

**THE SOUTH LONDON CHURCH FUND AND
SOUTHWARK DIOCESAN BOARD OF FINANCE
ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 December 2015

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Company registration no.: 236594
Registered charity no.: 249678

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

ANNUAL REPORT

For the year ended 31 December 2015

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Our Vision

To serve our communities, share our faith, with great joy and gladness be the Church; a people with hearts on fire, loving God, walking with Jesus and led by the Spirit.

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The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2015.

The directors/trustees are one and the same and in signing as trustees they are also signing the strategic report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

A Directors Report of a charitable company

A Strategic Report under the Companies Act 2006 and

A Trustees Annual Report under the Charities Act 2011.

LEGAL OBJECTS

The Diocese of Southwark covers most of Greater London South of the Thames and part of East Surrey. Within the Diocesan boundaries are the Royal Borough of Greenwich, the London Boroughs of Croydon, Lambeth, Lewisham, Merton, Southwark, Sutton and Wandsworth plus, part of the London Boroughs of Richmond upon Thames, Bromley and Bexley and the Royal Borough of Kingston Upon Thames. In Surrey, it also includes parts of the Borough of Reigate and Banstead, Tandridge District Council and Mole Valley District Council.

The South London Church Fund and Southwark Diocesan Board of Finance's (SDBF) principal objective is to promote, aid and further the objects, work and purposes of the Church of England in the Diocese of Southwark (the Diocese).

The SDBF has the following statutory responsibilities:

- i. the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976
- ii. the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972
- iii. the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCC's) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

It is empowered to act as a committee of the Diocesan Synod, responsible for the corporate governance of the Diocese and also for raising and disbursing money and employing staff. Members of the Board are both Directors and Trustees (since November 2015 the Diocesan Board of Finance has become part of the Diocesan Council of Trustees, with membership coterminous with the Bishops Council, Diocesan Mission and Pastoral Committee and a new Parsonages Board).

The strategic priorities of the Diocese are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Southwark (in respect of his responsibility for the provision of the cure of souls). The Bishops Council, The Minority Ethnic Anglican Concerns Committee and a range of committees and advisory groups of the Diocese play their part. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally; including consultation on specific matters relating to the priorities for the forthcoming year, taking into account the commitments arising from the Diocesan Budget.

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STRATEGIC AIMS

The main role of the Board is to identify and manage the resources, particularly the financial aspects of the provision of ministry, within the Diocese so as to enable the Diocesan Synod, Bishop's Council, Deaneries and parishes to pursue its policies to further the mission and strategic priorities in the Diocese.

There has been widespread consultation across the Diocese in relation to the Diocesan Report Strategy for Ministry. This led the SDBF to prioritise the means by which goals could be achieved – structures, resources, relationships - as a crucial step towards the 'Hearts on Fire' vision which Bishop Christopher articulated for the Diocese, and which followed his identification of three areas of priority from the Charge given to him by the Archbishop of Canterbury in 2011:

- valuing and empowering the laity
- vocational renewal
- breathing new life into Deaneries.

OBJECTIVES FOR THE YEAR

In response to the above strategic priorities determined, by the Diocesan Synod following widespread consultation, the SDBF in anticipation of a year of considerable transition and change in structures, had specific objectives for 2015 as well as those for subsequent years. The Diocese of Southwark is committed to growing the church in South London and East Surrey both in the deepening of discipleship and in numerical growth. Its objectives for the year were:

- to provide sufficient ministerial resources to ensure a Christian presence in every parish, including appropriate housing; also including support for communities across the Diocese through School, University, Hospital and Prison Chaplaincies
- to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith
- to support and enable the work of the Southwark Diocesan Board of Education (SDBE), establishing and maintaining contacts with Universities, Colleges and Schools
- to engage actively in local debate and ensure that Christian voices are heard in all areas of public life, to support and strengthen the Church's work for the common good, including resources and support for God's bias for the poor, through care for creation and through interfaith dialogue. This includes direct financial support for Welcare, a charity aimed at families needing support (and also Together Southwark, which is sponsored with and through the Church Urban Fund to alleviate poverty through developmental projects)
- for 2015 specifically, to oversee and prepare to implement the synodically approved changes to the funding of the Diocese from the parish share in 2016; moving from a parish assessment 'Fairer Shares' to a new pledge based 'Parish Support Fund', to provide for a financial resource base that allows for investment for the future

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- for 2015 specifically, to contribute to and consider changes to the governance structures of the Diocese 'Fit for Purpose' consultations bringing policy making and resource allocation together
- for 2015 specifically, to oversee the implementation of the changes in the administrative and management structures of the SDBF employees and, through 'Lead, Enable, Serve' - an initiative to empower and develop the professional staff of the Diocese, with restructuring, especially through enhanced accountabilities to and through the Diocesan Secretary.

Through carrying out these objectives and in promoting the whole mission of the church (pastoral, evangelistic, social and ecumenical) the Trustees are confident (having had regard to Charity Commission guidance) that the SDBF delivers public benefit through community engagement, resourcing education and supporting those in need both spiritually and physically.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The Christian Presence

Southwark is a Diocese of rich variety, diversity and liveliness. Clergy form a central part in the life of churches in the Diocese of Southwark and carry out important roles in communities. As well as engaging in a wide variety of community and church projects for example, providing support for a wide variety of organisations, from Sea Cadets to multinational workplaces, ministers carried out over 696 weddings, 2,545 funerals and 2,642 baptisms during year. Many serve as Governors in schools, and serve on community development projects working with local authorities and business organisations.

There are a significant number of parishes across the Diocese with high levels of deprivation. There are also high levels of crime in some areas; many citizens feel marginalised and many clergy and laity find life stressful. With a population of nearly 2.8 million, and growing, Southwark is the third most populous Diocese in England. The 2011 census showed that 35% of the population is non-white. There are many major social institutions in the Diocese, including five prisons, as well as a wide variety of health and educational institutions, which accounts for the large number of licensed chaplains.

Whilst the SDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the SDBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 306 trained stipendiary clergy and 40 training curates in the Diocese, including their housing, is a priority of the SDBF and represents by far its largest financial commitment. Although the SDBF does not employ the parish clergy, it is responsible for training them, paying them, housing them and paying into their pension fund. In 2011, Common Tenure - the new terms of service - were introduced and all new clergy are now appointed under this. The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review.

For many, the clergy house represents the domestic heart of the parish, serving not only as a home but also as a base for ministry. The SDBF recognises the importance of a safe, secure and well maintained house it strives to continue to maintain clergy houses as well as carrying out programmed refurbishments and improvements. There is also a capital plan of new housing where the clergy

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house is no longer fit for purpose.

Over the year the average vacancy rate was 20 posts. During all interregnums, Archdeacons and Area Deans worked closely with the churchwardens of the relevant parishes to ensure that in every case, services continued and activities within the community continued. This was largely made possible by the pool of retired and self-supporting ministers and licensed lay ministers (Readers) who are selected, trained, licensed and deployed in the Diocese. In addition the Diocese of Southwark selects, trains and authorises its own lay pastoral auxiliaries (SPA's) and these provide a wide range of services in their parishes and wider communities, from pre-school playgroups to visiting and supporting the sick, elderly and isolated.

The SDBF also funds vital work to identify and support potential candidates for ordained and lay ministry, so ensuring needs of parishes and communities are met in the years ahead.

Provision of Resources.

In response to the agreed objective to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith, the Diocese resourced a further appointment in its Ministry and Discipleship Department. In addition, two part-time appointments were made in the Mission and Evangelism Department in order to focus on Mission Action Planning in every parish. The recent creation of a new post dedicated to the encouragement of lay vocations underpins the importance of growing the church and serving local communities.

Educational Establishments

The Diocese contributes financially to the work of the Southwark Diocese Board of Education, there are 106 church schools across the Diocese including 15 secondary schools. In addition, parish clergy support, and have personal contacts with, most educational establishments in their parishes and church buildings are widely used to support school and university events. For some families in the community this provides the most tangible ongoing link to the Church.

Local Engagement and Working with others in the community

Londoners speak 300 languages and belong to at least 14 different faiths. Nine out of South London's 12 boroughs fall within the top 50 most religiously diverse local authorities and the Diocese resources inter-faith work assiduously. Relationships between church and civic authorities are fostered carefully. City Hall, the home of the Greater London Assembly, is situated in the Diocese.

Whilst some extremely good examples of working together already exist, each Archdeaconry works at Deanery and parish level to identify and endeavour to meet the specific needs of their local communities. In the Diocese of Southwark, specific groups include Area Minority Ethnic Concerns Committees as the Diocese is very diverse ethnically. During 2015, the Diocese created one full time and one part time post to further its public policy work, with a focus on resourcing parishes to support their outreach particularly in addressing poverty.

Related parties

These include:

- the Archbishops' Council to which the SDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod
- the Church Commissioners from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The Board pays for clergy stipends through the

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Church Commissioners

- the Church of England Pensions Board, to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees. It also offers schemes to provide housing for clergy in retirement
- the Southwark Diocesan Board of Education (SDBE) is a separate registered charity (No. 313001) to which the SDBF makes grants. The SDBE supports 106 Church of England schools: 91 are Primary Schools and 15 are Secondary Schools of which one is an All Through School and five Academies. The SDBE supports the provision, effectiveness and development of education on all Church of England schools within the Diocese. It specifically seeks to develop the Christian ethos and distinctiveness of church schools; to promote religious education and collective worship; and to advise School Governors and Trustees and support the maintenance and improvement of school buildings and facilities. The SDBE also supports the provision of chaplaincy in higher and further education institutions
- Southwark Diocesan Welcare (Welcare) is a separate registered charity (No. 1107859) to which the SDBF makes a grant. Welcare supports the relief of poverty and distress and the promotion of any charitable purpose for the benefit of families, children and pregnant women, the promotion of the social mission of the Christian Church and advancement of education for the public benefit
- Southwark & London Diocesan Housing Association (SLDHA) is a charity exempt from registration with the Charity Commission to which the SDBF provides office space. The SLDHA is registered with its funder and regulator, The Homes and Communities Agency (No. LH 3934). The SLDHA has announced that it is to merge with another Registered Provider in 2016.
- Southwark Cathedral is a charity exempt from registration with the Charity Commission. It is the seat of the Bishop of Southwark and services are held at the Cathedral that are paid for by the SDBF and to which the SDBF makes a grant.

Transactions with related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure this is given in note 28 to the financial statements.

Volunteers

The Board is dependent on the huge number of people involved in church activities, both locally and at Diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The Board has invested further in developing its web based services for parishes and parish officers who are mostly volunteers and is particularly grateful to more than 600 parish safeguarding officers, who undertake mandatory training and are actively involved in critical preventative work. Within this context, the Board greatly values the considerable time given by all the committee members across the Diocese.

In addition, national surveys have indicated that some 70% of church members volunteer in their local communities including as School Governors, Street Pastors, at winter night shelters and foodbanks. The service provided to a community through church volunteering has a significant impact on people's relationships with the church particularly at times of crisis. Enabling the church to flourish enables volunteering to flourish.

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FUTURE PLANS

The Diocese of Southwark has been through a lengthy period of strategic review under Bishop Christopher's leadership. This has involved:

1. restructuring both governance and management accountabilities
2. bringing policy making and resource allocation together to underpin our renewed focus on creative mission and growth, (which has led to the Diocesan Board of Finance becoming part of the Diocesan Council of Trustees, membership of which is co-terminus with the Bishop's Council) and for example:
 - o a new emphasis on the vocation of the whole people of God
 - o considerable culture change.

During the next ten years, 2016-2025, we will be working alongside parishes and communities of faith to help them flourish, while ensuring we have our clergy where we most need them.

Specifically, we aim to:

- grow our financial resource base that allows investment in growth for the future
- grow our average weekly attendance, partly through having each church develop a high quality Mission Action Plan which includes a course for evangelism and discipleship
- increase the number of worshipping communities, with a primary focus on areas of population growth through investment in Fresh Expressions (fxC) in the areas where the data suggests the existing congregations are increasingly unrepresentative of the resident community and therefore unlikely to be successful in reaching them without intentional intervention
- grow the number of ordained and lay vocations, by enabling and discerning licensed, ordained leadership, training and licensing of lay and pioneer ministers to work in Fresh Expressions, youth and family workers and developing other authorised lay leadership roles
- grow leadership and representation that reflects the rich diversity of our Diocese and especially focusing where the data suggests groups are currently under represented: through ethnicity, age (especially 18-40), educational opportunities, material well being or tradition.

This is to provide resources for people of all ages and at all stages of their spiritual journey and to reflect the rich diversity of our Diocese. There is specific investment of diocesan finances for emerging, new communities along the South Bank of the Thames, from Battersea to the Thames Barrier, prioritising regeneration and renewal with existing, older communities, many of which are poor and deprived.

From 2016-2018, the Diocese will be implementing the next stage of Strategy for Ministry, focusing on priorities identified by the Diocesan Council of Trustees (which includes the Board of Finance). Areas of focus are developing Deaneries, deployment of clergy, training, and vocations.

As part of its work with parishes and the communities the Diocese serves, a new website will be developed in the context of a strategic communications review that will involve developing a range of resources, linked to the website, with parallel integrated work on databases and IT for which

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budget provision will be made over the next five years. In addition, the Diocese will be further investing in its safeguarding resources across the Diocese.

FINANCIAL REVIEW

Financial Performance

A surplus of £4,435,000 on the Statement of Financial Accounts (SoFA) before gains on revaluation was generated for the year compared to a loss of £3,230,000 on the restated results for 2014. This is the first year since 2008 that the Diocese has produced a SoFA surplus excluding revaluation gains. The result is due to a number of factors; not least the continued generosity of our Parishes where Parish Share increased by £368,000 to £15,983,000 (2014: £15,615,000). The result is especially gratifying given that 2015 was the last year of the Fairer Shares system.

Parochial fees were also substantially higher at £632,000 (2014: £584,000) due to greater emphasis on collection which resulted in a significant one off payment of fees from earlier years. Investment income of £2,586,000 was £189,000 higher due entirely to a shift in policy towards vacant parsonages from caretaking during interregnums to commercial letting where possible.

Greater emphasis has been placed on cost control resulting in savings of £1,112,000, principally through reviewing the structure of expenditure on replacement parsonages in the light of planning and other advisory costs, resulting in identifying priority projects for completion and a pause in starting new projects pending a thorough evaluation.

The capital values of properties and investments continued to increase – properties by £47,498,000 (2014: £8,247,000), investments by £133,000 (2014: £268,000) – resulting in an overall increase in funds of £51,933,000 (2014: £2,166,000). The substantial increase in property values is the result of the implementation of the Statement of Recommended Practice for Charities (SORP 2015) that requires property, other than property designated as benefice houses (parsonages) under the Clergy Stipend Measure, to be valued at fair value.

Transitional adjustments to Financial Statements

During the year ended 31 December 2015, as noted within the accounting policies on page 28, the SDBF has adopted for the first time, as required, the SORP 2015 which takes into account a number of changes contained within Financial Reporting Statement 102 (FRS 102). This has resulted in changes to the accounting policies in the following areas:

- accounting for pension scheme deficits on multi-employer defined benefit pension schemes
- accounting for valuation of parsonages.

The net impact of these changes is disclosed in note 26 to the financial statements. The changes in accounting policy are significant and the resulting restatement of the year-ended 31 December 2014 financial statements are disclosed in note 27 to the financial statements. The effect of the restatement is a decrease in the net assets of £11,830,000 as at 31 December 2013 (the opening reserves). The effect on the net income for 2014, as compared with the accounts as previously stated, is a reduction in the deficit of £40,000 with the cumulative effect on the reserves as at 31 December 2014 being a reduction of £14,652,000.

In addition to the required transitional adjustment, the presentation of all amounts have been

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aligned to that required under FRS 102 and SORP 2015.

Significant property transactions

The Diocesan Stipendiary Capital Fund is available for providing and improving benefice and glebe property and when invested, provides income for clergy stipends. The agreed SDBF policy is not to use this fund for day to day house improvements. However the SDBF continues to reserve the right to use this fund should exceptional expenditure arise during the year for which there is a clear need/benefit.

Land and buildings purchased during the year totalled a cost of £5,923,000. These included four properties paid for by the Board and Glebe funds for the use of clergy and curates. One parsonage was rebuilt. This was balanced by the sale of one property and also the proceeds from the sale of a site to a developer for £2,031,000. Our policy continues to be:

- to replace unsuitable properties
- to accommodate the changing geographical deployment of clergy within the Diocese
- to realise the development potential in some properties, to enable more effective use of funds for the ministry of the Church.

Balance sheet position

The Trustees consider that the balance sheet, together with details in note 20, show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. The net assets at the balance sheet date totalled £268.8m (2014: £216.9m). Included in this total are properties, mostly in use for ministry, whose value amounted to £252.7m (2014: £198.2m). Much of the remainder of the assets shown in the balance sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the SDBF.

Reserves policy

Free reserves

Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees' policy is to gradually grow working financial reserves in the general fund such that it is equivalent to six months budgeted unrestricted expenditure by 2020. At 31 December 2015 the amount required under this policy totalled £10.6m (2014: £10.3m). Actual free reserves as at 31 December totalled £3.7m (2014: £3.4m). The Trustees are aware of the deficit against the policy level of free reserves and are working towards meeting the requirement by 2020.

Reserves invested in fixed assets

The general fund comprises net assets amounting to £46.1m of which £43.0m is invested in tangible fixed assets principally freehold and leasehold property.

Designated funds

The Trustees may, with the approval of the SDBF, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 21. At 31 December

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2015 total designated reserves were £42.4m (2014: £22.5m). The policy of the trustees is to gradually return as many of these funds as possible to the general fund.

Restricted and endowment funds

As set out in note 21, the SDBF holds and administers a number of restricted and endowment funds. As at 31 December 2015 restricted funds totalled £4.9m (2014: £3.3m) and endowment funds totalled £217.9m (2014: £187.7m). Neither are available for the general purposes of the SDBF.

Grant making policy

The Memorandum of Association of the SDBF explicitly permits the SDBF to make grants in pursuance of its objects, and the nature of grants made in 2015 is indicated in note 11. All grants are made from budgets set aside for specific purposes and are subject to authorisation policies and criteria.

Investment policy

The SDBF is empowered by its Memorandum of Association to invest monies not immediately required for its purposes. In addition, the SDBF acts as Trustee to a number of trust funds, which must be invested in accordance with the related trusts. The SDBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 20 provides details of the assets of each fund, together with the related purposes, and note 15 summarises the movements in investments during the year.

The Trustees' investment policy is to hold investments in equity, fixed interest and property funds with a variety of managers. The objective for the Diocesan Stipendiary Fund is to maximise the growth of capital in the longer term, while maintaining the inflation adjusted value of the capital. Board investments are held to maximise total return (capital and income) in the longer term. The objective for the Ministry Fund is to maximise the growth of income in the longer term while maintaining the inflation adjusted value of capital. The SDBF is committed to following the ethical and climate change investment guidelines laid down by the Ethical Advisory Group of the National Investing Bodies of the Church of England. The investments held and their return during the year are set out in the following table:

	Funds at 31 December 2015 £'000s	Proportion of Portfolio	Income yield in year	Total Return in year
M&G Managed				
Charifund	7,100	26.5%	4.8%	+4.5%
Cazenove Managed				
Equity Income Trust for Charities	6,651	24.9%	4.7%	+2.7%
JO Hambro Managed				
UK Equity Fund	5,179	19.4%	4.7%	+1.2%
Other managed equity funds	1,588	5.9%	4.2%	+1.9%
Savills Managed				
Charities Property Fund	2,002	7.5%	5.0%	+11.7%
Hermes Managed				
Property Unit Trust	1,814	6.8%	4.1%	+18.0%
Other managed property funds	1,692	6.3%	5.7%	+16.8%
Cash on deposit	719	2.7%	n/a	n/a
	<u>26,745</u>	100.0%		

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The performance of the equity funds was held back by turbulent market conditions while the property funds benefited from improving economic conditions and a shortage of good quality space. All funds beat the benchmark of the FTSE All Share Index. The Investment Committee regularly reviews the performance of the funds and makes recommendations to the Trustees on investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Trustees on an annual basis, with the responsibility for delivery of the mitigation strategies identified by it being delegated to the Diocesan Secretary.

The risk register identifies four areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

1. Parish Share - collection is considerably less than 100% and dependant on the generosity of more affluent parishes:
 - collection statistics are produced and circulated on a monthly basis
 - the Diocese is changing its funding to a pledge based system from 2016, where research from other Dioceses has shown that collection rates are comparably higher longer term;
 - major investment in Communication strategy, including a wide variety of meetings between diocesan leadership, Archdeacons, Area Deans and lay chairs, Deanery Synods and parishes.
2. Cash Flow and management – limitation of funds to pay commitments:
 - financial management and accounting policies reviewed in relation to loans
 - improved management reporting
 - property management policies reviewed and overhauled
 - capital plan reviewed and new planning tool introduced.
3. Safeguarding - Where there might be one or more occurrence of abuse by someone working for or on behalf of the Church, with consequences for those affected and adverse media coverage:
 - the Diocese employs a full time and part time safeguarding adviser, supported by administrative staff and designated senior staff member
 - policies are reviewed annually and aligned with national church guidance as it emerges
 - where necessary legal advice is sought ,particularly with regard to information sharing
 - most parishes are now using online arrangements for Disclosure and Barring Service checks as part of the safe recruitment of those who work with children, young people and adults who may be at risk of harm

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- a comprehensive training programme is delivered to all relevant staff and volunteers with compulsory attendance for those in key roles
 - there is formal reporting of safeguarding activity and key risks for scrutiny by the Diocesan Audit and Governance committee
 - safeguarding work is supported by proactive and sensitive PR and media strategy.
4. Management resources being stretched with compliance and work volumes:
- the Diocese overhauled its administrative and management structures to review the workings of its committees, and to ensure senior professional staff are empowered with greater delegation, accompanied by strengthened paths of accountability
 - senior vacancies recruitment now using executive search to widen the pool and create greater resilience
 - implementation of changes in governance and administration accompanied by additional resourcing and recognition of a lengthy transition period.

STRUCTURE AND GOVERNANCE

Summary Information about the structure of the Church of England

The Church of England is the established church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are sub-divisions of the Diocese.

The National Church has a General Synod comprising ex-officio and elected representations from each Diocese and it agrees and lays before Parliament, Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a co-ordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers.

Within each Diocese, overall leadership lies with the Diocesan Bishop. The Diocese of Southwark is itself divided into 26 Deaneries, each with its own Synod, and within each parish there is a Parochial Church Council (PCC). The PCC shares responsibility with the parish priest for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from an application for partnership with neighbouring Dioceses.

Organisational structure

The South London Church Fund and Southwark Diocesan Board of Finance (SDBF) is a company limited by guarantee (No. 236594) and a registered charity (No. 249678) governed by its Memorandum and Articles of Association.

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The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Southwark. It was established in its present form in 1929.

Governance and policy of the SDBF is the responsibility of the Trustees, who are also members of the company and trustees for the purposes of charity law. Following the changes in governance approved in July 2015, a Diocesan Council of Trustees was approved by Diocesan Synod and the DBF joined with the Bishop's Council, Diocesan Mission and Pastoral Committee (DMPC) and Parsonages Board to become members and trustees. Prior to September 2015 the SDBF had separate representatives from each Deanery Synod, together with specialist appointments. From July 2015, a year of transition commenced. Under the revised governance, the SDBF comprises the Diocesan Bishop (President of the Diocesan Synod), Chair and Vice Chair of the Board of Finance (both laity), Area Bishops, Archdeacons, Chair of the houses of Clergy and Laity, up to 6 clergy (2 from each area), up to 12 members of the laity elected by the House of Laity and up to 6 further lay members, with up to date financial or other relevant expertise.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese. The Synod membership is elected every three years, the last elections having been in July 2015. The Synod elects 12 of the lay Trustees of the SDBF and 6 of the clergy members. Whilst the SDBF is a separate legal entity, with clear responsibilities under both company and charity law, as well as a governing Memorandum and Articles of Association, the SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations. Since the DBF developed co-terminus membership with the Bishop's Council, DMPC and Parsonages Board, membership, trusteeship and directorship of the SDBF also includes membership of those other bodies, all part of the Diocesan Council of Trustees.

The list of Trustees detailed on pages 18 to 20 comprises those trustees prior to the 2015 governance changes and the new trustees from November 2015.

Decision making structure

Corporate priorities and the overall financial strategy for the Diocese in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwark, are set by the Diocesan Synod and the Board. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary. The company meets once a year in General Meeting to receive and approve the Annual Report and Financial Statements and to appoint the auditors.

Each year the Diocesan Synod receives and agrees the annual budget, prepared and approved by the Board. The Trustees, hold up to seven meetings during the year to formulate and coordinate policies on mission, ministry and finance by:

- initiating proposals for action by the Synod and advising it on matters of policy
- delegating where appropriate deliberation of policy and review of decisions to its Policy and Finance Committee, Audit and Governance Committee and its Investment Committee
- transacting the business of the Synod when it is not in session, subject to the directions of the Synod and in accordance with Synod Standing Orders

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

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For the year ended 31 December 2015

- acting as the Trustees of the Board
- considering any restructuring of Synod Committees and Departments which may appear necessary, and for the establishment of ad hoc review groups, their terms of reference and membership
- carrying out such other functions as the Synod delegates to it
- appointing members to Committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by two committees:

Policy and Finance Committee: monitors management accounts and budget, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the Board's responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches). In addition, this Committee considers and initiates areas of strategic policy where proposals are at an early stage of development prior to submission to the Board. This Committee replaced the following committees: Executive & Glebe; Ministry & Training; Parsonage & Property Maintenance; Sites Advisory & Redundant Churches; Communications & Resources; Budget and; Stipends.

Audit and Governance Committee which scrutinises performance, oversees issues of financial probity, reviews the work of external and internal audit, prepares the response to the external auditors management letter, scrutinises the effectiveness of governance, reviews the risk register and major areas of risk.

In addition the Board is advised by its **Investment Committee**, which provides advice to the Policy and Finance Committee and to the Diocesan Secretary on the SDBF's investments and funds available for investment.

Trustee recruitment, selection and induction

Trustees are members of the Bishop's Council, DMPC and Diocesan Parsonages Board and are selected as set out above. Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed before seeking membership and, at all other relevant times, of the role and function of the Committee. Some staff hold the title of 'Director', but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the Diocesan Declaration of Eligibility, Responsibility and Conflicts of Interest statement and form. The Trustees were provided with trustee training during 2015.

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Remuneration of key management personnel

From July 2015 remuneration of higher paid employees is determined by a Remuneration Committee, meeting annually, which is a sub committee of the Policy and Finance committee, formally reporting through to the Board. It is chaired by the Bishop of Southwark and includes the Chair and Vice Chair of the SDBF and external consultants as they determine. That committee decides the remuneration of the Diocesan Secretary to be recommended to the SDBF. The committee considers recommendations from the Diocesan Secretary in respect of the Senior Management Team.

Delegation of day to day delivery

The Trustees and the Committees which assist them in the fulfilment of their responsibilities, delegate management to the Diocesan Secretary who, with her Senior Management Team, delivers the activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Board in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The Board is Custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Board does not control them, and they are segregated from the Board's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £13,889,000 at 31 December 2015 (2014: £15,762,000), are available from the SDBF on request, and are summarised in note 29. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Board's solicitor, Winkworth Sherwood LLP.

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report which incorporates the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently
- observe methods and principles in the Charities SORP
- 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

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For the year ended 31 December 2015

- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the Diocesan website.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and
- b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

The re-appointment of haysmacintyre as auditors to the Board will be proposed at the Annual General Meeting.

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2015. The following Trustees were in post during the period 1 January 2015 to 31 December 2015:

President: The Right Revd Christopher Chessun – Bishop of Southwark

Ex-officio: The Right Revd Dr Richard Cheetham – Bishop of Kingston (from 28 November 2015)
The Right Revd Dr Michael Ipgrave – Bishop of Woolwich (from 28 November 2015)
The Right Revd Jonathan Clark – Bishop of Croydon (from 28 November 2015)
The Venerable Dr Jane Steen – Archdeacon of Southwark
The Venerable Alastair Cutting – Archdeacon of Lewisham and Greenwich
The Venerable Simon Gates – Archdeacon of Lambeth
The Venerable John Kiddle – Archdeacon of Wandsworth (from 22 November 2015)
The Venerable Stephen Roberts – Archdeacon of Wandsworth (until 31 August 2015)
The Venerable Chris Skilton – Archdeacon of Croydon
The Venerable Danny Kajumba – Archdeacon of Reigate

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Revd Canon Dr Rosemarie Mallett – Chair of the House of Clergy of Diocesan Synod
(from 28 November 2015)

Mr Adrian Greenwood – Chair of the House of Laity of Diocesan Synod (from 28
November 2015)

Appointed by the Bishop of Southwark: Mr John Kempself (Chairman of the Board of Finance)
Mr Ian Akhurst (Vice Chairman of the Board of Finance)

Elected by Synod (House of Clergy):
(from 28 November 2015)

Revd Alison Way
Revd Phil Andrew
Revd Canon Dr Susan Clarke
Revd Canon Ailsa Newby
Revd Canon Kim Hitch
Revd Jonathan Sedgwick

Elected by Synod (House of Laity):
(from 28 November 2015)

Mr Christopher Elliott
Mrs Lotwina Farodoye
Mrs Jacqueline Dean
Mr Alex Helliwell
Dr David Keiller
Mr Gerald Allison
Dr Nicholas Burt
Mr Carl Hughes
Ms Elizabeth Simon
Ms Anne Coates
Mr Bill Bishop
Mr Michael Hartley

Laity elected from Deaneries:
(until 28 November 2015)

Mr Philip Bladen
Mr Christopher Clementi
Mr Martin Day
Mr Peter Frost
Mr Chris Glasson
Mr Chris Gretton
Mr Christian Hansen
Mr Neal Harvey
Mr Nick Herbert
Mr Robin Hickson
Mr Roger Hird
Mr John Kingdom
Mr Steve Kingston
Mr Bob Love MBE
Mr David Plummer
Mr Kirk Siderman-Wolter
Mr Peter Siggs
Mr Andrew Simon
Mr John Sutton
Mr David Thompson
Ms Barbara Ann Truttero

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For the year ended 31 December 2015

Mr Stephen Wilmer

Clergy elected from Deaneries:
(until 28 November 2015)

Revd David Billin
Revd Capt Jeremy Garton
Revd John Hayward
Revd Jane Kustner
Revd Jonathan Macy
Revd Douglas McHardie
Revd Nicholas Peacock
Revd Andrew Wakefield

Bishop of Southwark's Nominees:

Revd Barry Nichols (Chair of the Investment Sub Committee)
Mr John Henson MBE (until 28 November 2015)
Mr Roger Squire (until 28 November 2015)
Revd Canon Dr John Thewlis (until 28 November 2015)

Appointed Laity:

Mr Stephen Willmer (Chair of Audit & Governance Committee) (from 28 November 2015)

Senior staff and advisers

Diocesan Secretary	Ms Ruth Martin
Deputy Diocesan Secretary	Revd Canon Stephen Roberts
Director of Finance and Financial Assets	Mr Anthony Demby
Diocesan Surveyor	Mr Eric Greber
Director of Human Resources	Mr David Loft
Director of Office Support Services	Mr Mark Charlton
Director of Communications & Resources	Ms Wendy Robins

Registered Office: Trinity House, 4 Chapel Court, Borough High Street, London, SE1 1HW

Bankers: National Westminster Bank plc
91 Westminster Bridge Road, London, SE1 7HW

Barclays Bank plc
1 Churchill Place, London, E14 5HP

Independent Auditor: haysmacintyre
26 Red Lion Square, London, WC1R 4AG

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

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For the year ended 31 December 2015

Investment Fund Managers:

Cazenove Capital Management Ltd
12 Moorgate, London, EC2R 6DA

CCLA Investment Management Ltd
Senator House, 85 Queen Victoria Street, London, EC4V 4ET

Hermes Investment Management Ltd
1 Portsoken Street, London, E1 8HZ

JO Hambro Capital Management Ltd
Ryder Court, 14 Ryder Street, London SW1Y 6QB

M&G Securities Ltd
Laurence Pountney Hill, London, EC4R 0HH

Mayfair Capital Investment Management Ltd
2 Cavendish Square, London, W1G 0PU

Savills Investment Management (UK) Ltd
33 Margaret Street, London, W1G 0JD


UBS Global Asset Management (UK) Ltd
21 Lombard Street, London, EC3V 9AH

Property Agents: Rapleys LLP
51 Great Marlborough Street, London. W1F 7JT

Insurers: Ecclesiastical Insurance Office plc
Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 14 in their capacity as company directors.

BY ORDER OF THE TRUSTEES


John Kempson FCA
Chairman of Board of Finance
10 May 2016


Ruth Martin
Secretary
10 May 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

We have audited the financial statements of the South London Church Fund and Southwark Diocesan Board of Finance for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 17 and 18, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charitable company as at 31 December 2015 and of its incoming resources and application of resources, 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Adam Halsey
Senior Statutory Auditor
For and on behalf of haysmacintyre
Chartered Accountants and Statutory Auditors
10 May 2016

26 Red Lion Square
London
WC1R 4AG

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

STATEMENT OF THE FINANCIAL ACTIVITIES

For the year ended 31 December 2015

	Note	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015	Total funds 2014
		General £'000	Designated £'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations	2						
Parish contributions		15,983	-	-	-	15,983	15,615
Archbishops' Council		559	-	17	-	576	516
Other donations		1,212	-	-	-	1,212	1,157
Charitable activities	3	1,225	130	-	-	1,355	1,127
Other activities	4	118	-	-	-	118	99
Investments	5	849	72	1,665	-	2,586	2,398
Other	6	14	2,031	-	(46)	1,999	533
		<u>19,960</u>	<u>2,233</u>	<u>1,682</u>	<u>(46)</u>	<u>23,829</u>	<u>21,445</u>
Expenditure on							
Raising funds	7	27	-	-	-	27	4
Charitable activities	8	19,093	365	38	4	19,500	24,939
Total		<u>19,120</u>	<u>365</u>	<u>38</u>	<u>4</u>	<u>19,527</u>	<u>24,943</u>
Net income/(expenditure) before investment gains		<u>840</u>	<u>1,868</u>	<u>1,644</u>	<u>(50)</u>	<u>4,302</u>	<u>(3,498)</u>
Net gains on investments		<u>108</u>	<u>50</u>	<u>(11)</u>	<u>306</u>	<u>453</u>	<u>268</u>
Net income/(expenditure)		<u>948</u>	<u>1,918</u>	<u>1,633</u>	<u>256</u>	<u>4,755</u>	<u>(3,230)</u>
Transfers between funds	13	(668)	(794)	-	1,462	-	-
Other recognised gains							
Gains on revaluation of fixed assets		-	18,714	(2)	28,466	47,178	5,396
Net movement in funds		<u>280</u>	<u>19,838</u>	<u>1,631</u>	<u>30,184</u>	<u>51,933</u>	<u>2,166</u>
Total funds brought forward		<u>3,415</u>	<u>22,524</u>	<u>3,273</u>	<u>187,685</u>	<u>216,897</u>	<u>214,731</u>
Total funds carried forward	19	<u>3,695</u>	<u>42,362</u>	<u>4,904</u>	<u>217,869</u>	<u>268,830</u>	<u>216,897</u>

All activities derive from continuing activities. The notes on pages 27 to 54 form part of the financial statements

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2015

	Total 2015 £'000	Total 2014 £'000
Total incoming resources	23,875	21,386
Resources expended	19,523	23,210
	<hr/>	<hr/>
Operating surplus/(deficit) for the year	4,352	(1,824)
<i>Net gains on investments</i>	147	251
	<hr/>	<hr/>
Net income/(expenditure) for the year	4,499	(1,573)
Other comprehensive income:		
Revaluation of fixed assets	18,712	612
Net assets transferred to endowments	(1,462)	(449)
	<hr/>	<hr/>
Total comprehensive income/(expenditure)	<u>21,749</u>	<u>(1,410)</u>

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

BALANCE SHEET

At 31 December 2015

Company No.: 236594

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	14	252,739	198,278
Investments	15	29,689	33,364
		<u>282,428</u>	<u>231,642</u>
CURRENT ASSETS			
Debtors	16	1,400	2,066
Cash on deposit		778	1,688
Cash at bank and in hand		1,939	272
		<u>4,117</u>	<u>4,026</u>
CREDITORS: amounts falling due within one year	17	(3,545)	(3,713)
NET CURRENT ASSETS		<u>572</u>	<u>313</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>283,000</u>	<u>231,955</u>
CREDITORS: amounts falling due after more than one year			
Pension scheme liabilities	18	(9,660)	(11,786)
Other creditors	18	(4,510)	(3,272)
NET ASSETS		<u>268,830</u>	<u>216,897</u>
FUNDS			
Endowment funds		217,869	187,687
Restricted income funds		4,904	3,270
Unrestricted income funds:			
General fund		3,695	3,416
Designated funds		42,362	22,524
TOTAL FUNDS	20	<u>268,830</u>	<u>216,897</u>

The Statement of Financial Activities, Income and Expenditure Account, Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 10 May 2016 and signed on behalf of the Board by:


John Kempson FCA

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

CASH FLOW STATEMENT

For the year ended 31 December 2015

	2015	2014
	£'000	£'000
Net cash outflow from operating activities	(1,423)	(7,064)
Cash flows from investing activities		
Dividends, interest and rent from investments	2,586	2,396
Increase in cash held in investments	(719)	-
Proceeds from the sale of:		
Tangible fixed assets	2,937	3,227
Investments	5,507	3,292
Purchase of:		
Tangible fixed assets	(5,971)	(1,718)
Fixed asset investments	(660)	(2,271)
Net cash provided by investing activities	3,680	4,926
Cash flows from financing activities		
Loans (repaid)/received	(1,500)	1,000
Net cash (used in)/provided by financing activities	(1,500)	1,000
Change in cash and cash equivalents in the reporting period	757	(1,138)
Cash and cash equivalents at 1 January	1,960	3,098
Cash and cash equivalents at 31 December	2,717	1,960
Reconciliation of net movements in funds to net cash flow from operating activities		
Net movement in funds for the year ended 31 December	4,302	(3,498)
Adjustments for:		
Depreciation charges	44	30
Dividends, interest and rent from investments	(2,586)	(2,396)
Movement in pension deficit recovery creditor less contributions paid	1,093	(1,074)
Other transitional non-cash movements	(319)	-
Profit on sale of fixed assets	(1,999)	(527)
Adjustment to carrying value of benefice houses	(736)	-
Decrease in debtors	666	174
(Decrease)/Increase in creditors	(1,888)	227
Net cash used in operating activities	(1,423)	(7,064)
Analysis of cash and cash equivalents		
Cash in hand	778	272
Notice deposits (less than 3 months)	1,939	1,688
	2,717	1,960

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in 1.d), and fixed asset investments, which are included at their market value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS 102).

Following the transition to FRS 102 for the first time in 2015 all of the accounting policies have been aligned with the new accounting standard and where these have resulted in a material change to the amounts, classification or presentation within the financial statements, as at the date of transition, then a transitional adjustment has been made (see note 26).

The principal accounting policies and estimation techniques are as follows:

a) Going concern

The Directors/Trustees consider that there are no material uncertainties regarding the SDBF's ability to continue as a going concern.

b) Income

All income is included in the Statement of Financial Activities (SoFA) when the SDBF is legally entitled to it as income or capital respectively, ultimate receipt is probable and, the amount to be recognised can be quantified with reasonable accuracy.

- i) **Parish Share** is recognised as income of the year in which it is received.
- ii) **Rent** receivable is recognised as income in the period to which it relates.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received that are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are not recognised in the SoFA and are included in creditors.
- v) **Parochial fees** are recognised as income of the year in which they are received.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets** are included within other income. Losses on disposal are within other expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

b) Income (continued)

- viii) **Diocesan Stipendiary Fund income** is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and is restricted to the payment of clergy stipends. The income is fully expended within the year of receipt. The income and the related stipend expenditure are both included in the unrestricted column of the SoFA.

c) Expenditure

Expenditure is recognised on the accruals basis and is classified in the SoFA under headings that aggregate related costs.

- i) **Costs of raising funds** are costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.
- ii) **Charitable expenditure** comprises expenditure on contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese and expenditure relating to the running of the Diocesan Retreat House.
- iii) **Grants payable** are charged in the year in which the grant is awarded. Where the grant is conditional on the recipient meeting performance or other discretionary requirements to the satisfaction of the SDBF it is recognised as expenditure when these have been met. Grants made subject to such conditions that have not been met at the year-end are noted as a commitment, but not accrued as expenditure.
- iv) **Support costs** comprise central management, administration and governance costs. The amount spent on raising funds and other activities is considered by the Trustees to be immaterial and all support costs are included within charitable activities. Costs charged directly to the activity to which they relate, but where this is not possible they are apportioned on the basis of staff time cost.
- v) **Pension contributions.** The SDBF participates in two defined benefit pension schemes (see note 25): the Church of England Funded Pensions Scheme for clergy and the Church Workers Pension Fund (CWPF) for SDBF lay staff. The SDBF closed the defined benefit section of the CWPF to new members in July 2013.
The pension costs charged for the defined benefit schemes as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes in which the SDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.
SDBF staff joining after July 2013 are members of the defined contribution section of the CWPF. Contributions to this scheme paid by the SDBF are charged to the SoFA.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

d) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not charged on buildings as the Trustees consider that any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and that their expected residual value is not materially less than their carrying value. The SDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. Annual impairment reviews are conducted in accordance with the requirements of FRS 102 to ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Properties that have been bought with the assistance of value-linked loans from the Church Commissioners are stated at fair value and are revalued at each reporting date to match the value of the related property. Any gains and losses arising at each year-end are recognised in the SoFA.

Investment properties

Diocesan Stipendiary Fund and General Fund properties held for investment purposes are included at their fair value. Any gains and losses arising at each year-end are recognised in the SoFA.

Benefice houses

The SDBF has followed the requirements of FRS 102 in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost. For this purpose the SDBF has adopted the estimated insurance rebuild costs as at 1 January 2014 as deemed cost. Benefice houses are subject to annual impairment reviews and are not subject to depreciation on the grounds that the costs of repair and maintenance are greater than the annual depreciation charge.

Leasehold improvements

Improvements made to leasehold properties are amortised to the SoFA over the shorter of the remaining life of the lease or the first break period contained in the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

e) Other tangible fixed assets

Depreciation is charged to the SoFA over the expected useful economic life of the asset at the following rates:

Furniture, equipment and motor vehicles	10-25% per annum	straight line basis
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f) Other accounting policies

i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the SoFA.

ii) **Leases** - The SDBF has entered into operating lease arrangements for the use of certain property assets, the rental for which is charged in full as expenditure in the year to which it relates. Rent free periods given as part of an operating lease are amortised in the SoFA over the shorter of the term of the lease or first break period contained in the lease.

g) Financial Instruments - assets and liabilities

Debtors

Debtors are recognised at the settlement amount due.

Cash and cash equivalents

Cash at bank and cash in hand includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the SDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Value linked loans

The SDBF value linked loans for which the settlement proceeds are based on the value of the related properties. As this constitutes a non-basic financial instrument under FRS 102 these loans are recognised at fair value and are revalued at each reporting date to match the value of the related property. Any gains and losses arising at each year-end are recognised in the SoFA.

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

h) Fund balances

Fund Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the SDBF's corporate funds and are freely available for any purpose within the SDBF's charitable objects at the discretion of the Trustees. There are two types of unrestricted funds:
 - **General funds** which the SDBF intends to use for the general purposes of the SDBF and
 - **Designated funds** set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust and administered by the SDBF to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage Capital Fund, there are discretionary powers to convert capital into income and this fund is classified as expendable endowment. The Ministry Fund and the Diocesan Stipendiary Fund are endowment funds where there is no provision for expenditure of capital and these are classified as permanent endowments.

2. DONATIONS

Parish contributions

The majority of donations are collected from the parishes of the Diocese through the parish share system.

	2015 £'000	2014 £'000
Unrestricted general fund		
Current year receipts from Parishes	15,757	15,536
Previous year receipts from Parishes	226	79
	<hr/>	<hr/>
Total Income	15,983	15,615
	<hr/>	<hr/>

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

2. DONATIONS (continued)

Archbishops' Council

	Unrestricted General Fund £'000	Restricted Funds £'000	Total funds 2015 £'000	Total funds 2014 £'000
Parish Mission grant	297	-	297	288
Area Bishops grant	262	-	262	228
Xtend grant	-	17	17	-
	<u>559</u>	<u>17</u>	<u>576</u>	<u>516</u>

An annual grant is received from the Parish Mission fund, which may be used either for specific parish mission and development projects or for clergy stipends. A grant is also received to support the administrative costs of the Area Bishops. Xtend is a mission project run for the Diocese by Springfield Church, Wallington and St Paul's Church, Brixton. It is a restricted grant.

Other donations

	2015 £'000	2014 £'000
Unrestricted General fund		
All Churches Trust grant	251	229
Trust for London grant	888	854
Other grants and donations	73	74
	<u>1,212</u>	<u>1,157</u>

3. CHARITABLE ACTIVITIES

	2015 £'000	2014 £'000
Unrestricted General fund		
Statutory fees	632	584
Reimbursement of stipends	519	374
Other income	74	27
Diocesan Retreat House	130	142
	<u>1,355</u>	<u>1,127</u>

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Room hire and recharges	118	-	-	-	118	99
	<u>118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118</u>	<u>99</u>

5. INVESTMENT INCOME

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable	305	35	1,120	-	1,460	1,541
Interest receivable	40	-	6	-	46	3
Rents receivable	504	37	539	-	1,080	854
	<u>849</u>	<u>72</u>	<u>1,665</u>	<u>-</u>	<u>2,586</u>	<u>2,398</u>

6. OTHER INCOME

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of investments	-	-	-	-	-	6
Gain on sale of fixed assets	14	-	-	-	14	-
(Loss)/Gain on sale of properties	-	-	-	(46)	(46)	527
Sales proceeds	-	2,031	-	-	2,031	-
	<u>14</u>	<u>2,031</u>	<u>-</u>	<u>(46)</u>	<u>1,999</u>	<u>533</u>

7. FUND RAISING COSTS

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Property rental costs	27	-	-	-	27	4
	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>4</u>

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

8. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015	Total funds 2014
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council						
Training for Ministry	658	-	-	-	658	622
National Church Responsibilities	581	-	-	-	581	582
Retired clergy housing costs	203	-	-	-	203	190
	<u>1,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,442</u>	<u>1,394</u>
Resourcing Ministry and Mission						
Parish Ministry						
Stipends and national insurance	9,114	-	-	-	9,114	8,860
Pension contributions	2,769	-	-	-	2,769	2,825
Defined benefit pension scheme movement	(2,126)	-	-	-	(2,126)	463
Housing costs	3,711	43	-	-	3,754	4,549
Property depreciation	-	-	-	-	-	573
Removal and resettlement grants	556	-	-	-	556	582
Other expenses	-	106	-	4	110	21
	<u>14,024</u>	<u>149</u>	<u>-</u>	<u>4</u>	<u>14,177</u>	<u>17,551</u>
Support for parish ministry	3,627	37	38	-	3,702	5,797
Diocesan Retreat House	-	179	-	-	179	197
	<u>17,651</u>	<u>365</u>	<u>38</u>	<u>4</u>	<u>18,058</u>	<u>23,545</u>
	<u>19,093</u>	<u>365</u>	<u>38</u>	<u>4</u>	<u>19,500</u>	<u>24,939</u>

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2015 £'000
Charitable activities:				
Contributions to Archbishops' Council	-	1,442	-	1,442
Resourcing parish ministry	15,798	898	753	17,449
Education and Social Responsibility	-	430	-	430
Diocesan Retreat House	179	-	-	179
	<u>15,977</u>	<u>2,770</u>	<u>753</u>	<u>19,500</u>

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

10. ANALYSIS OF SUPPORT COSTS

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2015
	General £'000	Designated £'000	£'000	£'000	£'000
Central administration	549	106	-	4	659
Governance:					
External audit	35	-	-	-	35
Registrar and Chancellor	46	-	-	-	46
Synodical costs	13	-	-	-	13
	<u>643</u>	<u>106</u>	<u>-</u>	<u>4</u>	<u>753</u>

11. ANALYSIS OF GRANTS MADE

	No.	Individuals £'000	Institutions £'000	2015 Total £'000	2014 Total £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishops' Council	6	-	1,442	1,442	1,394
From unrestricted funds:					
Southwark Diocesan Board of Education	3	-	258	258	275
Southwark Diocesan Welcare	2	-	172	172	169
Southwark Cathedral	1	-	29	29	27
Bishop of Southwark's Fund	1	-	44	44	41
Parishes for mission	128	-	255	255	302
Other institutions for mission	29	-	54	54	6
Parishes for fabric repairs	4	-	18	18	256
Clergy for settling in/first appointment	92	208	-	208	197
Clergy for study/sabbatical	23	21	-	21	15
Ordinands in training	37	251	-	251	278
	<u>320</u>	<u>480</u>	<u>830</u>	<u>1,310</u>	<u>1,566</u>
From restricted funds for various purposes within resourcing parish ministry:					
Education and development of women clergy (Gilmore fund)	38	18	-	18	15
Total	<u>38</u>	<u>18</u>	<u>-</u>	<u>18</u>	<u>15</u>
Total	<u>364</u>	<u>498</u>	<u>2,272</u>	<u>2,770</u>	<u>2,975</u>

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

12. STAFF COSTS	2015 £'000	2014 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,857	1,714
National insurance contributions	165	144
Pension costs	299	687
	<u>2,321</u>	<u>2,545</u>

The average number of persons employed during the year:

	Number	Number
Administration	18	17
Property	8	7
Vocations, training, safeguarding & diocesan retreat house	12	14
Mission & inclusion	23	18
	<u>61</u>	<u>56</u>

The average number of persons employed during the year based on full-time equivalents:

	Number	Number
Administration	17.4	17.2
Property	7.6	6.5
Vocations, training, safeguarding & diocesan retreat house	10.0	8.7
Mission & inclusion	15.0	14.0
	<u>50.0</u>	<u>46.4</u>

The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2015 Number	2014 Number
£60,001 - £70,000	1	-
£80,001 - £90,000	1	1
	<u>1</u>	<u>1</u>

Pension payments of £44,000 (2014: £30,000) were made for these employees.

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

12. STAFF COSTS (continued)

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. During 2015 they were:

Diocesan Secretary and Company Secretary	Ms Ruth Martin (from January 2015)
Deputy Diocesan Secretary	Mr Andrew Lane (until July 2015)
Deputy Diocesan Secretary	Revd Canon Stephen Roberts (from September 2015)
Director of Finance and Financial Assets	Mr Anthony Demby (from May 2015)
Diocesan Surveyor	Mr Eric Greber
Director of Human Resources	Mr David Loft
Director of Office Support Services	Mr Mark Charlton
Director of Communications and Resources	Ms Wendy Robins

Remuneration, pensions and expenses for these 8 employees (2014: 7) was £471,000 (2014: £493,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out of pocket expenses, totalling £13,000 (2014 - £15,000) in respect of General and Diocesan Synod duties, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the SDBF during the year:

	Stipend	Housing
The Right Revd Christopher Chessun	No	No
The Right Revd Dr Richard Cheetham	No	Yes
The Right Revd Jonathan Clarke	No	Yes
The Right Revd Dr Michael Ipgrave	No	Yes
The Venerable Alistair Cutting	Yes	Yes
The Venerable Simon Gates	Yes	Yes
The Venerable Daniel Kajumba	Yes	Yes
The Venerable John Kiddle	Yes	Yes
The Venerable Stephen Roberts	Yes	Yes
The Venerable Christopher Skilton	Yes	Yes
The Venerable Dr Jane Steen	Yes	Yes
Revd Philip Andrew	Yes	Yes
Revd Canon Kim Hitch	Yes	Yes
Revd Canon Dr Rosemarie Mallett	Yes	Yes
Revd Canon Ailsa Newby	Yes	Yes

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

12. STAFF COSTS (continued)

Trustees' emoluments (continued)

	Stipend	Housing
Revd Jonathan Sedgwick	Yes	Yes
Revd Alison Way	Yes	Yes
Revd Jeremy Garton	Yes	Yes
Revd John Hayward	Yes	Yes
Revd Jane Kustner	Yes	Yes
Revd Jonathan Macy	Yes	Yes
Revd Douglas McHardie	Yes	Yes
Revd James Peacock	Yes	Yes
Revd Canon Dr John Thewlis	Yes	Yes
Revd Andrew Wakefield	Yes	Yes

The SDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese excluding the Diocesan and Area Bishops and cathedral staff.

The SDBF paid an average of 306 (2014 – 316) stipendiary clergy as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2015 £'000	2014 £'000
Stipends	8,446	8,213
National insurance contributions	668	647
Pension costs - current year	2,769	2,825
	<u>11,883</u>	<u>11,685</u>

The stipends of the Diocesan Bishop and Area Bishops are funded by the Church Commissioners and are in the range £34,460 - £42,240 (2014 range £33,780 - £41,410). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2015 was in the range £32,854 - £34,117 (2014 range £32,368 – £33,613) and other clergy who were Trustees were paid in the range £23,910 - £25,000 (2014 range £23,556 – £24,610). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2015 at £9,910 (2014 - £9,950).

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Endowment
	General £'000	Designated £'000	funds £'000
Drawdown from Parsonages Capital Fund to General Fund	330	(330)	-
Drawdown from Church Building Fund to General Fund	30	(30)	-
Transfer of In-Service Training Fund to General Fund	299	(299)	-
Transfer of Area Clergy Conference to General Fund	25	(25)	-
Transfer of Land Registry Provision Fund to General Fund	21	(21)	-
Transfer of Pension Fund LPFA to General Fund	71	(71)	-
Transfer of Diocesan Retreat House to General Fund	15	(15)	-
Transfer of IME Fund Pilgrimage to General Fund	3	(3)	-
Transfer from General Fund to Diocesan Stipendiary Fund	(1,462)	-	1,462
	<u>(668)</u>	<u>(794)</u>	<u>1,462</u>

14. TANGIBLE FIXED ASSETS

	Freehold & Leasehold Properties £'000	Leasehold Improvements £'000	Furniture & Equipment £'000	Total £'000
Cost or valuation				
At 1 January 2015	198,204	86	439	198,729
Additions	5,923	4	44	5,971
Disposals	(932)	-	(21)	(953)
Revaluation	49,472	-	-	49,472
At 31 December 2015	<u>252,667</u>	<u>90</u>	<u>462</u>	<u>253,219</u>
Depreciation				
At 1 January 2015	-	78	373	451
Disposals	-	-	(15)	(15)
Charge for the year	-	2	42	44
At 31 December 2015	<u>-</u>	<u>80</u>	<u>400</u>	<u>480</u>
Net Book Value				
At 31 December 2015	<u>252,667</u>	<u>10</u>	<u>62</u>	<u>252,739</u>
At 31 December 2014	<u>198,204</u>	<u>8</u>	<u>66</u>	<u>198,278</u>

Freehold and leasehold properties in the balance sheet are vested in the SDBF, except for benefice houses which are vested in the incumbent. With the exception of benefice houses, which are stated at deemed cost, all properties in the current and prior year are stated at valuation.

As at 31 December 2015 all properties other than benefice houses were revalued to fair value by Rapleys LLP in accordance with Royal Institute of Chartered Surveyors professional standards and valuation practice statements. The revaluation increased the value of the properties by £49,472,000 compared with the previous valuation basis.

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

14. TANGIBLE FIXED ASSETS (continued)

The value of leasehold properties included above amounts to £3,100,000 (2014: £1,763,000). Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

Certain properties have been purchased with the help of value-linked loans from the Church Commissioners. On disposal the agreed share of the net sale proceeds will be remitted to the Commissioners and the related loan liability extinguished. The value of such properties included above amounts to £3,030,000 (2014: £1,792,000).

15. FIXED ASSETS INVESTMENTS

	At 1 January 2015 £'000	Additions £'000	Disposals £'000	Change in Market Value £'000	At 31 December 2015 £'000
Unrestricted funds					
Listed investments	7,922	260	(1,638)	158	6,702
Restricted funds					
Listed investments	2,813	-	-	(11)	2,802
Endowment funds					
Listed investments	22,629	400	(3,869)	306	19,466
Cash on deposit	-	719	-	-	719
	22,629	1,119	(3,869)	306	20,185
Total	33,364	1,379	(5,507)	453	29,689

16. DEBTORS

	2015 £'000	2014 £'000
Due within one year		
Current year Parish share	125	117
Loans to parishes	170	334
Loans to others	25	27
Other debtors and prepayments	451	644
	771	1,122
Due after more than one year		
Loans to parishes	586	925
Other debtors	43	19
	629	944
Total debtors	1,400	2,066

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

17. CREDITORS: amounts falling due within one year	2015	2014
	£'000	£'000
Bank loan repayment instalments due in one year	1,000	2,500
Other taxes and social security	76	52
Other creditors and accruals	2,469	1,161
Total creditors: amounts falling due within one year	3,545	3,713
18. CREDITORS: amounts falling due after more than one year	2015	2014
	£'000	£'000
Loans repayable in instalments due after more than one year:		
CBF other loan	1,000	1,000
Church Commissioners value-linked loans	3,030	1,792
Church Commissioners other loan	480	480
	4,510	3,272
Pension Scheme liabilities:		
Church Workers Pension Fund	-	664
Church of England Funded Pension Scheme	9,660	11,122
	9,660	11,786
Total creditors: amounts falling due after more than one year	14,170	15,058
	2015	2014
	£'000	£'000
The maturity of the above loans may be analysed as follows:		
Between two and five years	480	-
In five years and more	4,030	3,272
	4,510	3,272

Church Commissioners other loan is a ten year interest free loan repayable at the end of the term to assist with the purchase a property.

Value-linked loans (VLL) represent amounts advanced to the SDBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31 December 2015 the Board had no intention of disposing of any of those properties funded via VLL's.

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

19. SUMMARY OF FUND MOVEMENTS

	Balances at 1 January 2015 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2015 £'000
Unrestricted funds						
General	3,356	19,960	(19,093)	(636)	108	3,695
Functional Fixed Assets	59	-	(27)	(32)	-	-
	<u>3,415</u>	<u>19,960</u>	<u>(19,920)</u>	<u>(668)</u>	<u>108</u>	<u>3,695</u>
Designated funds						
Parish Grant Fund	16	-	(16)	-	-	-
Parsonages Capital Fund	(1,089)	2,031	(24)	(330)	-	588
Church Building Fund	466	37	(87)	(30)	-	386
In-service Training Fund	295	4	-	(299)	-	-
Area Clergy Conference	25	-	-	(25)	-	-
Land Registry Provision Fund	41	-	(20)	(21)	-	-
Pension Fund LPFA	63	29	(25)	(71)	4	-
Diocesan Retreat House	60	132	(178)	(15)	1	-
Board Property	22,629	-	-	-	18,759	41,388
IME Fund Pilgrimage	18	-	(15)	(3)	-	-
	<u>22,524</u>	<u>2,233</u>	<u>(365)</u>	<u>(794)</u>	<u>18,764</u>	<u>42,362</u>
Restricted funds						
Ministry Mission	550	-	-	-	-	550
Diocesan Stipend Income Fund	-	1,542	-	-	-	1,542
Xtend Project	1	17	(20)	-	-	(2)
Gilmore Fund	332	16	(18)	-	(4)	326
Dartmouth House Fund	2,390	107	-	-	(9)	2,488
	<u>3,273</u>	<u>1,682</u>	<u>(38)</u>	<u>-</u>	<u>(13)</u>	<u>4,904</u>
Endowment funds						
Ministry Endowment Fund	4,011	-	-	-	(84)	3,927
Diocesan Stipendiary Fund	48,282	(46)	(4)	1,462	29,647	79,341
Parsonage Capital Fund	135,392	-	-	-	(791)	134,601
	<u>187,685</u>	<u>(46)</u>	<u>(4)</u>	<u>1,462</u>	<u>28,772</u>	<u>217,869</u>
Total funds	<u>216,897</u>	<u>23,829</u>	<u>(19,527)</u>	<u>-</u>	<u>47,631</u>	<u>268,830</u>

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

20. SUMMARY OF ASSETS BY FUND	Fixed assets Tangible £'000	Investments £'000	Current Assets £'000	Creditors £'000	Net Assets £'000
Unrestricted funds					
General	3,102	6,674	1,829	(7,910)	3,695
Designated funds					
Parsonages Capital Fund	-	-	588	-	588
Church Building Fund	-	-	386	-	386
Board Property	42,921	-	(1,533)	-	41,388
	42,921	-	(559)	-	42,362
Restricted					
Ministry Mission Funds	-	-	550	-	550
Diocesan Stipendiary Fund	-	-	1,542	-	1,542
Xtend Project	-	-	(2)	-	(2)
Gilmore Fund	-	324	2	-	326
Dartmouth House Fund	-	2,380	108	-	2,488
	-	2,704	2,200	-	4,904
Endowment					
Ministry Fund	-	3,927	-	-	3,927
Diocesan Stipendiary Fund	70,554	16,384	2,208	(9,805)	79,341
Parsonage Capital Fund	136,162	-	(1,561)	-	134,601
	206,716	20,311	647	(9,805)	217,869
Total funds	252,739	29,689	4,117	(17,715)	268,830

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

21. DESCRIPTION OF FUNDS

General fund	The fund represents the unrestricted undesignated fund available for any of the SDBF's purposes.
Parish grant fund	The fund represents amounts set aside to fund grants to parishes in need of financial assistance for repairs to church buildings.
Parsonages capital fund	The fund represents capital receipts released following the sale of benefice houses (parsonages). These are set aside to fund contributions by the SDBF to develop new benefice houses which are not fully funded by corresponding sale proceeds and to make a contribution toward the property department staffing cost.
Church building fund	The fund represents proceeds arising on the sale of redundant churches which are set aside to fund new building and capital works on other churches.
In-service training	The three Area Mission Teams have set aside funds to support area initiatives including anticipated conferences.
Area clergy conference	The fund represents the unexpended accumulated income of a legacy for the benefit of clergy, who in the opinion of the SDBF are most in need of grants from there. In recent years the SDBF has applied the income for grants to clergy for extended study leave.
Land registry provision	The fund is being applied to pay for legal work to register land previously not recorded with the Land Registry.
Pension fund LPFA	The fund reflects the receipt and transfer of funds to clear a pension payment. The fund balance is retained in CBF investments which will be applied to anticipated pension fund deficits with the London Pension Fund Authority.
Diocesan retreat house	The fund reflects the assets, income and expenditure of the Diocesan Retreat House at Wychcroft.
Board property	The fund reflects the value of SDBF Properties at the year end.
IME pilgrimage	The fund reflects the initial payment and transfer of funds to pay for curates planned visit to the Holy Land, as and when they complete their Initial Ministerial Education (IME).
Diocesan Stipendiary Fund income fund	This restricted fund represents income received from endowed Diocesan Stipendiary Fund capital funds where expenditure is restricted to purposes connected to stipends or parsonages.

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

21. DESCRIPTION OF FUNDS (continued)

Ministry mission	The fund represents grants received from the Church Commissioners for restricted purposes. The grant received is to fund the Mission programme and the closing balance represents the amount still to be spent.
Xtend project	Xtend is a mission project run for the Diocese by Springfield Church, Wallington and St Paul's Church Brixton. It is funded by a restricted grant from the Church Commissioners.
Gilmore fund	The Isabella Gilmore fund is a restricted fund and requires the funds to be spent on the education and development of women clergy.
Dartmouth House fund	The Dartmouth House fund is a restricted fund for the purpose of facilitating clergy and lay training, retreats or conferences to assist and promote the work of the Church of England in the Diocese of Southwark and to use the monies to acquire any buildings which may be necessary to forward such purposes, subject always to the consent in writing of the Bishop of Southwark.
Ministry fund	The fund is a permanent endowment fund held for the benefit of augmenting clergy stipends within the Diocese.
Diocesan stipendiary fund	The fund is a permanent endowment fund and represents the glebe assets of benefices from which the income arising and/or benefit of use has been passed to the SDBF under the provisions of the Mission and Pastoral Measure 2011.
Parsonage capital fund	The fund is a permanent endowment fund and represents the capital assets relating to benefice houses (parsonages) but which under the Repairs of Benefice Buildings Measure 1972 are maintained by the Diocese. Funds arising from sales of parsonages are only released to the Board's unrestricted funds under Church Commissioners' orders where either the cost of replacement is lower than the proceeds of sale or under a Pastoral Scheme where no replacement is to be made. This transfer is made at the time the property is vested in the Board of Finance. Any funds released are held in a designated fund for future building or improvement works to other parsonages.

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

22. CAPITAL COMMITMENTS

At 31 December 2015 the SDBF had capital expenditure commitments authorised but not contracted for of £Nil (2014 - £Nil), and contracted for but not yet due of £1,985,000 (2014 - £Nil).

23. OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

	2015 £'000	2014 £'000
Land and buildings where the lease expires		
Within one year of the balance sheet date	172	302
In the second to fifth years inclusive of the balance sheet date	138	288
More than five years from the balance sheet date	19	44

24. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events or contingent liabilities at the balance sheet date.

25. PENSIONS

The SDBF participates in two pension schemes administered by the Church of England Pensions Board: the Church of England Funded Pensions Scheme (CEFPS) for stipendiary clergy and; the Church Workers Pension Fund (CWPF) for lay staff.

Church of England Funded Pension Scheme

With effect from 1 January 1998, diocesan stipendiary clergy became members of the Church of England Funded Pensions Scheme (CEFPS). The scheme provides benefits based on the National Minimum Stipend in the year before their date of retirement for that part of the benefit that relates to pensionable service after 1 January 1998. Pensions in respect of pensionable service before 1 January 1998 will be provided for by the Church Commissioners under the previous arrangements.

The SDBF participates in the CEFPS for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the employer and the other participating employers.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

25. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

25. PENSIONS (continued)

Church of England Funded Pension Scheme (continued)

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2025
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit repair contributions	12.4%	14.1%
Total contribution rate	38.2%	39.9%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2015 £'000	2014 £'000
Balance sheet liability as at 1 January	11,122	11,056
Contributions paid	(1,033)	(933)
Interest cost (recognised in the SoFA)	243	371
Remaining change to the balance sheet liability* (recognised in SoFA)	(672)	628
Balance sheet liability as at 31 December	£9,660	£11,122

* 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 set by reference to the duration of the deficit recovery payments:

	December 2013	December 2014	December 2015
Discount rate	2.5% pa	2.3% pa	3.5% pa
Price inflation	2.4% pa	2.7% pa	3.2% pa
Increase to total pensionable payroll	0.9% pa	1.2% pa	1.7% pa

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

25. PENSIONS (continued)

Church Workers Pension Fund

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

The CWPF has a section known as the DBS, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014. The SDBF closed the DBS section to new entrants from July 2013.

Defined Benefits Scheme

The DBS section of the CWPF provides benefits for lay staff based on final pensionable salaries.

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

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

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such 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 deficit contributions (see below).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

25. PENSIONS (continued)

Church Workers Pension Fund – Defined Benefits Scheme (continued)

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2013. In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £12.9m.

Following the valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 29.1% of pensionable salary and expenses of £11,200 per year.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2015 £'000	2014 £'000
Balance sheet liability as at 1 January	664	774
Contributions paid	-	(185)
Interest cost (recognised in the SoFA)	7	12
Remaining charge to the balance sheet liability* (recognised in SoFA)	(671)	63
	<u> </u>	<u> </u>
Balance sheet liability as at 31 December	<u>£-</u>	<u>£664</u>

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

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

	December 2013	December 2014	December 2015
Discount rate	<u>1.70%</u>	<u>1.10%</u>	<u>0.00%</u>

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

26. Transition to FRS 102

This is the first year that the SDBF has presented its results under FRS 102 and SORP 2015. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 December 2014. Set out below are a reconciliation of the surplus for the year and the reserves from the amounts previously stated in the 2014 financial statements following the change in accounting policies.

Reconciliation of the net expenditure before investment gains for the financial year as previously stated to that restated		Unrestricted 2014 £'000	Restricted 2014 £'000	Endowment 2014 £'000	Total 2014 £'000
Deficit as previously reported		(1,828)	(36)	(1,674)	(3,538)
Defined benefit pension scheme	A				
- CEFPS		(66)	-	-	(66)
- CWPF		106	-	-	106
Total adjustment to net income		40	-	-	40
Net income for the year under FRS102		(1,788)	(36)	(1,674)	(3,498)
Reserves reconciliation – 1 January 2014		£'000	£'000	£'000	£'000
As at 1 January 2014 – as previously reported		28,087	3,309	195,165	226,561
Defined benefit pension scheme	A				
- CEFPS		-	-	(11,056)	(11,056)
- CWPF		(774)	-	-	(774)
As at 1 January 2014 – Restated		27,313	3,309	184,109	214,731
Reserves reconciliation – 31 December 2014					
As at 31 December 2014 – as previously reported		26,603	3,273	201,673	231,549
Defined benefit pension scheme	A				
- CEFPS		-	-	(11,122)	(11,122)
- CWPF		(664)	-	-	(664)
Depreciation on benefice houses	B	-	-	1,384	1,384
Revaluation of benefice houses	B	-	-	(4,250)	(4,250)
As at 31 December 2014 - Restated		25,939	3,273	187,685	216,897

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

26. Transition to FRS102 (continued)

A Recognition of the liability to fund pension fund deficits on defined benefit pension schemes

FRS 102 requires an entity that has entered into an agreement to reduce the historic deficit on a multi-employer pension scheme, to recognise the liability in accordance with FRS 102 sections 28.13 and 28.13A. SDBF has a payment plan with the Church of England Pensions Board to pay both the CWPF and CEFPS deficit over a ten year period (until 2022). Upon transition, the SDBF has recognised the present value deficit funding contributions. As at 31 December 2015, this amounted to £9,660,000 for the CEFPS (2014: £11,122,000) and £nil (2014: £664,000) for the CWPF.

B Impact of change in policy on valuation and depreciation of benefice houses

FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Trustees consider the most suitable accounting policy is to capitalise benefice houses as expendable endowment assets and to carry them at their deemed cost. Benefice houses are subject to annual impairment reviews and are not subject to depreciation on the grounds that the costs of repair and maintenance are greater than the annual depreciation charge. Previously benefice houses have been subject to annual revaluation and depreciation. The transitional effect of the change in policy on the value of benefice houses in fixed assets as at 31 December 2014 resulted in a reduction in the carrying value of £2,864,000.

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

27. Prior Year comparative SoFA

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2014
	General £'000	Designated £'000	£'000	£'000	£'000
Income and endowments from					
Donations					
Parish Contributions	15,615	-	-	-	15,615
Archbishops' Council	516	-	-	-	516
Other donations	866	-	291	-	1,157
Charitable activities	985	142	-	-	1,127
Other activities	99	-	-	-	99
Investments	752	4	1,583	59	2,398
Other	-	533	-	-	533
	<u>18,833</u>	<u>679</u>	<u>1,874</u>	<u>59</u>	<u>21,445</u>
Expenditure on					
Raising funds	4	-	-	-	4
Charitable activities	20,415	881	1,910	1,733	24,939
Total	<u>20,419</u>	<u>881</u>	<u>1,910</u>	<u>1,733</u>	<u>24,943</u>
Net expenditure before investment gains	<u>(1,586)</u>	<u>(202)</u>	<u>(36)</u>	<u>(1,674)</u>	<u>(3,498)</u>
Net gains on investments	<u>238</u>	<u>13</u>	<u>-</u>	<u>17</u>	<u>268</u>
Net expenditure	<u>(1,348)</u>	<u>(189)</u>	<u>(36)</u>	<u>(1,657)</u>	<u>(3,230)</u>
Transfers between funds	1,133	(1,582)	-	449	-
Other recognised gains					
Gains on revaluation of fixed assets	-	612	-	4,784	5,396
Net movement in funds	<u>(215)</u>	<u>(1,159)</u>	<u>(36)</u>	<u>3,576</u>	<u>2,166</u>
Total funds at 1 January 2014 as previously stated	4,404	23,683	3,309	195,165	226,561
Transitional adjustment – FRS102	(774)	-	-	(11,056)	(11,830)
Funds restated as at 1 January 2014	<u>3,630</u>	<u>23,683</u>	<u>3,309</u>	<u>184,109</u>	<u>214,731</u>
Total funds at 31 December 2014	<u>3,415</u>	<u>22,524</u>	<u>3,273</u>	<u>187,685</u>	<u>216,897</u>

28. RELATED PARTY TRANSACTIONS

The Southwark & London Diocesan Housing Association (SLDHA) occupy space in Trinity House rent free. During the year the SDBF received a donation from SLDHA of £35,538 (2014: £35,538).

Recruitment consultancy services of £16,950 (2014: £17,200) were provided to the SDBF by the firm at which the spouse of Revd Canon Dr John Thewlis (a Trustee until 28 November 2015) is a partner.

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

29. FUNDS HELD AS CUSTODIAN TRUSTEE

The SDBF acts as Diocesan Authority or Custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. Assets held as Custodian Trustee are not controlled by the SDBF and are not included in these financial statements. They are summarised as follows:

	2015 £'000	2014 £'000
CBF Church of England Investment Fund	6,500	6,377
CBF Church of England Fixed Interest Securities Fund	164	187
CBF Church of England UK Equity Fund	344	417
CBF Church of England Global Equity Income Fund	422	513
Other Common Investment and OEIC holdings	2,740	2,976
Direct holdings in UK equities and gilts	416	458
CBF Church of England Deposit Fund	3,302	4,812
COIF Deposit Fund	-	20
Cash at bank	1	2
Total assets held as Custodian Trustee	<u>13,889</u>	<u>15,762</u>

30. SUBSIDIARY UNDERTAKING

Southwark DBF Trading Ltd

The SDBF is the beneficial owner of a subsidiary undertaking, Southwark DBF Trading Limited, which is registered in England and supplies property and administrative services to the SDBF. The company did not trade during the current or prior year and had no assets or liabilities at the Balance Sheet date (2014: £nil).

A large print version of these financial statements are available on request from:

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