

LUTHERAN COUNCIL OF GREAT BRITAIN
Trading as the Council of Lutheran Churches
ANNUAL REPORT AND ACCOUNTS



YEAR ENDED 31 DECEMBER 2015

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CHAIRMAN'S OVERVIEW



2015 was an interesting year for the Council, because although there may not appear to have been major changes, it marked the beginning of a significant shift to kick off a new strategic direction for the Council and ILSC.

In April 2015 the Board took a day of facilitated discussion to review our Mission and Vision, and to agree a new strategy, which is elaborated in more detail in the “Future Plans” section on page 11. It reaffirms our commitment to supporting our Member churches and their congregations in finding their identity in Christ in the UK, although often they may be far from home. We have

initiated a series of conversations with Member churches to understand their individual Missions, goals and plans, and how to provide more effective support. Activities to provide more support will be in part behind the scenes, in providing more administrative support and central services for the churches, and training and peer support for church staff and clergy. We will also continue to provide information via our e-newsletter, Lutheran Link and website, and arrange more opportunities to gather and get to know each other as a broad Lutheran family in the UK.

The International Lutheran Student Centre (ILSC) is a programme which ministers to international postgraduate students by providing affordable accommodation in a warm, friendly and welcoming “home away from home”. It generates a financial surplus which, together with income from investments, pays for the Council’s other work and grants for Members. The students, who come from over 30 countries, are over 60% Christian as declared on residents’ application forms. However, a much lower number (less than ten) are typically seen at the times of prayer or worship organised by the Chaplain. The Board felt while the ILSC is performing well financially, and is a welcoming place with a ministry of hospitality, there are unexplored opportunities for evangelism and witness, and for living life in Christian community. This latter is an area of much interest currently, with the growth of “new communities” across the Christian world including the Iona Community, Taizé, and Chemin Neuf, who have a particular ministry to students and run student halls of residence across the world. Early in 2015 Revd Tuulia Matikainen Castledine, our student Chaplain, announced her intention to take maternity leave, and the Board congratulated her and wishes her well with her second child. The successful applicant for interim Chaplain was Oliver Matri, an ordinand studying at St Mellitus theological college who grew up in the Lutheran Church of Hanover and was baptised in the Lutheran Church of Saxony in Germany. Oliver is a member of the Chemin Neuf Community and has run student hostels for them previously. This has been an opportunity to strengthen the Christian, Lutheran element of life in the ILSC community. Oliver has introduced more frequent prayer and Bible study, as well as a weekend away for all residents in October and regular monthly meetings to focus on life in community with its necessary commitments, contributions and rewards. At the same time several members of the new St Anselm Community applied for residence at ILSC. This ecumenical community was established by the Archbishop of Canterbury for young Christians to come together for one year of prayer, theological reflection and service in local communities, and is run by the Chemin Neuf Community based at Lambeth Palace. Providing a core group for the rhythm of prayer and worship at ILSC, as well as helping the Chaplain and witnessing to their peers, this group strengthened the Christian aspect of ILSC and modelled life in Christian community.

Next year is the 500th Anniversary of one of the key events of the Reformation, when Martin Luther posted 95 Theses at the Castle Church in Wittenberg on 31 October 1517. Revd Susanne Skovhus is working with the Council’s General Secretary and administrative staff and in liaison with Trustees, volunteers and clergy on plans to mark this anniversary. The Council is focusing on four main events:

- the visit of the EKD Reformation 500 Exhibition Storymobile to Liverpool (21 February 2017), Cambridge (23 February) and London (25 February);
- a Lutheran – Catholic service on 26 March at St George’s Cathedral in Southwark;
- “My Heart Strangely Warmed” being a Methodist – Moravian – Lutheran conference on hymnody and music in our traditions, on 20 May at Fulneck Church and School near Leeds/Bradford; and
- a national ecumenical service and seminar at Westminster Abbey on 31 October.

Other local events are also taking place, with the support and encouragement of the Council, and as much as possible will be posted on the dedicated website www.reformation500.uk. Please keep watching it, join in an event near you and any or all of the central events, and help to raise awareness of Luther and his impact in the UK, and make it an anniversary to remember!



TRUSTEES' REPORT

The Trustees have pleasure in presenting their report and the audited financial statements of the Lutheran Council of Great Britain, which trades now as the Council of Lutheran Churches or “the Council”, for the year ended 31 December 2015.

OBJECTIVES AND ACTIVITIES

The Council's main charitable objective is stated in its Memorandum of Association:

'The advancement of the Christian religion by bearing united witness before the World to the Gospel of Jesus Christ as the power of God for salvation.' In pursuance of this objective the Council applies its financial and human resources to a number of aims, which are specified in the Memorandum of Association.

The Council's Mission Statement refers to the following main aims of the Council:

1. Affording spiritual and material support to and cultivating unity of faith and confession among the Lutheran churches in Great Britain and elsewhere.
2. Promoting fellowship and co-operation in education, study, mission and worship among Lutherans, including support for Lutheran students and residents of the International Lutheran Student Centre (ILSC) who contribute to the development of their home countries.
3. Fostering Lutheran participation in ecumenical initiatives and generally fostering good relations with all other Christian churches, participating in councils, visits, and exchanges of personnel and information.
4. Producing and distributing literature of all descriptions related to Lutheranism.
5. Providing and managing hostels and other residential accommodation, primarily the ILSC.

The Council carried out activities in 2015 under all the aims above as resources permitted. A summary of its achievements in the year and measures to assess performance are given in the following pages. The Council continually reviews its programme and priorities to ensure that its work remains relevant to the needs and interests of its beneficiaries. In particular, the Board took a day in April 2015 to consider its mission and short to medium term strategy, resulting in the following Vision Statement, that the Council aims for

A vibrant Lutheran community witnessing to the Gospel, uniting its Members and other Christians in theory and progressively in practice. We will do this by building bridges to home Churches and UK Churches, celebrating our common life, welcoming travellers and immigrants, and strengthening their identity so as to better integrate and influence the UK and its Christian communities.

The Council's plans and activities in support of this Vision are elaborated in the section about “Plans for the Future” on page 11 below.

ACHIEVEMENTS AND PERFORMANCE

Though the Lutheran community in Britain is comparatively small and widely dispersed, the Council makes a significant and beneficial impact in many ways, both in the UK and beyond these shores.

1. Affording spiritual and material support for Lutheran churches

Talks, study days and special events

The Council provides opportunities for Lutherans in Britain to learn more about their history, theology, church life and international links, and for other Christians to learn more about the Lutheran heritage.



The Council organised several events for Lutherans and guests, including training for finance officers, a fundraising workshop, ecumenical consultations (see further below under section 3. *Fostering Lutheran participation in ecumenical initiatives*), strategic review and worship services including the annual Reformation Day service on 31 October 2015 which was held in the historic German church of St George near Aldgate in the City of London.

Grants

The Council distributed £19,500 of its income in 2015 to provide subsidies for Lutheran clergy who do not receive an adequate income and whose churches cannot afford to pay them more: see Note 8 to the Accounts on page 22. In addition, over £17,000 was distributed in grants for member churches' clergy to carry out worship, which included paying for premises, administration, and travel. In-kind support was provided to the United London Latvian Lutheran Church, the London Chinese Lutheran Church, and St Mary's with St George's German Lutheran Church by means of discounted rents to three flats in the Council's property at 4 Sandwich Street.

Grants were also given to third party organisations (see Note 7, on page 22), including:

- £5,000 to the Lutheran World Federation's projects with Syrian refugees in Jordan as an emergency response to suffering caused by the war in Syria, and
- £1,000 to the Anglican Lutheran Society to pay for bursaries for participants in its biennial conference which will be in Visby, Sweden in August 2016.

Links with other Lutherans

Although there are relatively few Lutherans in Britain, the Lutheran communion world-wide is the oldest and one of the largest churches in the Reformation tradition. We believe that it is important to maintain good links with Lutherans in other countries for mutual learning and support. CLC's Vice Chairman, Very Revd Michael Persson, went to the *Kirchentag* of the *Evangelische Kirche Deutschland* (EKD) in Stuttgart in May 2015 which was a valuable experience of personal refreshment, to strengthen relationships - and build new ones - with German churches and visitors, and to address some common issues such as climate change.

The Council regularly receives visitors from Lutheran churches, in particular a group of Finnish Deans and pastors in September, and the new Estonian Archbishop Urmas Viilma in October to discuss plans for the Estonian Church in the UK and ways in which the Council can support it. We also continue to build a special relationship to support our Christian brothers and sisters in the Middle East, via the Evangelical Lutheran Church of Jordan and the Holy Land. A delegation of our trustees visited ELCJHL with pilgrims on a tour of the Holy Land in February 2015.

Summary of measures to assess achievement: support for Lutheran churches:

- Talks, seminars and "tabletalk" dinners provided on practical or theological issues
- special events organised for Lutherans in Britain, with worship on various occasions including Reformation Day at St Mary's with St George's German Lutheran Church on 31 October
- financial and in-kind assistance totalling over £59,000 for Lutheran churches in Britain
- strengthening church links through hosting visits and participation in international meetings

2. Student Chaplaincy: Promoting fellowship in study, mission and worship

The Student Chaplain Revd Tuulia Matikainen-Castledine took maternity leave from March 2015, and after interviews Oliver Matri, a Lutheran ordinand from Germany who is studying at St Mellitus College and a member of the Chemin Neuf community, was employed as the Interim Chaplain. Based at the International Lutheran Student Centre (ILSC), he has pastoral responsibility for the residents at the ILSC and also makes contact with Lutheran students elsewhere in London and Britain, liaising with other Lutheran chaplains and ministers. There are also four other Lutheran clergy currently residing permanently in the ILSC or in the Council's flats in Sandwich street, who are available to offer pastoral and spiritual support to the residents. After we bade farewell to our Finnish intern at the end of 2014, in spring 2015 we welcomed Andrea Wright, an intern from the the Evangelical Lutheran Church in America (completing a year's voluntary ministry as part of their Young Adults in Global Mission programme). Alongside Joe Graumann (completing his internship which started in 2014 with the Lutheran Church in Great Britain and supporting the Council's Student Chaplaincy), Andrea worked with the Chaplain on welfare and pastoral care for the residents and a vibrant social programme.



The Chaplain conducts regular worship and leads discussions on religious and other topics throughout the academic year. He is always available for counselling students who are experiencing problems, whatever their faith background.

The Chaplaincy organised several outings and other events during 2015 for ILSC residents and other students, including to Cambridge, a hike on the South Downs, and a number of cultural events in London; as well as events at the ILSC including a summer barbeque and international suppers to which many residents brought contributions from their own cultures.

In addition, the Chaplaincy continued a strategy this year to increase the Christian ambience of ILSC, introducing a regular rhythm of prayer and worship (services every Sunday, silent daily morning prayer, liturgy of morning prayer every Tuesday, and prayer/bible study groups on Wednesdays or Thursdays) and running an Alpha Course in the autumn term as an introduction to the Christian faith. Residents also attend monthly meetings of all ILSC with a different thematic focus each month, and a weekend away together in October to strengthen community bonds.

Summary of measures to assess achievement: Student chaplaincy

- Many ILSC students and friends from outside the centre participate in chaplaincy activities.
- Responses to the ILSC evaluation questionnaire, completed by residents, include a number of favourable comments about the work of the chaplaincy and no negative statements.
- The Student Chaplaincy Committee monitors the effectiveness of the chaplaincy programme.

3. Fostering Lutheran participation in ecumenical initiatives and good relations

Committees, groups and networks

The Council has been actively involved in Churches Together in Britain and Ireland (CTBI) and Churches Together in England (CTE), the national ecumenical bodies, and the Council has been represented on several of their committees including:

- CTBI Joint Liturgical Group (by Very Revd Michael Persson)
- CTE Enabling Group
- Faith in Europe
- Environmental Issues Network
- Ecumenical Liaison Group on Ministerial Training
- CTE Theology and Unity Group (by Revd Torbjørn Holt).

During the year the Council engaged with a series of consultations organised by Churches Together in England by convening Members in the first meeting, facilitated by CTE, to consider the patterns and trends of local ecumenism, inter-denominational partnerships, projects and general collaborations in England.

The Council is also represented on the executive committee of the Anglican-Lutheran Society by Revd Eliza Zikmane.

The Council is a member of the International Ecumenical Fellowship and the Society for Ecumenical Studies. These organisations convene meetings covering a broad range of topics related to the unity of the Church, which are attended by various Council Members and Trustees.

The General Secretary represented the Council as a voting member of Christian Aid.

The Council was represented by the Student Chaplain on the Senior Chaplains Liaison Group for universities in London, which includes the senior Anglican, Catholic, Lutheran, Methodist, Orthodox and United Reformed Church chaplains in London. It meets regularly to discuss issues of common concern and to plan seminars for university staff.

The General Secretary represented the Council on the Board of the Churches Agency for Safeguarding (CAS), an ecumenical organisation that assists churches (including those affiliated to the Council) in applying for disclosures to the Disclosure and Barring Service (DBS), which is very



important for all clergy and others who work with children and vulnerable adults. It also helps churches to develop policies and procedures in the area of child protection and the protection of vulnerable adults. The General Secretary also represented the Council on the Christian Forum for Safeguarding, an ecumenical group for mutual support and to ensure that member organisations keep up to date with relevant legislation and best practice.

The General Secretary attended meetings as a member of the Churches' Legislation Advisory Service (CLAS), which monitors legal developments affecting churches and makes representations to government bodies. The Council distributes briefings from CLAS to members of the Council.

The Student Chaplain has regular meetings with colleagues of other Christian traditions. These aim at improving the pastoral care provided for students, particularly those from other countries and cultures. The Chaplain regularly attends team meetings of the Anglican chaplaincies in London and co-operates with the Chaplains in Higher Education Liaison Group (CHELG), a national ecumenical organisation. The Chaplain also organises occasional meetings with student chaplains for particular national groups, both Lutherans and those from other Christian traditions.

The Trustees acknowledge and thank Mrs Margaret Pickford (Lutheran Church in Great Britain), a member of the Council who offered her time as Chair of the Women's World Day of Prayer. We also thank Revd Johanna Sternberg, assistant vicar and deacon of the Church of Finland at its Seamen's Church in London, who represented the Council on this committee during 2015.

Relations with particular churches

The Church of England and the Council have held regular meetings since the Porvoo agreement which established communion between the Anglican churches in Britain and Ireland and several Nordic and Baltic Lutheran churches. The Porvoo community contains Danish, Finnish, Icelandic, Norwegian, Swedish and Latvian churches in Britain as well as the Lutheran Church in Great Britain, all of which are represented on the Council. It is understood that the Hungarian Lutheran Church is also exploring observer status with a view to joining the Porvoo process in due course.

During 2015 representatives of the Council met with representatives of the Roman Catholic Church in England, notably the Cardinal Archbishop of Westminster Vincent Nichols, and Bishop William Kenney, auxiliary Bishop of Birmingham, who is co-Chair of the International Lutheran-Catholic dialogue. Subjects addressed were general Lutheran-Catholic relations, plans for marking 500 years since Luther's posting of "95 Theses" in 1517, and the International Lutheran-Catholic dialogue meeting to be held at the Focolare Centre in Welwyn Garden City in July 2016.

As plans develop for the 500th Anniversary of the Reformation in 2017, relations were strengthened with other Churches also, in particular a group of 12 churches in London who plan to hold an event in one church each month during 2017. We are also working with the Methodist and Moravian Churches to stage a conference entitled "My Heart Strangely Warmed" on the place of hymnody in the life of the church, on 20 May 2017 in the Moravian school and church at Fulneck near Pudsey between Leeds and Bradford.

Summary of measures to assess achievement: Ecumenical relations

- Practical and positive outcomes of discussions with Church of England
- Regular contacts with the Roman Catholic Church and other churches
- Frequent attendance by staff, directors and volunteers at ecumenical events and meetings
- Leadership roles given to Council staff and directors by ecumenical groups
- Engagement in consultations with Churches Together in England

4. Communications: producing and distributing information about Lutheranism

The Council's web site (www.lutheran.org.uk) includes current news about the Council's work and activities, its annual report and audited accounts and dedicated pages for the International Lutheran Student Centre and the Augustana Centre, as well as links to ILSC and Augustana Centre websites and to websites of the Council's members. Both the Council and ILSC's websites are linked to their respective Facebook pages, which are used for information and retaining contact



with a dispersed community. The Council also used Facebook for raising awareness about campaigns and issues, such as climate change, Israeli-Palestinian reconciliation, ChristianAid, the new UN sustainable development goals, Save the Children, and prayer for Paris and peace between communities in the wake of the Bataclan attacks.

A directory of Lutheran clergy serving churches affiliated to the Council is updated regularly. The latest issue was distributed in June 2015.

The Council responds to enquiries received by post, telephone and email concerning various aspects of the Lutheran church. Many of these include requests that have been passed on to member churches, particularly the Lutheran Church in Great Britain. The Council continues to distribute a booklet that it published a number of years ago, with general information and history about Lutheranism and Lutheran churches in the UK. We sent to Members and other interested parties an occasional newsletter "The Lutheran Link" with updates, with further news, invitations and campaigns communicated via an e-Newsletter sent by email and linking to the websites. A timetable of the Council's events, and a prayer diary encouraging Members to pray for each other as well as the work of the Council, was also circulated electronically.

Summary of measures to assess achievement: Communications

Dozens of enquiries are received annually: most are dealt with within a day if not immediately, and the website provides further information. Informal feedback indicates booklet, newsletter and web site provide useful information to the Lutheran community and a wider readership.

5. *International Lutheran Student Centre*

The International Lutheran Student Centre (ILSC) in London, run by the Council, provides accommodation, social support and a chaplaincy programme for 80 postgraduate students in central London. Since 1978 the centre has been a welcoming home for thousands of international students from many countries, promoting values of tolerance and mutual understanding and offering Christian love and hospitality to sojourners in this land.

Priority is given to students whose courses and career plans aim to improve the welfare of their home countries. The majority of residents study subjects such as public health in developing countries, public policy or social science. Several Christian traditions are represented and about a third of the residents are non-Christians, including Muslims, Buddhists, Hindus and those of other faiths or no faith. The broad range of cultures and faiths represented at the ILSC enriches the experience of its residents, many of whom will return to positions of great responsibility and influence in their home countries. The Council recognises that developing international awareness and sensitivity is vitally important in today's world.

The Council, through the Centre's staff, ensures that the ILSC's facilities are maintained and provide resources including wireless internet access, shared kitchens and social spaces and events. Investment to maintain high quality of services will be necessary in the near future in an increasingly competitive market for student accommodation in London. Meanwhile ILSC staff work hard and with joy on important though less tangible aspects of ILSC like the warm family atmosphere, welfare and pastoral care: it is notable that over 45% of our residents come through personal recommendation and we carry out no commercial advertising.

The ILSC is a member of Central London International Centres (CLIC), a group of five specialist providers of accommodation or other forms of support to international students. CLIC meets once a term to consider issues of common concern, such as regulations, student welfare, best practice and cost-savings. In late 2015 the University of London convened a group of providers of student accommodation named the "London Affordable Student Accommodation Network" (LASAN) which will possibly subsume CLIC, for comparing experiences in provision of student halls of residence.

The ILSC is a member of ANUK, a national body that sets and monitors a national code of standards for providers of student accommodation.



Summary of measures to assess achievement: International Lutheran Student Centre

- residents' annual evaluation questionnaires showed high levels of satisfaction with the services provided by the ILSC and with the overall experience of living at the centre
- occupancy rate reports produced each quarter consistently show occupancy rates during the academic terms of 98-100%
- regular meetings held with residents ensure the ILSC is meeting their needs
- regular meetings held with other providers of student accommodation to address relevant issues and keep up with industry standards
- membership of a national body that sets and monitors standards of provision (ANUK)
- a five-star hygiene rating by the local authority

FINANCIAL REVIEW

In the financial year to 31 December 2015 the Council had income of £881,000, with a total balance sheet of £5.4 million including £3.3 million of invested funds under management. During the year unrestricted funds, before the decrease in investment values, increased by £170,000. General reserves increased by £76,000 to £471,000.

The four refurbished flats at 4 Sandwich Street, which were fully refurbished in 2009, were occupied continuously during the year. Occupancy levels at the International Lutheran Student Centre continued to remain high, above 95% on average during 2015.

Designated funds were adjusted to reflect the value of investments, tangible fixed assets after investments in hostel equipment and after provision for depreciation and major repairs. Full details are in the attached Financial Statements and Notes to Accounts, in particular Note 18.

Augustana Centre

The ILSC and St Mary's with St George's German Lutheran congregation in London use some of their facilities for groups that need rooms for meetings and conferences using the brand the "Augustana Centre". The Council runs the Augustana Centre and pays St Mary's a fee for this purpose. In Autumn 2015 we hired a part time dedicated conference business manager to relieve pressure on the ILSC administration team and to focus on growing income and providing a quality service for the Augustana Centre. Income from this source rose in 2015 (£23,000) compared to 2014 (£21,000), while costs also rose to £22,000 from £20,000 in 2014, so this is still a very small part of the Council's income and a long way short of its peak in the early 2000s.

Investments

The performance of investments is measured on a total return basis (considering income and capital growth combined), based on the value of investments, adjusted for subsequent investments and withdrawals of cash. As may be seen in Note 13 on page 25, the value of investments fell by £38,000 (1.2% of the opening portfolio of £3,273,000). Investment income and dividends remained high, however, at £120,000 during 2015 increased from £119,000 in 2014 (see Note 5 on page 22). In the year ended 31 December 2015, the investments managed by Cazenove with a final valuation of £3,320,000, yielded a total nominal return (unadjusted for inflation) of 1.4% through the year. Over the last three years, our portfolio has returned 9.8% each year.

The investments in the asset range of the portfolio are measured against external benchmarks and suffered a challenging year: although better than the FTSE All Share Index (which returned 1.2% during 2015), CLC's investments underperformed against a notional benchmark fund more accurately reflecting our weighting of UK and foreign stocks and bonds, which returned 6.5%. This was in large part due to the Council's fund being overweight in Oil & Gas and Mining sectors and underweight in UK government and US equities – positions which have been adjusted. The Board takes a long term view with the expectation that investments will rise in the coming years.

Investment policy

Funds that are not required in the short-term (£3.3m at 31 December 2015) are invested in the Stock Market in such a way as to spread the risk over a number of markets and sectors. Details of all investments comprising the total portfolio are set out in Note 13 to the accounts. Funds are managed by Cazenove Capital Management (part of Schrodgers), who have discretion to buy and



sell listed investments approved by the Council's Finance Committee for the Council's account, and who use an 'intermediate' risk strategy when selecting stocks.

Investments are made according to ethical principles and guidance set out and regularly updated by the Church of England Ethical Investment Advisory Group, and the Council also used its shares to exercise influence, for example co-filing as part of the "Aiming for A" coalition to encourage Anglo American and Glencore to further transparency regarding their climate change impact and CDP disclosures. Through its membership of the Churches Investment Group, the Council exercises its voice and benefits from ethical investment expertise as the Churches and their investment managers share their experience.

Reserves policy

The Council maintains a Student Hardship Fund as a restricted fund. This represents the unspent balance of donations specifically for the support of students suffering hardship and cannot be used for the Council's general purposes. The Council also holds certain designated funds (funds that the Trustees have earmarked for a particular purpose but are not irrevocably confined to that purpose). These funds, which are summarised in Note 18 to the accounts, comprise:

Capital Fund, in order to provide a capital base that generates sufficient income to allow the Council's work to continue. This fund was created in 1998 when the Council's freehold property in Kensington was sold and represents the amount transferred to this fund on its creation adjusted by net gains or losses on the Council's investments.

Fixed Assets Fund, representing the amount that is tied up in tangible fixed assets and so not available to spend on the Council's day-to-day activities. The total varies from year to year as new assets are acquired and older assets are depreciated.

Property Maintenance Fund, to finance work to the Council's properties in order to maintain them in a safe condition, and to improve them in accordance with our longer-term objectives. The fund will be increased to a level that provides for all routine and structural maintenance work.

Revaluation Reserve Fund, which holds the value of the Council's investment property. This year, in accordance with new Financial Reporting Standards (FRS102) and the Statement of Recommended Practice (Accounting and Reporting by Charities) issued by the Charity Commission for England and Wales in 2015 (SORP 2015), the Council apportioned the value of its freehold property between functional use (held in Fixed Assets) and investment use. The value of the investment portion, and its increase (or decrease) each year, is held in the Revaluation Reserve Fund.

General Fund, standing at £471,000 at the year-end after adjustments due to the above restricted and designated reserves. This represents 34 weeks' operating expenditure, exceeding a target of 12 weeks, and is higher than usual in anticipation of expenditure on refurbishment of the ILSC in summer 2016.

Remuneration Policy

The Board recognises the General Secretary and Centre Manager as CLC's key personnel. All staff remuneration is assessed annually, by comparing their remuneration packages and salary levels against a benchmark of similar positions in peer organisations including other Churches, Student Accommodation Providers, and Charities. The benchmarking exercise also takes into account the payrises implemented in those peer organisations, inflation (CPI and RPI reported and forecast by HM Treasury and the Office of National Statistics), and average earnings (reported by HM Treasury), while ensuring that the lowest paid staff are paid more than the London Living Wage. The General Secretary approves the Centre Manager's remuneration, and the Chairman, in consultation with the Vice Chairman and the Chair of the Finance Committee, approves the General Secretary's remuneration. The Board approves the aggregate payroll as part of the Budget approval process.



Market value of land and buildings

The Council owns a freehold property at 4 Sandwich Street as a Mixed – Use Investment Property, with some flats being let to clergy which meets the Charity’s objects and so are defined as functional use; and other flats being used to generate income and value by means of commercial letting and so are defined as investment use. The cost of the freehold property purchased in 2006 was in line with a professional valuation and the Trustees, having compared values of similar properties on property websites, are of the opinion that the current aggregate market value of freehold property including refurbishment costs approximates to an estimated value of £2m. The amount included in the balance sheet of the Investment Use portion is £580,000 (current estimated value), and the Functional Use portion is £875,000 (cost value).

The Trustees are of the opinion that the aggregate value of the leasehold property is approximately the amount which is included in the balance sheet. The Trustees do not consider that the cost of obtaining a professional valuation would be justified.

Risk management

The Trustees have reviewed the major risks, financial and non-financial, to which the Council is exposed in the course of its current activities. The Finance Committee reviews risks at its meetings, ensures that the risk register is current and reports regularly to the Trustees in order to ensure that risk management is kept up-to-date. Trustees have assessed these risks and have ensured that appropriate systems and controls exist to minimise internal risks and that effective response mechanisms exist to respond to and minimise the impact of external risks.

The risk landscape is broad, considering the Council’s work with Churches, student accommodation, and issues of social justice.

The Council’s principal risks and mitigation strategies included risks to reputation, health and safety, governance, and finance; whether caused by terrorists, weather, tightening of visa restrictions potentially reducing the number of students, computer hacking, or simply the effects of time on our ageing buildings.

After mitigation, and considering impact, likelihood, importance and urgency, the Council’s top risks and the Council’s strategy for mitigating them at year end were as follows:

- 1- Difficulty in recruiting trustees and committee members. There is a small pool of Lutherans from which to recruit Trustees, and mostly meetings take place during working weekdays which imposes further constraints. Best practice would recommend Trustees take a break so as to allow them to refresh their enthusiasm and ability to spot anything untoward, and to allow new Trustees on to the Board. Communications will be increased with Members, and improved quality central support and activities so that Members will experience more benefit of the Council so that volunteers are forthcoming.
- 2- Refurbishment of ILSC. As mentioned under paragraph 5: *International Lutheran Student Centre* on page 8 above under “Achievements and Performance”, it is important to maintain our property, both for the integrity of the building under our lease obligations, and to keep the student accommodation offer up to date and attractive. Delays may impact our reputation and ability to charge rental fees. Proposals had been received in late 2015, and approval was given by the Board of Trustees, for a redecoration of the ILSC which will be implemented during 2016 in good time for the summer season and new academic year.



PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 and have taken due regard of the Charity Commission's guidance on public benefit and are satisfied that the various activities of the Council provide a public benefit. All Trustees give their time voluntarily and receive no private benefit from the Council.

PLANS FOR THE FUTURE

During 2015 the Board held a strategy away day to review and refresh its Vision, Mission and strategic plans. The revised Vision statement, as on page 4, has guided development of the Council's plans to provide more effective programmes offering support, fellowship, training, and central services to its members, as well as engaging further in the ecumenical scene in the UK. These plans will be refined in 2016, aligning resources to implement them later in 2016 and beyond.

While lease negotiations for 30 Thanet Street continued during 2015, in order to regularise the lease to permit capital investment and allowing a wider variety of uses for the building, they were not yet concluded. They will continue, in line with the Council's vision to use its resources more flexibly in support of its members in 2016 and onwards.

Meanwhile the Council continues to provide financial and non-financial support for its Members, to develop plans for marking the 500th Anniversary of the Reformation in 2017, to disburse grants to the Evangelical Lutheran Church in Jordan and the Holy Land in support of Christians in the Middle East, and to nurture close relationships with the other Churches in the UK.



REFERENCE AND ADMINISTRATIVE DETAILS

The Lutheran Council of Great Britain ('the Council') has adopted the working name 'The Council of Lutheran Churches' ("CLC").

Charity registration number 232042.

Company (limited by guarantee) registration number 557552.

30 Thanet Street,
London WC1H 9QH,
United Kingdom.

The nature and work of the Council

Established in 1948, the Council represents and co-ordinates the common work of eleven Lutheran churches and parishes that have congregations or chaplaincies in Great Britain. Together they serve some 180,000 persons in Britain, who come from a wide range of national and language backgrounds. The following Lutheran churches and parishes are represented on the Council:

Danish	Hungarian
Estonian	Icelandic
Finnish	Latvian
German-speaking Church in Liverpool	Norwegian
St Mary's German Lutheran Church	Swedish
Lutheran Church in Great Britain ("LCiGB": Chinese, English, Polish, Swahili, Swedish, Norwegian and Finnish)	

The Council is a communion of churches that have come together to express their shared Lutheran heritage and identity through common work in Britain, enriched by their cultural and linguistic diversity. Each church has its own administrative structure, which may be closely linked to the church in its country of origin, or to one of its synods or dioceses. They all offer particular ministries and programmes in Britain for the language groups that they serve. Through the Council they have chosen to collaborate in several key areas:

- Promoting Lutheran participation in ecumenical initiatives
- Providing spiritual and material assistance to Lutheran churches and projects
- Promoting fellowship and co-operation amongst Lutherans in education, mission and worship
- Providing information about Lutheranism
- Providing and managing the International Lutheran Student Centre and student chaplaincy.

Detailed information about the Council's work and achievements in 2015 are presented in the preceding sections of this report.

Members

The ordinary members of the Council are nominated by the member churches or parishes and approved by the Directors. Churches/parishes may nominate one lay and one clergy member; a church that employs more than four full-time equivalent clergy may nominate a second clergy and a second lay member. At the end of 2015 the members of the Council were (with the church or parish represented named in brackets):

Very Revd Dr Andris Abakuks (Latvian)	Right Revd Dr Martin Lind (LCiGB)
Mrs Ruta Abakuka (Latvian)	Mrs Madelaine Mason (Swedish)
Revd Kristina Andreasson (Swedish)	Mrs Inga Lisa Middleton (Icelandic)
Revd Steinunn Arnþrúður Björnsdóttir (Icelandic)	Mrs Maria-Liisa Morgan (LCiGB)
Very Revd Tom Bruch (LCiGB)	Mr Jan-Eric Österlund (Swedish)
Revd Diemut Cramer (German Liverpool)	Very Revd Robert Patkai (Hungarian)
Revd Teemu Hälli (Finnish)	Very Revd Michael Persson (Swedish)
Revd Lagle Heinla (Estonian)	Mrs Margaret Pickford (LCiGB)
Revd Torbjørn Holt (Norwegian)	Ms Johanna Sternberg (Finnish)
The Revd Else Hviid (Danish)	Mr Peteris Svilis (Latvian)
Mrs Virge James (Estonian)	Revd Eliza Zikmane (Latvian)
Revd Ulrich Lincoln (St Mary's German)	



Trustees and Directors

The Council elects the Trustees of the charity, who are also directors of the company. The Council elects one of the Trustees to be Chairman, who must be a member of the company. The Deputy Chairman is appointed by the Trustees. Together the Trustees are responsible for the governance of the Council. The Trustees during 2015 were:

Chairman	Revd Torbjørn Holt
Deputy Chairman	Very Revd Michael Persson
Other Trustees:	Revd Diemut Cramer (from October 2015)
	Revd Teemu Hälli (until September 2015)
	Mr David Lin
	Right Revd Dr Martin Lind
	Revd Michael Mehl (until June 2015)
	Mr Jan-Eric Österlund
	Revd Mark Steadman
	Revd Eliza Zikmane

Induction and training of Trustees

The Council of Lutheran Churches in Great Britain acknowledges the importance of providing effective induction and training programmes for Trustees. The induction of Trustees includes a meeting with the General Secretary of the Council, normally at the Council's offices, when the new Trustee is shown the facilities, meets senior staff and is made familiar with the strategy and operations of the International Lutheran Student Centre and the Council generally. They receive copies of the Memorandum and Articles of Association, the most recent annual report, the current budget, and management accounts. Relevant guidance from the Charity Commission is also provided. Other relevant publications or articles are given to Trustees as appropriate. Trustees are made aware of training opportunities and Trustees have attended seminars related to the responsibilities of Trustees.

Administrative and professional staff

General Secretary	Mr James Laing
Chaplain	Revd Tuulia Matikainen Castledine
Interim Chaplain (Maternity Leave cover)	Mr Oliver Matri
Centre Manager	Mrs Miriam Campbell
Admissions Assistant	Ms Biborka Bartis
Finance Officer	Mrs Pui Fan Chan
Maintenance Manager	Mr Mauricio Garcia
Housekeeping & Catering Manager	Ms Adela Krupova

Principal advisers

Auditors

Mazars LLP,
Tower Bridge House,
St Katharine's Way,
London E1W 1DD

Solicitors

Bircham Dyson Bell LLP,
50 Broadway,
London SW1H 0BL

Investment Managers and Advisers

Cazenove Capital Management,
12 Moorgate,
London EC2R 6DA

Bankers

CAF Bank Limited,
Kings Hill Avenue,
West Malling,
Kent ME19 4JQ

HSBC Bank PLC,
1 Woburn Place,
Russell Square,
London WC1H 0LQ



STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing documents

The Council is governed by its Memorandum and Articles of Association.

Committees

The Council has the following committees:

The Finance Committee is responsible for monitoring the Council's financial position and investment performance on behalf of the Trustees by considering regular management accounts in relation to budgets and receiving investment reports. The Chair of the Trustees is an ex-officio member of the committee. Mr David Lin and Mr Jan-Eric Österlund are continuing members. Mr Jing Wu resigned from the Committee during 2015, and Mr Michael Rickard, an accountant with experience in regulated industries, joined the Committee.

The Property Committee considers issues regarding the Council's properties – their maintenance, refurbishment, uses, and eventual disposal if appropriate. Revd Eliza Zikmane, the Chairman and Mr Jan-Eric Österlund are continuing members.

The Student Chaplaincy Committee advises the Trustees on aspects of chaplaincy work, including current provision and possibilities for future development. It meets on an ad hoc basis when required, and did not meet in 2015.

The Reformation 2017 Subcommittee develops, approves and implements plans for the 500th Anniversary of the Reformation which will be observed in 2017. The committee is served by a dedicated part-time member of staff, Revd Susanne Skovhus, who was appointed in December 2015, and members include Revd Eliza Zikmane (Latvian), Revd Torbjørn Holt (Norwegian), Revd Oliver Fischer (Cambridge), Revd Georg Amann (West London), Very Revd Tom Bruch (LCiGB), Revd Joel Love (Church of England in Rochester), and Revd Mark Steadman (Archdeacon of Stow and Lindsey).

Relationships with other bodies

The Council is a recognised council of the Lutheran World Federation (LWF), a global communion of Lutheran churches, and is entitled to attend but not vote at assemblies of the LWF. Founded in 1947 in Lund, Sweden, the LWF represents about 95% of all Lutherans and acts in ecumenical and inter-faith relations, theology, humanitarian assistance, human rights, communication and mission and development work. There are 140 member churches spanning 79 countries in Africa, Asia, the Pacific, Europe, Latin America and North America.

The Council is a corporate member of Bethphage, a Lutheran-linked organisation that provides care for persons with learning disabilities. The other corporate member is Mosaic in the USA, a Lutheran provider of services to people with learning disabilities, which is an affiliate of the Evangelical Lutheran Church of America.

Bethphage provides high quality residential care and supporting services to about 70 persons in the midlands of England. Mrs Camilla Persson, Welfare Officer of the Swedish Church in London, represents the Council at general meetings of Bethphage and Mr James Laing, the Council's General Secretary, serves as a member of Bethphage's board of directors.

The management of the Council of Lutheran Churches

Direct responsibility for the administration of the Council, including regulatory compliance, governance support, and all management of the International Lutheran Student Centre, was delegated to the General Secretary.



Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 affairs of the charity and of the incoming resources and application of resources, including its income and expenditure, of the charity for the year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

Looking forward, the Trustees are confident that the Council will be able to continue for the foreseeable future, its business of running the ILSC and providing support to churches and other charitable activities according to its objects and strategy. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

The Council's auditors, Mazars LLP, a limited liability partnership, were re-appointed during 2015 and will be proposed for re-appointment during 2016.

The Trustees (as directors for company purposes) who held office at the date of approval of the Annual Report and Accounts confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

CONCLUSION

Carrying out the Council's programme requires the commitment and effort of many people. The Trustees are most grateful for the work of Council and committee members who contribute their time and talents to ensure that some of the most important practical tasks are managed responsibly. The Trustees are most appreciative of the Council's employees. We value their hard work, loyalty and willingness to go that extra step to ensure that all is done well. Above all, we thank God for his gracious help in all that we do, and we pray that he will always give us what we need to carry out the objectives of the Lutheran Council of Great Britain.

This report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small entities.

SIGNED BY ORDER OF THE BOARD

Eliza Zikmane (Trustee)

Michael Persson (Deputy Chair)

Date

Date



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE LUTHERAN COUNCIL OF GREAT BRITAIN

We have audited the financial statements of The Lutheran Council of Great Britain for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the trustees (who are also the directors of the charity 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. This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

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 web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2015, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Report.

**Alistair Fraser (Senior Statutory Auditor)
for and on behalf of Mazars LLP**

Chartered Accountants and Statutory Auditor
Times House, Throwley Way, Sutton, Surrey, SM1 4JQ
Date:





STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an Income & Expenditure Account)
for the year ended 31 December 2015

Notes	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £	Unrestricted funds 2014 £ (restated)	Restricted funds 2014 £	Total 2014 £ (restated)	
Income							
Donations and legacies							
Grants, donations and contributions	4	19,093	4	19,097	254,520	108	254,628
Income from charitable activities							
Student Centre fees		673,210	-	673,210	659,967	-	659,967
Accommodation at 4 Sandwich Street		45,431	-	45,431	39,000	-	39,000
Other trading activities							
Augustana Centre income		22,687	-	22,687	20,525	-	20,525
Income from investments	5	120,221	-	120,221	118,806	-	118,806
Total income		<u>880,642</u>	<u>4</u>	<u>880,646</u>	<u>1,092,818</u>	<u>108</u>	<u>1,092,926</u>
Expenditure							
Expenditure on raising funds	6	40,563	-	40,563	43,454	-	43,454
Expenditure on charitable activities							
Ecumenical relations and activities		6,514	-	6,514	8,355	-	8,355
Donations to partners	7	6,600	-	6,600	6,350	-	6,350
International Lutheran Student Centre		512,037	-	512,037	525,521	-	525,521
Accommodation at 4 Sandwich St		17,471	-	17,471	16,256	-	16,256
Student chaplaincy		37,074	-	37,074	35,198	-	35,198
Communications		21,687	-	21,687	20,501	-	20,501
Student hardship grants	7	-	-	-	-	2,700	2,700
Other support for churches	8	40,831	-	40,831	47,642	-	47,642
Governance costs		27,389	-	27,389	19,716	-	19,716
Total charitable activities	9	<u>669,604</u>	<u>-</u>	<u>669,604</u>	<u>679,539</u>	<u>2,700</u>	<u>682,239</u>
Total resources expended		<u>710,167</u>	<u>-</u>	<u>710,167</u>	<u>722,993</u>	<u>2,700</u>	<u>725,693</u>
Net income / (expenditure)		170,475	4	170,479	369,825	(2,592)	367,233
Net gains/(losses) on investments	13	(38,315)	-	(38,315)	47,497	-	47,497
Gains/(losses) on revaluation of assets	13	60,000	-	60,000	55,000	-	55,000
Net movement in funds		192,160	4	192,164	472,322	(2,592)	469,730
Funds at 1 January		5,218,453	1,738	5,220,191	4,746,131	4,330	4,750,461
Funds at 31 December	16 / 17	<u>5,410,613</u>	<u>1,742</u>	<u>5,412,355</u>	<u>5,218,453</u>	<u>1,738</u>	<u>5,220,191</u>

All the above results are derived from continuing activities.



BALANCE SHEET at 31 December 2015

	Notes	2015 £	2014 £ (restated)
FIXED ASSETS			
Tangible assets	12	1,363,872	1,420,066
LCGB Trading Ltd (dormant subsidiary)	13	100	100
Investment property	13	580,000	520,000
Investments	13	3,319,832	3,273,099
		<u>5,263,804</u>	<u>5,213,265</u>
CURRENT ASSETS			
Debtors	14	21,108	20,490
Cash at bank and in hand		280,570	172,921
		<u>301,678</u>	<u>193,411</u>
CREDITORS			
Amounts falling due within one year	15	(143,438)	(178,277)
NET CURRENT ASSETS		<u>158,240</u>	<u>15,134</u>
LONG TERM CREDITORS			
Pension liability		(9,689)	(8,208)
NET ASSETS		<u>5,412,355</u>	<u>5,220,191</u>
FUNDS			
Restricted funds	16	1,742	1,738
Unrestricted funds	17		
Designated funds		4,939,288	4,823,797
General funds		471,325	394,656
TOTAL FUNDS	18	<u>5,412,355</u>	<u>5,220,191</u>

The financial statements have been prepared in accordance with the small companies provision of the Companies Act 2006, and were approved and authorised for issue by the Council on and were signed on its behalf by

Torbjørn Holt
Chairman

Michael Persson
Deputy Chairman



STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	2015	2014
	£	£
Cash flows from operating activities		
Net incoming resources	192,164	469,730
Depreciation charges	65,285	67,286
Losses/(gains) on investment assets	(21,685)	(102,497)
Investment income	(120,221)	(118,806)
Trade and other receivables: (increase) in debtors	(618)	(329)
Trade and other payables: increase/(decrease) in creditors	(34,839)	66,672
Increase/(decrease) in pension liability provision	1,481	(355)
Net cash inflow from operating activities	81,566	381,701
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,091)	(100,197)
Purchase of investments	(805,029)	(976,377)
Proceeds on disposal of investments	601,869	632,147
Net cash movement in investments	118,112	(129,702)
Investment income	120,221	118,806
Net cash inflow from investing activities	26,083	(455,323)
Increase/(decrease) in cash in the period	107,649	(73,622)
Cash and cash equivalents at 1 January	172,921	246,543
Cash and cash equivalents at 31 December	280,570	172,921



NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Companies Act 2006.

The Lutheran Council of Great Britain meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Please see note 19 for details of the first time implementation of FRS 102.

2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are:

(a) Fixed assets

Properties in the ownership of the Council are stated at the cost of additions and improvements less grants received. Office equipment, fixtures and fittings are stated at cost.

(b) Depreciation

Assets costing over £1,000 are capitalised. Depreciation is provided on a straight line basis by reference to the expected useful lives of the assets. Their useful lives are estimated as follows:

freehold land and investment property	not depreciated
freehold and leasehold properties	50 years
showers and kitchens	10 years
furniture and fittings	5 years
plant and equipment	4 years
computers and office equipment	3 years

(c) Income

Income includes all amounts earned or receivable up to the accounting date.

(d) Fund accounting

Restricted funds are the unexpended balances of donations and grants held on trust to be applied for specific purposes.

Designated funds are unrestricted funds that have been set aside at the discretion of the trustees for specific purposes. The purpose and use of designated funds are described in the notes to the financial statements.

General funds are the accumulated surplus of incoming resources over outgoing resources. They are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

(e) Grants payable

Grants payable include all grants payable during the year.

(f) Investments

Fixed asset investments are stated at market value in accordance with SORP 2015. The Statement of Financial Activities includes gains and losses arising from the revaluation of investments.

(g) Investment Properties

Properties held for the purpose of generating income are considered to be investment properties; these are held at fair value. The value of the properties are regularly reviewed in order to identify any permanent impairment.

Where properties are partially held to generate income and partially functional assets they are split between tangible fixed assets and investment properties based on the relative area used for each function.

(h) Pension cost

The Council contributes to a group staff pension scheme and to the personal pension plans of certain employees. All pension schemes are defined contributions schemes. The pension cost represents contributions payable by the charity during the year.

(i) Expenditure

Costs of charitable activities comprise expenditure directly attributable to the Council's charitable objectives plus support costs.

Support costs comprise the costs of central management and administration insofar as these are not directly attributable to other activities. They are allocated to the costs of generating funds, charitable activities and governance according to the time spent on each activity.

(j) LCGB TRADING LIMITED

On 21 October 2008 the Lutheran Council of Great Britain acquired the entire share capital of 100 ordinary shares of £1 in a newly established company, LCGB Trading Limited, incorporated in England under the Companies Act 2006 (CA2006) as a private limited company. LCGB Trading Ltd was dormant during this year, with no income, no expenses, and so £NIL surplus in 2015 (2014: £NIL) was gift aided to the Lutheran Council and the accounts were not consolidated with the Lutheran Council of Great Britain.



3 INTERNATIONAL LUTHERAN STUDENT CENTRE

One of the Council's main activities is the International Lutheran Student Centre, whose results have been incorporated within the financial statements.

In June 1982, fixtures and fittings were transferred to the Council by means of a long lease on the property at 30 Thanet Street, London. The fixtures and fittings had an original cost of £40,000 but this cost was met by donations and grants by the Trustees.

Funds have been designated by the Trustees to provide for the long-term upkeep of the premises and the replacement of fixtures and fittings at the end of their useful lives. Further details of these funds are in note 18.

4 DONATIONS AND GRANTS

	2015 £	2014 £
Subscriptions from Members	3,150	3,500
Payments to cover costs of pilgrimage to Holy Land	15,943	4,020
Compensation from University of London for rights of light due to Garden Halls construction	-	247,000
	19,093	254,520

5 INVESTMENT INCOME

	2015 £	2014 £ (restated)
Income from rental of flat 1, 4 Sandwich Street	23,892	23,647
Interest receivable	1,264	847
Dividends receivable	95,065	94,312
	120,221	118,806

6 FUNDRAISING COSTS

	Unrestricted funds 2015 £	Total 2015 £	Unrestricted funds 2014 £ (restated)	Total 2014 £ (restated)
Expenses relating to:				
Augustana Centre	22,063	22,063	20,363	20,363
Management costs of flat 1, 4 Sandwich Street	8,605	8,605	9,965	9,965
Investment managers' fees	8,290	8,290	10,314	10,314
Costs in generating voluntary income	1,605	1,605	2,812	2,812
	40,563	40,563	43,454	43,454

7 EXTERNAL GRANTS PAYABLE

Other support for third parties includes the following external grants awarded during the year.

	2015 £	2014 £
Anglican Lutheran Society	1,000	1,000
Faroese Society	450	-
Stand By Me (Nepal emergency)	95	-
ChristianAid	33	-
Save the Children	22	-
ACT Alliance (LWF for Syrian Refugees)	5,000	-
Donations to charities in Holy Land (Wi'am, Tent of Nations, Rabbis for Human Rights, Al Shurooq)	-	130
Evangelical Lutheran Church in Jordan and the Holy Land	-	5,220
	6,600	6,350

External grants payable

No grants were paid from the Student Hardship Fund (2014: £2,700).

8 GRANTS DISBURSED TO MEMBERS

Other support for Members includes the following grants awarded during the year.

	2015 £	2014 £
Latvian Evangelical Lutheran Church in Great Britain - pastor salary support	4,500	7,725
- travel and premises for services	240	128
Lutheran Church in Great Britain - support for pastors	15,000	12,875
- capacity building and administration support	10,000	11,500
- rent grant for Chinese congregation	3,500	3,500
- Trinity Lutheran Church, Nottingham	882	-
Swedish Church in London	603	468
Norwegian Church in London	1,226	1,047
Estonian Evangelical Lutheran Church	836	530
Grants Disbursed to Members	36,787	37,773
Seminars organised by the Council for Members	490	3,749
Central costs	3,557	6,120
	40,834	47,642

Three of the four flats at 4 Sandwich Street are let to clergy at discounted rents, representing grants to their churches of £6,492 (2014: £5,604) to the United London Latvian Lutheran Church, £5,785 (2014: £5,160) to St Mary's with St George's German Lutheran Church, and £6,060 (2014: £2,150) to the London Chinese Lutheran Church of the Lutheran Church in Great Britain.



9 TOTAL EXPENDITURE - UNRESTRICTED FUNDS

	Support Costs	Other Staff costs	Establishment and office costs	Other costs and grants	Total 2015	Total 2014 (restated)
	£	£	£	£	£	£
Costs of generating funds	1,604	13,499	14,878	10,581	40,563	43,454
Ecumenical relations and activities	3,487	-	3,027	-	6,514	8,355
Donations to other partners	-	-	-	6,600	6,600	6,350
International Lutheran Student Centre	47,280	273,157	191,000	600	512,037	525,521
Accommodation at 4 Sandwich St	-	-	17,471	-	17,471	16,256
Student chaplaincy	8,368	25,726	2,980	-	37,074	37,898
Communications	1,813	-	19,875	-	21,687	20,501
Other support for churches	3,554	-	490	36,787	40,831	47,642
Governance costs	3,626	-	1,462	22,301	27,389	19,716
Total charitable activities	68,128	298,883	236,305	66,288	669,603	682,239
	69,732	312,382	251,183	76,869	710,166	725,693

Costs are apportioned between activities according to time spent by staff on each activity.

Included in total charitable expenditure under "Other costs and grants" are fees of £6,300 (2014: £6,150) payable to the auditors for audit fees. Depreciation costs included were £65,285 (2014: £67,286), while writing-off of fully depreciated assets resulted in a reversal of depreciation costs (see note 12)

The only restricted funds expended were student hardship grants included under student chaplaincy, and were £NIL in 2015 (2014: £2,700)

10 RELATED PARTY TRANSACTIONS

The Council is one of two corporate members of Bethphage Great Britain, a registered charity with international Lutheran links, providing high quality residential care and assisted living support to about 60 people in the Midlands of England. Ms Camilla Persson represented the Council at their AGM.

The Trustees received no remuneration in connection with their duties as trustees. In 2015 four Trustees received reimbursement of their travel expenses to meetings held during the year. These expenses, together with liaison/entertainment expenses and costs of meetings (such as catering), were £7,557 (2014: £8,129). No other payments were made directly to, or for benefit of, Trustees.

As part of its work to support Lutheran churches, the Trustees made special grants during the year to two member churches (LCiGB and Latvian Evangelical Lutheran Church in Great Britain), both of which had a serving Trustee of the Council amongst their pastors, and grants to some member churches which are detailed below to cover costs of travel or rental of church premises. The Faroese Society received a grant of £450 for rental of premises for worship, which was paid to the Swedish Church. The relevant Trustees take no part in the decisions regarding these grants.

Three of the flats at 4 Sandwich Street were leased to member churches. The occupant of Flat 4 (Revd Eliza Zikmane of the United London Latvian Lutheran Church and also of the Lutheran Church in Great Britain) is a Trustee and the flat was rented to the United London Latvian Lutheran Church for £1,247 per month or a total of £14,940 for 2015. This represents a discount on estimated market rent of approximately 30%, equivalent to a grant value of £6,492 (2014: £5,600). The occupant of Flat 2 has been Revd Sam Lo, pastor of the London Chinese Lutheran Church of which David Lin (Trustee) is a member, and which is part of the Lutheran Church in Great Britain of which Revd Eliza Zikmane (Trustee) and Rt Revd Dr Martin Lind (Trustee) are clergy and Mr David Lin (Trustee) is Chair; and the flat was rented at a monthly rate of £1,260, representing a discount on the market rate of 29% representing a total grant of approximately £6,060 (2014: £2,150).

Finally, grants and subscriptions totalling £1,150 (2014: £1,050) were paid during the year to the Anglican Lutheran Society, for which Revd Eliza Zikmane (Trustee) sits on the Executive Committee.

Grants made to member churches including a trustee amongst their pastors were:

	2015	2014
	£	£
Latvian Evangelical Lutheran Church in Great Britain	4,740	7,853
Lutheran Church in Great Britain	29,382	27,875
Norwegian Church	1,226	1,047
Swedish Church	603	468
	35,951	37,243



11 STAFF COSTS	Support costs	Other Staff costs	TOTAL 2015	Support costs	Other Staff costs	TOTAL 2014
	£	£	£	£	£	£
Staff costs comprised:						
Wages and salaries	28,374	257,025	285,400	32,340	253,955	286,295
Social security costs	3,565	18,309	21,874	3,587	18,100	21,687
Other pension costs	2,517	18,613	21,130	2,862	17,042	19,904
Other staff costs	1,145	18,826	19,971	612	20,274	20,886
	35,602	312,773	348,375	39,401	309,371	348,772

No employee had a salary higher than £60,000 during the year, but with the addition of employer's pension contributions, one employee (General Secretary) earned £66,000 in total (ie, salary plus employer pension contributions, before tax).

The aggregate amount of benefits (before-tax salary plus employer pension contributions, BUPA cashplan and Christmas bonus vouchers) paid to key management personnel was £97,493.

The ratio of the highest salary to our median full-time salary (£17,846) was 3.4:1.

The average number of persons employed during the year, most of whom were part-time employees, was:

	2015	2014
International Lutheran Student Centre	18	18
Others	1	1
	19	19

12 TANGIBLE FIXED ASSETS

	Freehold Property (restated)	Leasehold property	Fixtures, fittings and equipment	Total (restated)
	£	£	£	£
Cost				
at 1 January 2015 (as previously stated)	1,328,966	543,797	601,819	2,474,582
Transferred (to) / from investment property	(279,656)	-	-	(279,656)
at 1 January 2015 (as restated)	1,049,310	543,797	601,819	2,194,926
additions	-	-	9,091	9,091
(disposals)	-	-	(313,330)	(313,330)
at 31 December 2015	1,049,310	543,797	297,580	1,890,687
Depreciation				
at 1 January 2015 (as previously stated)	165,299	190,254	424,579	780,132
Transferred (to) / from investment property	(5,272)	-	-	(5,272)
at 1 January 2015 (as restated)	160,027	190,254	424,579	774,860
charge for the year	13,830	11,028	40,427	65,285
(disposals)	-	-	(313,330)	(313,330)
at 31 December 2015	173,857	201,282	151,676	526,815
Net book value				
at 31 December 2014 (as restated)	889,283	353,543	177,240	1,420,066
at 31 December 2015	875,453	342,515	145,904	1,363,872

Capital commitments at 31 December 2015 were NIL (2014: NIL)

The freehold property of four flats at 4 Sandwich Street has been revalued at £2.02m, based on estate agent estimates and property sales in the area advertised online in late 2015. This is a mixed use property, and under FRS102 / SORP 2015 the Trustees have apportioned its value according to its purpose: the largest, two-bedroom flat, valued at £580,000 in 2015, has been reclassified as an investment property (see note 13), while the three studio flats are let to clergy and classified as functional tangible fixed assets used to fulfil the Council's charitable purposes. The book value of proportionate cost, taking into account depreciation and any investment in the property, has been restated and is recorded in note 12 above.



13 INVESTMENTS	2015 £	2014 £ (restated)
Investment in LCGB Trading Ltd (dormant)	100	100
Investment Property (Flat 1, 4 Sandwich Street)	580,000	520,000
Portfolio of Invested Funds		
Market value at 1 January	3,273,099	2,751,670
Additions	805,029	976,377
Less: disposals	(601,869)	(632,147)
Net movement on cash accounts	(118,112)	129,702
Net gains on valuation	(38,315)	47,497
Market value at 31 December	3,319,832	3,273,099
Listed investments	3,120,405	2,854,328
Cash on call	199,427	418,771
Market value at 31 December	3,319,832	3,273,099
Total value at 31 December	3,899,932	3,793,199
Details of investments:		
<i>UK Equities</i>		
Schroder Growth Fund for Charities	150,535	241,910
Schroder Investors Fund Equity Income Trust	625,590	608,428
Investec UK Special Situations Fund	150,712	76,800
Majedie Asset Management UK Equity Fund	312,864	321,744
<i>Europe ex-UK Equities</i>		
Schroder European Alpha Income Fund	106,015	59,800
Jupiter European Special Situations	91,405	-
<i>US Equities</i>		
JPMorgan US Equity Income fund	108,405	108,180
Findlay Park American Fund	116,750	-
<i>Global Equities</i>		
Schroder Investment Fund MM Global (Ex UK)	77,030	72,620
M&G Investment Management Global Dividend	-	119,876
<i>Pacific ex-Japan Equities</i>		
BNY Mellon Newton Asian Income Fund	41,230	93,930
First State Asia Pacific Leaders Fund	79,604	78,093
<i>Emerging Markets Equities</i>		
Findlay Park Latin American Fund	27,565	40,583
Aberdeen Emerging Markets Fund	39,366	43,497
<i>UK Bonds</i>		
Schroder UK Corporate Bond Fund	166,650	216,070
Var% Index-linked UK Government Bond	83,904	64,498
1.25% Index-linked UK Government Bond	80,762	-
M&G Corporate Bond Fund	95,158	92,736
<i>Alternatives - Property</i>		
Charities Property Fund	378,329	343,008
<i>Alternatives - Absolute Return</i>		
Ruffer LLP Total Return Fund	-	114,280
Henderson Gartmore Absolute Return fund	173,929	-
Morgan Stanley Diversified Alpha Plus fund	152,955	127,000
<i>Alternatives - Other</i>		
Foresight Solar Fund	30,000	31,275
HICL Infrastructure Co Ltd	31,647	-
Cash	199,427	418,771
Market value at 31 December	3,319,832	3,273,099
Historical cost	3,044,351	2,883,679
Unrealised gain	275,481	389,420



14	DEBTORS		2015	2014
	Due within one year:		£	£
	Trade debtors		2,478	1,160
	Prepayments and accrued income		18,630	19,330
			21,108	20,490
15	CREDITORS		2015	2014
	Due within one year:		£	£
	Taxation and social security		12,174	10,299
	Trade creditors		15,674	16,516
	Accruals and deferred income		55,948	97,004
	Deposits received		61,450	52,627
	Other creditors		(1,808)	1,831
			143,438	178,277
	Due after one year:			
	Pension accrual		9,689	8,208
16	RESTRICTED FUNDS			
		Student hardship fund	Total 2015	Student hardship fund
		£	£	£
	Balance 1 January	1,738	1,738	4,330
	Incoming resources	4	4	108
	Outgoing resources	-	-	(2,700)
	Balance at 31 December	1,742	1,742	1,738

The student hardship fund comprises the unspent balance of donations for the support of students suffering hardship.

17	UNRESTRICTED FUNDS					
		Balance 1 January 2015 (restated)	Incoming resources & investment gains	Resources expended & investment (losses)	Transfers	Balance 31 December 2015
		£	£	£	£	£
	Designated funds					
	Capital fund	2,071,526	-	(38,315)	-	2,033,211
	Fixed assets fund	1,420,066	-	-	(56,194)	1,363,872
	Property maintenance fund	1,091,861	-	-	150,000	1,241,861
	Revaluation reserve	240,344	60,000	-	-	300,344
		4,823,797	60,000	(38,315)	93,806	4,939,288
	General funds	394,656	880,642	(710,167)	(93,806)	471,325
		5,218,453	940,642	(748,482)	-	5,410,613

Capital fund: this fund is maintained in order to set aside an amount that will generate sufficient income to allow the Council's work to continue. The fund was created in 1998 and, since then, has been increased (or decreased) by transfers from (or to) General Funds in line with the net gain (or loss) on the Council's investments. The Trustees have decided that the policy should continue with a transfer of the net loss in 2015 of £38,315 being transferred from the Capital fund.

Fixed assets fund: this fund represents the net amount tied up in tangible fixed assets and so not available to spend.

Property maintenance fund: this fund is funded by annual transfers from general funds and is used to finance essential maintenance work to the Council's properties in accordance with a long-term maintenance plan so as to maintain them in a safe and presentable condition and to improve them in accordance with the Council's longer-term objectives. During 2015, £150,000 (2014: £50,000) was added to this fund in anticipation of refurbishment to be undertaken in 2016.

Revaluation reserve: this fund represents the increase (or decrease) in value of the Council's investment property, to which a portion of the value of the Council's freehold property at 4 Sandwich Street was transferred, being the flat which has been let on a commercial return for investment purposes. During 2015 £60,000 (2014: £55,000 as restated) was transferred to this fund.

General fund: this fund represents the net amount held for general expenditure. At December 2015 reserves were 34 weeks' expenditure (2014: 46 weeks' expenditure.)

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

The net assets are held for the various funds as follows:

	Unrestricted funds	Restricted funds	Total 2015	Unrestricted funds	Restricted funds	Total 2014
	£	£	£	£	£	£ (restated)
Tangible fixed assets	1,363,872	-	1,363,872	1,420,066	-	1,420,066
Investments	3,899,932	-	3,899,932	3,793,199	-	3,793,199
Net current assets	146,809	1,742	148,551	5,288	1,738	7,026
	5,410,613	1,742	5,412,355	5,218,553	1,738	5,220,291



19 RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP 2015 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for the defined benefit scheme managed by The Pensions Trust. The initial liability recognised at the date of transition was for the obligation to contribute to the deficit funding arrangement allocated to the Council by The Pensions Trust. The liability was for £8,208 at 1 January 2015 (2014: £8,652).

At the date of transition in applying the requirement to recognise the proportionate value of investment property in the mixed-use freehold property at 4 Sandwich Street, a revaluation and reclassification was required. The property is divided into four flats, three of which are let to clergy at discounted rates and are therefore classified as functional use and held as tangible fixed assets, while the fourth is commercially let and now classified as investment use. The difference between the new value and the previous value in the balance sheet is held in a new designated fund called the "Revaluation Reserve", and the depreciation and value of the fixed assets have been restated.

No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

Reconciliation of fund balances	31 December 2014	31 December 2013
	£	£
General Fund balance as previously stated	402,908	316,305
Pension deficit liability	(8,208)	(8,562)
Investment income adjustment	(44)	
General Fund balance as restated	394,656	307,743
Fixed Assets Fund as previously stated	1,694,450	1,666,811
Transfer of cost of investment property from fixed assets	(279,656)	(279,656)
Depreciation adjustment	5,272	-
Fixed Assets as restated	1,420,066	1,387,155
Capital Fund as previously stated	1,791,870	1,544,373
Transfer of cost of investment property from fixed assets	279,656	279,656
Capital Fund as restated	2,071,526	1,824,029
Investments as previously stated	3,273,199	2,751,770
Transfer of cost of investment property from fixed assets	279,656	279,656
Increase in investment property value to 31.12.2013	185,344	185,344
Investment Property increase in value (2014)	55,000	-
Investments as restated	3,793,199	3,216,770
Revaluation reserve	-	-
Increase in value from cost to 31.12.2013	185,344	185,344
Increase in value 2014	55,000	-
Revaluation reserve as restated	240,344	185,344

20 PROPERTY

A long lease at a nominal rent of the property at 30 Thanet Street, London WC1, was granted to the Council in June 1982. The total net cost of the property of £860,000 was met by donations and grants received by the trustees of the project.

21 PENSION COSTS

The assets of the pension schemes, all of which are defined contribution schemes, are held separately from those of the Council in independently administered funds. Contributions made by the Council to the schemes during the year are shown in note 11. Contributions of £2,670 were due to the schemes at the year end (2014: £2,670).

22 PENSION SCHEME OBLIGATIONS

Nine members of staff of the Council participate in the Pensions Trust's Growth Plan. This is a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.



22 (continued)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit Contributions

From 1 April 2016 to 30 Sept 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 Sept 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31 December 2015	31 December 2014
	£	£
Present value of provision	9,689	8,208

Reconciliation of opening and closing provisions

	Period ending 31 December 2015	Period ending 31 December 2014
	£	£
Provision at start of period	8,208	8,562
Deficit contribution paid	(969)	(941)
Unwinding of the discount factor (interest expense)	154	246
Remeasurements - impact of any change in assumptions	(239)	341
Remeasurements - amendments to the contribution schedule	2,535	-
Provision at end of period	<u>9,689</u>	<u>8,208</u>

Assumptions

	2015	2014
Rate of Discount (per cent per annum)	2.50%	1.99%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions. A £GBP AA Corporate Bond yield curve is used which is supplied by Bank of America Merrill Lynch at the reporting date.

The Council has been notified by the Pensions Trust of the estimated Employer Debt on Withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. They estimated that, after taking into account the debt due from other employers, the Council's Employer Debt on Withdrawal is estimated as £19,520 plus costs and fees of apportioning the debt among other employers. There is no current intention to leave the Plan and trigger this contingent liability.