioners'				5.6	-	5.6	5.1
City Church Fund		4.7	-	-	-	4.7	2.1
<i>Charitable activities</i>							
Operational property rental income		3.1	-	0.1	-	3.2	2.9
Parochial fees		0.4	-	-	-	0.4	0.3
<i>Investment Income</i>							
Dividends and interest receivable	11a	1.5	-	0.2	-	1.7	1.5
Investment property rentals	11b	4.3	-	-	-	4.3	3.9
<i>Other income</i>		-	0.1	0.6	-	0.7	0.7
Total income		40.3	0.2	7.3	-	47.8	44.4
Expenditure on							
<i>Raising funds</i>							
<i>Investment management costs</i>							
Rental portfolio costs-agent fees		0.4	-	-	-	0.4	0.4
Investment property repairs and maintenance		0.6	0.1	1.0	0.1	1.8	1.9
<i>Charitable activities</i>							
Ministry		25.1	0.4	5.5	-	31.0	29.4
Education and outreach		0.8	-	-	-	0.8	0.7
Parish and Area support services		1.8	0.1	0.3	-	2.2	1.9
Clergy housing and property costs		7.3	0.2	0.4	-	7.9	7.6
National Church		3.0	-	-	-	3.0	3.1
Grants to parishes and overseas	6	0.3	0.8	0.8	-	1.9	1.6
<i>Other expenditure</i>		-	0.4	0.1	-	0.5	0.6
Total expenditure	5	39.3	2.0	8.1	0.1	49.5	47.2
Net income/(expenditure) before investment gains		1.0	(1.8)	(0.8)	(0.1)	(1.7)	(2.8)
Realised gains on tangible fixed assets		-	2.0	0.9	5.9	8.8	16.7
Net gains/(losses) on investments	8	2.7	1.1	1.1	1.6	6.5	(0.5)
Net incoming resources for the year		3.7	1.3	1.2	7.4	13.6	13.4
Transfers between funds	13d	(0.7)	0.6	(0.1)	0.2	-	-
Other recognised (losses)/gains							
Pension deficit movement		-	0.6	-	-	0.6	(0.1)
Unrealised (losses)/gains on tangible fixed assets	7a & 7b	-	7.2	1.2	6.2	14.6	1.1
Net movement in funds for the year		3.0	9.7	2.3	13.8	28.8	14.4
Reconciliation of funds:							
Funds at 1 January 2021		5.1	160.9	27.7	293.5	487.2	472.8
Funds at 31 December 2021		8.1	170.6	30.0	307.3	516.0	487.2

The Cash Flow Statement and Notes on pages 29 to 63 form part of these financial statements.

17. Prior year comparatives (continued)

(b). Balance Sheet as at 31 December 2021

Balance Sheet – as at 31 December 2021

Company number: 150856

		Unrestricted Funds		Restricted	Endowment	Total	Total
		General	Designated	Funds	Funds	2021	2020
		£m	£m	£m	£m	£m	£m
	Notes						
Fixed Assets							
Operational property	7a	-	80.1	2.2	245.9	328.2	323.7
Investment property	7b	-	80.5	11.2	34.6	126.3	104.2
Non-property investments	8	20.3	8.5	8.8	13.8	51.4	45.1
Fixtures and fittings		0.2	-	-	-	0.2	0.2
		20.5	169.1	22.2	294.3	506.1	473.2
Current Assets							
Debtors	10a	2.6	2.0	0.2	-	4.8	13.2
Cash at bank		(10.4)	10.7	8.2	13.0	21.5	18.0
		(7.8)	12.7	8.4	13.0	26.3	31.2
Creditors							
Amounts falling due within one year	12	(4.6)	(1.3)	(0.6)	-	(6.5)	(5.7)
Net Current Assets							
		(12.4)	11.4	7.8	13.0	19.8	25.5
Total assets less current liabilities							
		8.1	180.5	30.0	307.3	525.9	498.7
Creditors – amounts falling due after one year							
Pension scheme liabilities	15	-	(1.0)	-	-	(1.0)	(2.6)
Other creditors	12	-	(8.9)	-	-	(8.9)	(8.9)
Net Assets							
		8.1	170.6	30.0	307.3	516.0	487.2
Funds							
General		8.1	-	-	-	8.1	5.1
Designated	13a	-	170.6	-	-	170.6	160.9
Restricted	13b	-	-	30.0	-	30.0	27.7
Endowment	13c	-	-	-	307.3	307.3	293.5
Total Funds		8.1	170.6	30.0	307.3	516.0	487.2

17. Prior year comparatives (continued)
(c). Governance Costs and the allocation of Support Costs between Charitable Activities

	2021	2020
	£'000	£'000
Support costs (allocated below)		
Salary and employment costs	2,370	2,076
Office costs	419	519
Governance costs	594	367
	3,383	2,962

Resources Expended

	Before allocation of support costs	Support costs	Total 2021
	£'000	£'000	£'000
Raising funds			
<i>Investment management costs</i>			
Rental portfolio costs – agents fees	401	-	401
Investment property repairs and maintenance	1,620	76	1,696
Fundraising	-	-	-
	2,021	76	2,097
Charitable activities			
Ministry	29,797	1,096	30,893
Education and outreach	499	272	771
Parish and area support services	1,076	1,109	2,185
Clergy housing and property costs	7,149	734	7,883
National Church	3,037	-	3,037
Grants to parishes and overseas	1,804	96	1,900
Other expenditure	583	-	583
	45,966	3,383	49,349

(d). Grants to Parishes and Overseas

Funding source:

	General funds	Designated funds	Restricted funds	Endowment funds	Total 2021
	£'000	£'000	£'000	£'000	£'000
Grants to Parishes from:					
Core funds	204	70	41	-	315
Area pastoral funds	-	313	-	-	313
Bishop of London's Mission Fund	-	110	-	-	110
Funds held for parish benefit	-	259	646	-	905
	204	752	687		1,643
Overseas:					
Angola and Mozambique (ALMA) and Lent projects	-	-	162	-	162
Grant administration allocation	95	-	-	-	96
	299	752	849	-	1,901

17. Prior year comparatives (continued)

(e). Debtors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000
Contributions to the Common Fund	-	-	-	-	-
Rent receivable	588	-	116	-	704
Prepayments and accrued income	112	79	117	-	308
	<u>700</u>	<u>79</u>	<u>233</u>	<u>-</u>	<u>1,012</u>
<i>Loans to Parishes</i>					
Diocesan Bishop's Council awarded	-	843	-	-	843
Area Council awarded	-	688	-	-	688
	<u>-</u>	<u>1,531</u>	<u>-</u>	<u>-</u>	<u>1,531</u>
Loans to individuals	-	346	-	-	346
Other debtors	1,927	-	-	-	1,927
	<u>2,627</u>	<u>1,956</u>	<u>233</u>	<u>-</u>	<u>4,816</u>

(f). Dividends and Interest Receivable

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000
Dividends	1,462	19	267	-	1,748
Cash and deposit interest	2	5	3	-	10
Loan interest	13	-	-	-	13
	<u>1,477</u>	<u>24</u>	<u>270</u>	<u>-</u>	<u>1,771</u>

(g). Investment Property Rentals

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000
Investment property rentals	<u>4,309</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>4,319</u>

(h). Creditors

	General funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000
Amounts falling due within one year:					
Parish Loans Payable	-	575	-	-	575
Grants Payable	-	686	-	-	686
Other Creditors	160	22	454	(1)	635
Accruals and deferred income	4,478	-	107	-	4,585
	<u>4,638</u>	<u>1,283</u>	<u>561</u>	<u>(1)</u>	<u>6,481</u>
Amounts falling due after one year:					
Church Commissioners Value					
Linked Loans	<u>-</u>	<u>8,943</u>	<u>-</u>	<u>-</u>	<u>8,943</u>

17. Prior year comparatives (continued)

(i). Designated funds

Designated Funds	At 1 January 2021 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2021 £'000
Capital Vision 2020	421	15	(355)	-	-	81
Richard Chartres Fund for London	19	56	(70)	-	-	5
Capital Strategy Fund	1,420	-	(303)	1,045	-	2,162
LDF Property Fund	140,574	354	(76)	7,154	-	148,006
Parsonage Reserve	12,940	1,622	(28)	-	(201)	14,333
Inspection and Maintenance Funds	1,147	-	-	-	-	1,147
Designated Trusts	789	30	(259)	74	-	634
Mission Opportunity	500	-	(76)	-	-	424
Bishop of London's Mission Fund	266	52	(110)	-	-	208
Clergy Training and Support	374	6	(43)	-	-	337
Area Pastoral Funds	1,647	11	(313)	-	380	1,725
Area Bank Accounts	132	41	(80)	-	-	93
Diocesan Loan Capital	2,154	-	-	-	-	2,154
Strategic Development Reserve	500	-	(216)	-	7	291
Clergy Pension Deficit Reserve	(1,941)	-	-	(6)	979	(968)
Lay Church Workers Pension Fund Deficit Reserve	(23)	-	-	609	(586)	-
Total Designated Funds	160,919	2,187	(1,929)	8,876	579	170,632

17. Prior year comparatives (continued)

Designated Funds	Fixed Asset Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Capital Vision 2020	-	-	81	-	81
Richard Chartres Fund for London	-	-	5	-	5
Capital Strategy Fund	-	7,947	(5,785)	-	2,162
LDF Property Fund	80,471	-	(6,620)	-	73,851
Parsonage Reserve	-	-	14,333	-	14,333
Inspection and Maintenance Funds	-	-	1,147	-	1,147
Designated Trusts	-	584	50	-	634
Mission Opportunity	-	-	424	-	424
Bishop of London's Mission Fund	-	-	537	(329)	208
Clergy Training and Support	-	-	337	-	337
Area Pastoral Funds	-	-	2,280	(555)	1,725
Area Bank Accounts	-	-	93	-	93
Diocesan Loan Capital	-	-	2,531	(377)	2,154
Strategic Development Reserve	-	-	291	-	291
Clergy Pension Deficit Reserve	-	-	-	(968)	(968)
Lay Church Workers Pension Fund Deficit Reserve	-	-	-	-	-
Total Designated Funds	160,533	8,531	12,762	(11,194)	170,632

(j). Restricted Funds

Restricted Funds	At 1 January 2021 £'000	Income * £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2021 £'000
Sole Trust Expendable Funds (inc. ALMA)	7,605	691	(847)	945	(115)	8,279
Closed Church Buildings Fund	19,087	1468	-1352	1407	(590)	20,020
Area Church Building Fund	590	-	-	-	590	1,180
Strategic Development funds	101	2,764	(2,775)	-	-	90
Projects restricted fund	297	3,099	(2,864)	-	(7)	525
Bishops' secretaries fund	-	138	(264)	-	-	(126)
Total Restricted Funds	27,680	8,160	(8,102)	2,352	(122)	29,968

Restricted Funds	Fixed Asset Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Sole Trust Expendable Funds (inc. ALMA)	-	7,467	812	-	8,279
Closed Church Buildings Fund	13,424	0	3,540	0	16,964
Area Church Building Fund	-	-	1,180	-	1,180
Strategic Development funds	-	-	90	-	90
Projects restricted fund	-	-	525	-	525
Bishops' secretaries fund	-	-	(126)	-	(126)
Total Restricted Funds	13,424	8,802	8,302	(560)	29,968

17. Prior year comparatives (continued)

(k). Endowment Funds

	At 1 January 2021 £'000	Income* £'000	Expenditure £'000	Unrealised Gains/(Losses) £'000	Transfers £'000	At 31 December 2021 £'000
Expendable Endowment						
Glebe Operational Property Fund	70,342	5,770	(57)	7,114	-	83,169
Parsonage House Capital	217,661	-	-	-	201	217,862
Permanent Endowment						
Sole Trust Permanent Endowment	5,486	-	-	753	-	6,239
Total Endowment Funds	293,489	5,770	(57)	7,887	201	307,270

	Fixed Asset Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Expendable Endowment					
Glebe Operational Property Fund	62,620	7,524	13,025	0	83,169
Parsonage House Capital	217,862	-	-	-	217,862
Permanent Endowment					
Sole Trust Permanent Endowment	-	6,239	-	-	6,239
Total Endowment Funds	280,482	13,763	13,025	-	307,270

Custodian Trusts – Custodian Trustee Report and Non-Statutory Financial Statements for the year ended 31 December 2022

The following pages do not form part of the statutory financial statements of the London Diocesan Fund for the year ended 31 December 2022

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Non-Statutory Financial Statements	64
Notes to the Custodian Trusts Financial Statements	65
Independent Auditors' Report to the Custodian Trustee of the Funds	68

Report of the Custodian Trustee

The council of the London Diocesan Fund, usually acting as Custodian Trustee under ecclesiastical and UK law, presents the report and non-statutory financial statements for the year ended 31 December 2022.

Legal Status

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as Diocesan Authority (in effect, custodian trustee) of parish buildings and land. It also acts as custodian trustee for monies held on specific trust. These pages report the specific trust holdings only and provide an aggregation of the financial assets of some 99 separate trusts (103 in 2021). Land and building assets held by the London Diocesan Fund as Diocesan Authority are not shown.

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

Review of the Year

Total incoming resources from interest and dividends for the period was £0.5m (2021: £0.5m)

Funds continue to be expended in line with the purposes for which they were intended, with £1.5m expended for charitable purposes during 2022 (2021: £1.1m). The funds expended vary year on year in line with the specific needs of the managing trustee bodies.

The overall value of funds held by the London Diocesan Fund as custodian trustee at 31 December 2022 was £18m (2021: £20.7m). The decrease of £2.7m from the prior year is attributable to unrealised losses on investments of £1.7m and net expenditure of funds of £1m.

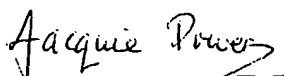
Statement of Custodian Trustee's responsibilities

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

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

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

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



Jacquie Driver

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

10 May 2023

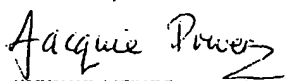
Non-Statutory Financial Statements of the Custodian Trusts
Statement of Financial Activities – for the year ended 31 December 2022

	Permanent Endowment Fund £m	Restricted Capital Fund £m	Restricted Unexpended Income £m	Total 2022 £m	Total 2021 £m
Income and endowments from:					
Investment income	-	-	0.1	0.1	0.1
Income direct to beneficiaries	-	-	0.4	0.4	0.4
Total income	-	-	0.5	0.5	0.5
Expenditure on:					
Income paid to beneficiaries	-	-	(0.4)	(0.4)	(0.4)
Objects of the trusts	(0.9)	(0.1)	(0.1)	(1.1)	(0.7)
Total expenditure	(0.9)	(0.1)	(0.5)	(1.5)	(1.1)
Net (expenditure) before investment gains	(0.9)	(0.1)	-	(1.0)	(0.6)
Net (losses)/gains on investment assets	(1.5)	(0.2)	-	(1.7)	2.1
Net (resources expended)/incoming resources for the year	(2.4)	(0.3)	-	(2.7)	1.5
Transfers between funds	-	-	-	-	-
Additional new resources	-	-	-	-	0.1
Net movement in funds for the year	(2.4)	(0.3)	-	(2.7)	1.6
Reconciliation of funds:					
Funds at 1 January 2022	17.1	2.7	0.9	20.7	19.1
Funds at 31 December 2022	14.7	2.4	0.9	18.0	20.7

Custodian Trusts Balance Sheet – as at 31 December 2022

	Notes	Total 2022 £m	Total 2021 £m
Assets			
Fixed Asset Investments	2	17.1	19.8
Current Asset Investments	3	0.9	0.9
Net Assets		18.0	20.7
Funds			
Permanent Endowment	2	14.7	17.1
Restricted - Capital	2	2.4	2.7
Restricted – Unexpended Income	3	0.9	0.9
		18.0	20.7

The notes on pages 65 to 67 form part of these non-statutory financial statements. The non-statutory financial statements of the custodian trustee were approved by the Diocesan Bishop's Council acting as custodian trustee on 10 May 2023.


 Jacquie Driver

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


 The Revd Christopher Trundle
 Clerical Vice-Chair of Bishop's Council

Notes to the Custodian Trusts Financial Statements – for the year ended 31 December 2022

1. Accounting policies

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

a. Basis of Preparation

Under the Parochial Church Councils (Powers) Measure 1956, the London Diocesan Fund acts as custodian trustee of parish buildings and land. The London Diocesan Fund also acts as custodian trustee for monies held on trust. These pages report the specific trust holdings only and provide an aggregation of the transactions and balances of the financial assets of some 99 trusts (103 in 2021).

The Balance Sheet as at 31 December 2022 has been prepared, together with a Statement of Financial Activities, which analyses the movement in funds. Comparative figures for 2021 have been provided.

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

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

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

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

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

b. Fund Balances

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

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

c. Investment Income

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

d. Other Income and Expenditure

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

e. Investments

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

Notes to the Custodian Trusts Financial Statements (continued)

2. Fixed Asset Investments represented by Permanent Endowment Capital

	1 January 2022	Additions	Disposals	Unrealised Gains/(Losses)	Other Asset/ Liability Movements and Transfers	31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
M&G Charifund	4,078	-	(468)	(246)	-	3,364
Investments held by CCLA:						
CBF Fixed Interest	18	-	-	(2)	-	16
CBF Investment Fund	10,743	-	-	(1,265)	-	9,478
CBF Property Fund	131	-	-	(15)	-	116
CBF Deposit Fund	2,158	-	(380)	-	-	1,778
Other Assets/(Liabilities)	-	-	-	-	-	-
	17,128	-	(848)	(1,528)	-	14,752
Fixed Asset Investments represented by Expendable Capital						
M&G Charifund	249	-	-	(14)	-	235
Investments held by CCLA:						
CBF Fixed Interest	157	-	-	(21)	-	136
CBF Investment Fund	1,613	-	(11)	(189)	-	1,413
CBF Deposit Fund	654	-	(90)	-	-	564
	2,673	-	(101)	(224)	-	2,348
Total Fixed Assets	19,801	-	(949)	(1,752)	-	17,100

Notes to the Custodian Trusts Financial Statements (continued)

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

	1 January 2022 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2022 £'000
Investments held by CCLA:						
CBF Investment Fund	277	4	-	(33)	-	248
CBF Deposit Fund	621	130	(125)	-	(2)	624
	898	134	(125)	(33)	-	872

Current Asset Investments represented by Unexpended Income from Expendable Capital Assets

	1 January 2022 £'000	Additions £'000	Disposals £'000	Unrealised Gains/(Losses) £'000	Other Asset/ Liability Movements and Transfers £'000	31 December 2022 £'000
Investments held by CCLA:						
CBF Investment Fund	2	-	-	-	-	2
CBF Deposit Fund	26	14	(14)	-	2	28
	28	14	(14)	-	2	30
Other Assets/(Liabilities)	2	-	-	-	-	2
Total Current Assets	928	148	(139)	(33)	-	904
TOTAL	20,729	148	(1,088)	(1,785)	-	18,004

Independent Auditors' Report to the Custodian Trustee of the Funds

We have audited the non-statutory financial statements of Custodian Funds for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Custodian Trustee's Responsibilities set out on page 63, the Custodian Trustee is responsible for the preparation of the non-statutory financial statements which give a true and fair view.


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

Scope of the audit of the financial statements

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

Opinion on the non-statutory financial statements

In our opinion the non-statutory financial statements give a true and fair view of the financial position of the Custodian Funds as at 31 December 2022 and of their incoming resources and application of resources for the year then ended.



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

Date: 3 July 2023

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