
Trustees' Annual Report and Consolidated Financial Statements

Year ended 31 December 2001

City Parochial Foundation

Trustees' Annual Report and
Consolidated Financial Statements
for the

Year ended 31 December 2001

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Registered Charity No. 205629

cpf CITY PAROCHIAL
FOUNDATION
6 Middle Street
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BRIEF HISTORY

The assets of the City Parochial Foundation derive from the philanthropy of the people of London. Around 1,400 separate charitable gifts and bequests, some of them 400 years old, were held by the 112 parishes within the City of London, to be used for the benefit of the churches or, more often, the poor of those parishes. During the 19th century, the City grew to be a world financial centre and the income of these charities, many endowed with City properties, rose substantially. In contrast, the numbers of beneficiaries fell. Some parishes had no residents at all.

On 10 August 1878, a Royal Commission was appointed to investigate the parochial charities of the City of London. Its report resulted in the City of London Parochial Charities Act, 1883. This Act provided that the five largest parishes should continue to manage their own charitable endowments, but that the bulk of the remainder should be administered by a new corporate body, to be known as the Trustees of the London Parochial Charities, with perpetual succession and a Common Seal. The Act further provided that the Charity Commissioners should prepare Schemes for the proper application of these funds. It defined the area of benefit as the City of London and the Metropolitan Police District of London, the largest boundary definition available for Greater London. The outcome was a Scheme promulgated on 23 February 1891 which brought all the endowments together into two funds, a City Church Fund and a Central Fund. Together these constituted the City Parochial Foundation, with the Trustees under the 1883 Act serving as the Foundation's Central Governing Body.

In 1986 the Foundation became the Trustee of the Trust for London. At the outset the Trust was endowed with £10m derived from the sale of the Greater London Council's assets. It targets small locally based community organisations which are independent of larger bodies.

The Foundation is governed by the 1891 Central Scheme and various subsequent amending Schemes and orders.

ORGANISATION OBJECTIVES AND POLICIES

Both the Central Fund and the City Church Fund have a permanent endowment fund and an income fund. Use of income from the Central Fund is restricted to the area of benefit. It cannot be used for the advancement of religion but may be spent on furthering any charitable purpose which is directed to the benefit of poor inhabitants of the area. The income may also be applied to benefit poor persons who are for the time being located within the area of benefit. In furtherance of these objects, the Trustees make grants to charitable organisations or projects that work, directly or indirectly, to benefit poor inhabitants of that area.

In 1992 the charity applied funds to the conversion of a property to house the London Voluntary Sector Resource Centre (the Resource Centre) at 356 Holloway Road, London N7. This branch of the charity is itself a registered charity and is incorporated as a company limited by guarantee. The objective of the Resource Centre is to provide office accommodation, and meeting and conference facilities for London voluntary sector organisations.

In 1997, the charity took direct control of Bellingham Recreation Project Limited. The Project operates playing fields owned by the Foundation in Lewisham, London SE6, for the benefit of the local community.

Income from the City Church Fund, apart from a number of minor prepayments, is applied in the following proportions: one third is given to the City churches within the City of London and two thirds to the six Dioceses of the Church of England, in whole or in part within the area of benefit, in such proportions as are determined by the Church Commissioners. These proportions have always been according to population. The purposes to which the City Church Fund has to be applied are essentially religious including repairs to churches, the maintenance of services and the payment of stipends.

TRUSTEES, OFFICERS AND ADVISERS SERVING DURING 2001

The 21 Trustees, who make up the Central Governing Body of the Foundation, also serve on seven main Committees in order to ensure that the policies of the Foundation are implemented and that the work is properly managed. The Trustees are appointed by a variety of nominating bodies and only four Trustees are directly appointed by the Foundation itself. Unlike many other grant making trusts, it is guided neither by the spirit of a founder nor by family pride or ethos. It is more akin to a public body. The Trustees are always concerned to take a long-term view, particularly important in relation to property endowments, and to work to ensure that all its activities benefit the poor of London. The Trustee body has an appropriate balance of skills and experience in the field of estates and finance, as well as that of grant-making.

A staff team, currently 14, works to the Trustees providing appropriate input into the policy debates, and the means of implementing all the decisions taken. In addition another 6 are employed by the Resource Centre and one at the Bellingham Recreation Project.

Whilst the more visible part of the Foundation's work relates to grant-making, the work of the financial and administrative staff is equally important; any ineffectiveness in that area has the direct consequence of reducing the money available to benefit the poor of London. Efforts continue within the Foundation to develop the staff team as a whole, emphasising the contribution that each and every one makes to the ultimate purpose of the Foundation.

The advisers to the Foundation, namely the Solicitors, the Surveyors, the Investment Managers and the Auditors, play a vital role in raising issues and working with the staff on preliminary policy papers. The close collaboration between staff and advisers is important in the light of the demands made upon the voluntary sector through the Charities Act 1993 and new accounting regulations. The more collaborative the relationship between the Foundation, Trust and advisers, the more effective the Foundation and Trust become.

The Trustees *(as at 26 April 2002)*

The Foundation's Trustees are appointed by the following bodies:

		<i>Committees</i>
<i>The Crown</i>	Ms Maggie Baxter (<i>Vice Chairman</i>)	A,E,F,G,I,S
	Professor Julian Franks	A,E,I
	The Earl of Limerick	A,E,F,I
	Ms Elahe Panahi	E
	Mr Nigel Pantling	A,F,G
<i>Corporation of London</i>	Mr William Dove	G
	Mr Charles Edward Lord	G,I
	Mr Ian David Luder	A,F,I
	Mr Robin Sherlock	E
<i>Church Commissioners</i>	The Bishop of Willesden	E,G
	Mr Peter Dale	A,E,I
<i>Council of the University of London</i>	Mrs Gillian Roberts	A, F,S
<i>University College London</i>	Professor Gerald Manners (<i>Chairman</i>)	A,E,F,G,I,S
<i>City and Guilds of London Institute</i>	Mr John Barnes	A,E,I,S
<i>Bishopsgate Foundation</i>	Mr Roger Payton	A,E,F,I
<i>Cripplegate Foundation</i>	Mr Patrick Haynes	F
<i>King's College London</i>	Mr John Muir	A,F,G,S
<i>City Parochial Foundation</i>	Mrs Jyoti Munsiff	E,I
	Mrs Lynda Stevens	E,G
	Mr Albert Tucker	F,G
	Ms Jane Wilnot	F,G

All the Trustees are appointed on a six year term by their nominating body. Their period of appointment commences on 4 April.

Key to Committees

A Asset Allocation Committee

E Estate Committee

G Grants Committee

F Finance Committee

I Investment Committee

S Staffing & General Purposes Committee

Principal Officers

Clerk to the Trustees Mr Bharat Mehta *Director of Grants & Programmes* Mr Martin Jones

Director of Finance and Administration Miss Carol Harrison

Professional Advisers

Solicitors

Farrer & Co, 66 Lincoln's Inn Fields, London, WC2A 3LH

Surveyors

CB Hillier Parker, 77 Grosvenor Street, London W1A 2BT

Auditors

KPMG, 8 Salisbury Square, London, EC4Y 8BB

Bankers

Lloyds TSB Bank plc, Public and Community Sector, 2nd Floor,
39 Threadneedle Street, London EC2R 8AU

Investment Managers

Dresdner RCM Global Investors (UK) Ltd,
PO Box 191, 10 Fenchurch St, London, EC3M 3LB

To February 2002:

Schroder Investment Management Limited,
31 Gresham Street, London EC2V 9QA

From February 2002:

S G Asset Management UK Limited, 100 Ludgate Hill,
London, EC4M 7NJ

Veritas Asset Management (UK) Limited, 11 Buckingham
Street, London WC2N 6DF

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FOUNDATION

INVESTMENT POWERS

The charity's investment powers are governed by a Scheme sealed on 16 September 1988. Under the Scheme the Trustees are not required to divide funds in the manner specified in the Trustees Investment Act 1961.

In summary, endowment funds may be invested in any of the following ways:

- in investments that constitute narrower or wider range investments under the 1961 Act, and in any other investments that are authorised by law for the investment of trust funds;
- in the acquisition of freehold and leasehold land in England or Wales;
- in effecting capital improvements to the value of land belonging to or acquired by the relevant fund;
- in debentures, debenture stock or preferred, ordinary or deferred stock or shares or unsecured loans or other marketable securities of the United Kingdom, the United States of America, the European Union and a number of other countries specified in the Scheme.

The investment powers of the charity apply to both funds. All investments acquired by the Trustees have been acquired in accordance with these powers.

REVIEW OF ACTIVITIES DURING THE YEAR

Incoming Resources

Income from investment properties represented 55% of the Foundation's incoming resources. The total income from investment properties rose slightly from £5,302,550 in 2000 to £5,505,163 in 2001. This rise was predominantly due to income arising on two newly acquired properties offsetting the losses from the sale of properties that took place in both this and previous years and the subsequent reinvestment of the proceeds in other forms of investment, in pursuance of the Trustees' policy of diversification.

Bank and other interest rose to £1,956,863 in 2001 from £1,595,611 in 2000. Income from listed investments rose from £1,418,533 in 2000 to £1,591,641 in 2001. The increases related to the cash holdings from the sale of property and the further investment into equity during the year partly offset by the fall in yield and tapering of tax relief.

A commentary on the Resource Centre's and the Bellingham Recreation Project's activities is given below.

Cost of generating income

Expenditure on generating income was £721,293 (2000: £632,806). This includes property management costs of £338,057 (2000: £271,416) and investment management costs of £158,940 (2000: £146,638). The latter costs are based on the value of the investment portfolio. Of these management charges, £224,297 (2000: £205,388) has been charged against the endowment funds as relating to those funds.

Grants payable

Total grants payable in the year were £7,491,142 (2000: £7,179,927). Of this amount £4,246,101 (2000: £4,916,873) was payable from the Central Fund and £3,245,341 (2000: £2,563,054) was payable from the City Church Fund.

Grants made from the Central Fund

2001 is the last year of the 1997-2001 quinquennium during which the Trustees are allocating grants with the following priorities:

- The need to tackle social isolation, injustice and exclusion as they affect individuals in any section of the community;
- The need to provide help for young people (aged 10-25 years) experiencing poverty.

These concerns are being addressed through grants for direct work involving advice and information, local initiatives to combat racial harassment and crime, and through education and training initiatives or schemes.

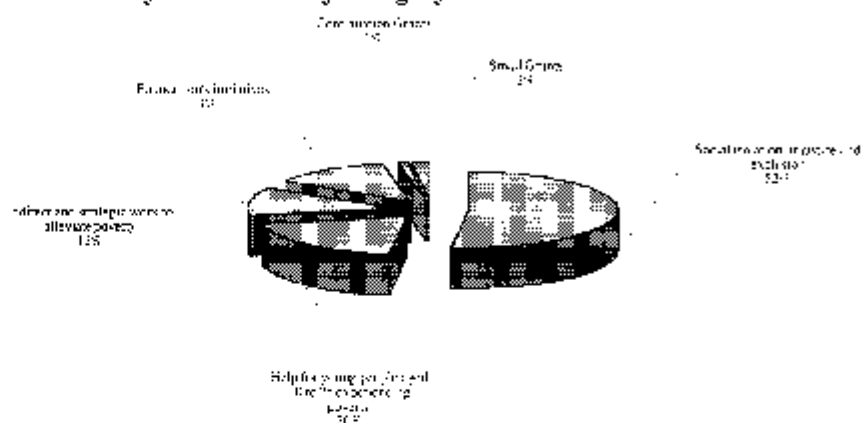
The Trustees also appreciate the importance of back up or development work for the voluntary sector and fund the following:

- Infrastructure support for the voluntary sector;
- Advocacy for policy change;
- Collaborative responses.

The Trustees also have a Small Grants programme and may provide continuation funding for work funded by the Foundation under the previous quinquennial policy.

An analysis of grants made in 2001 is shown in the chart below:

The Analysis of Grants by Category



The policy of making mainly revenue grants was continued with 99% of the grants falling into this category.

The boroughs receiving more than £100,000 of grant money were: Brent, Bromley, Ealing, Haringey, Harrow, Islington, Lambeth, Lewisham, Southwark and Tower Hamlets.

An analysis of grants made from the Central Fund is published in the Annual Grants Review which is available from the Clerk on request.

A reconciliation of grants shown in that publication is given below:

	2001 £	2000 £
Grants detailed in Grants Review	4,575,542	4,985,798
Grants written back	(262,450)	(29,925)
Other	(66,991)	(39,000)
Net Central Fund grants	£4,246,101	£4,916,873
No. of grants made	190	196

Grants made from the City Church Fund

The Trustees divide the income from this fund between the Church Commissioners, the six Metropolitan Dioceses and the City Churches Grants Committee in accordance with the City Parochial Foundation's governing instruments. One third of the income is allocated to the City churches and, after a contribution of £47,100 towards prior charges made by the Church Commissioners, two thirds of the income is payable to the six Dioceses in the proportions listed below:

Diocese	%	Diocese	%	Diocese	%
London	44.37	Rochester	6.18	Chelmsford	15.30
Southwark	29.05	Gloucester	2.27	St Albans	7.83

Support costs

The Trustees allocate funds to the salaries and associated costs of employing a team of field staff and their assistants. It is the Trustees' view that proper assessment and monitoring of charitable priorities in London cannot be achieved without this work. In addition the Trustees employ consultants to help support and make more effective the grants made from the Central Fund of the Foundation. The costs of such work and a representative proportion of overheads are charged to Support costs.

Management and administration

Expenditure on Management and Administration was £274,459 (2000: £276,817)

Resources expended include pension costs of £247,820 (2000: £247,820) arising from the transfer in 1997 of funds to cover past service benefits.

The Trustees have decided not to split realised and unrealised gains on listed investments, as allowed by the Charity Commission.

THE RESOURCE CENTRE

The performance of the Resource Centre, a subsidiary of the Foundation, is shown within the Restricted Funds of the charity.

Some 2,050 organisations used the Centre during the year and the conference facilities remain in high demand.

The accounts of the Resource Centre show incoming resources of £825,105 (2000: £827,081) and resources expended of £860,704 (2000: £800,410) making net outgoing resources of £35,599 (2000: net incoming resources £26,671), after payment of £165,000 (2000: £215,000) to the Foundation as rent for the premises.

The full statutory accounts of the Resource Centre are available from the Clerk of the Foundation at 6 Middle Street, London, EC1

BELLINGHAM RECREATION PROJECT LIMITED

The Foundation owns property in Lewisham, London SE6. The Bellingham site includes playing fields, a small sports hall and a pavilion. The playing fields are the direct responsibility of the Foundation through its subsidiary, the Bellingham Recreation Project Limited, a registered charity.

The primary activity of the Project is football but other activities such as boot fairs and social events are organised. The Project had net incoming resources of £46,857 (2000: net outgoing resources £31,947) after receipt of grants of £56,476 (2000: £77,245) from the Foundation. The Project aims to develop further the facilities on the site and has submitted a proposal to Sport England for National Lottery capital funding to build a community and sports centre.

The Bellingham Recreation Project Social Club Ltd, a wholly owned subsidiary of the Project did not trade during the year. Winding up activities gave rise to a surplus of £829 (2000: trading deficit £25,866 before charging interest of £1,404 due to the Foundation).

The results of the Project are incorporated in these Financial Statements as a branch of the Foundation as defined by SORP Accounting by Charities.

INVESTMENT PROPERTIES

The investment property portfolio was valued at 31 December 2001 by Insignia Richard Ellis. This has been shown in the accounts at an open market value of £86,471,259 (2000: £107,982,258). Following net property disposals in the year of £29m showing a realised profit of £5.3m, the remaining portfolio showed an unrealised gain of £7.2m.

INVESTMENTS

The Foundation employs the services of investment managers.

Dresdner RCM Global Investors (UK) Ltd managed the assets of the City Church Fund through Common Investment Funds which are managed by index tracking techniques. The portfolio thus replicates the performance of relevant market indices for different asset classes and aims to match the performance of the WM Charity Fund Index for the portfolio as a whole.

Schroder Investment Management Ltd managed the listed investments of the Central Fund and had a mandate to out-perform the WM Charities Fund Weighted Average over rolling three year periods.

The market value of the City Church Fund's endowment funds held as listed investments including uninvested cash only rose to £25,528,515 at 31 December 2001 from £22,032,819 at 31 December 2000 despite additional net capital of £7,250,000 being added to the portfolio during the year. The market value of the Central Fund's listed investments including uninvested cash fell to £30,980,233 at 31 December 2001 from £34,349,804 at 31 December 2000 despite additional net capital of £1,250,000.

The Trustees also invest liquid funds in the money market. At the year end £22.5m of Central funds and £17.3m of City Church funds were held in a cash portfolio which was managed by Dresdner RCM Global Investors (UK) Ltd.

TRUST FOR LONDON

The Trust for London is a charity connected to the Foundation but whose accounts are not consolidated with the Foundation. It was formed in 1986. It has an expendable endowment fund which at 31 December 2001 stood at £17,290,498. This fund produced an income of £679,651 in 2001 (2000: £708,868). Grants are applied to projects which target small locally based community organisations with charitable purposes and which are independent of larger bodies.

The Foundation is the Trustee of the Trust for London. It shares its premises, assets, charitable support and administration costs with the Trust. This relationship means that some costs including staff costs and depreciation are apportioned between the Foundation and the Trust for London. In 2001 the Trust bore £102,901 being 10% of shared costs.

EVENTS SINCE THE YEAR END

The Foundation purchased 772 shares in the Falcon Property Trust for £2.0m on 8 January 2002 and the freehold of 139 Barlow Moor Road, Didsbury, Manchester for £1.4m on 21 February.

In January 2002 Veritas Asset Management (UK) Limited were appointed to manage a fund of £10 million. Schroder Investment Management Ltd were replaced as the active manager of the listed investments of the Central Fund in February 2002 by SG Asset Management UK Ltd. Both new fund managers are mandated to out-perform FTSE Indices over a rolling three year period.

With the object of improving efficiency and economy of management, the Trustees, having gained the approval of the Charity Commissioners, merged the assets of the Central and City Church funds as at 1 January 2002 into a single Common Investment Fund ie. a pooled fund having the same charity number as the Foundation. The Foundation is the Trustee of the pooled fund.

The entitlement of the participating funds is 60% Central Fund and 40% City Church Fund, such proportions being settled by reference to the ten year historical average of distributable income of each fund.

ACCOUNTING POLICIES

There were no changes in accounting policies.

RESERVES POLICY

It is the Trustees' policy to allocate fully the net income of the Foundation. However due to timing differences the amount of funds allocated will not match the net income receivable year by year. Consequently a varying balance of funds is carried forward in reserves.

The Trustees regularly monitor the level of reserves at their quarterly Grants Committee Meetings.

FUTURE DEVELOPMENTS

The Trustees intend to continue a measured diversification of their assets out of investment properties into listed investments. They also intend to diversify within the investment property portfolio. They will monitor the income returns from different asset classes and have regard to the effect of asset allocation on the income available for grant making.

To ensure income distribution continues equitably over time, the Trustees are seeking to adopt a Total Return Approach to Investment and have received a draft order from the Charity Commission to enable them to do so. They aim to implement this approach at the start of 2003, having given proper regard to quantifying that part of the historic unapplied total return which should be held on trust for application (income) for the purposes of the charity.

The Trustees are also undertaking the restructuring of the Foundation's constitution with a view towards seeking incorporation by registering as a charitable company limited by guarantee at the end of 2002.

GOVERNANCE AND INTERNAL CONTROL

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the group at the end of the year and of its activities during the year. In preparing those financial statements Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees have overall responsibility for ensuring that the charity has appropriate systems of control, financial and otherwise. They are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993 and have been properly prepared in accordance with the Central Scheme approved by Her Majesty in Council on 23 February 1891 and subsequent amending Schemes and orders. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to detect fraud and other irregularities.

The systems of control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- an annual budget approved by the Trustees;
- regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trustees have, with advice from their auditors, introduced a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Foundation faces, categorising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of the process the Trustees have reviewed the adequacy of the Foundation's internal controls.

By order of the Trustees

Professor Gerald Munro

26 April 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF CITY PAROCHIAL FOUNDATION

We have audited the financial statements on pages 14 to 25.

Respective responsibilities of Trustees and Auditors

You are responsible as trustees for preparing the trustees' report and, as described on page 12, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charity and group's state of affairs, as at 31 December 2001 and of their incoming resources and application of resources, in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

KPMG
Registered Auditors
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB
26 April 2002

CITY PAROCHIAL FOUNDATION

Year ended 31 December 2001

Consolidated Statement of Financial Activities

	Note	Unrestricted Funds 2001 £	Restricted Funds 2001 £	Endowment Funds 2001 £	Total 2001 £	Total 2000 £
Income and expenditure						
Incoming resources						
Activities in furtherance of the charity's objects						
Grants receivable		-	65,336		65,336	-
Reserve Credit Income			815,536		815,536	877,520
Playing Fields Income			51,226		51,226	4,144
Amounts transferred from funds:						
Income from investment properties		3,565,163			3,565,163	4,561,150
Donations and income receivable	2	3,661,401	1,0412		3,661,813	3,177,750
Income from contractors payable expenses		563,626	120,619	-	684,245	689,917
Less: Rechargeable expenses		(582,026)	(179,412)	-	(761,438)	(500,917)
Net income on trading subsidiary	3	-	429		429	27,666
Total incoming resources		9,156,564	942,399		10,098,963	9,265,802
Resources expended						
Cost of trading activities	4	(699,283)	(27,002)		(726,285)	(672,366)
Charitable expenditure						
Costs of activities in furtherance of the charity's objects						
Grants payable	5	(1,491,442)	-		(1,491,442)	(7,479,027)
Reserve Credit expenditure		-	(623,445)		(623,445)	(1,212,711)
Playing Fields expenditure			(731,483)		(731,483)	(1,263,671)
Supplies	6	(611,633)			(611,633)	(573,297)
Management and administration	7	(223,109)	(51,451)		(274,560)	(226,812)
		(8,326,184)	(806,278)		(9,132,462)	(8,946,273)
Total resources expended	8	(9,025,467)	(828,288)		(9,853,755)	(9,574,059)
Net incoming/(outgoing) resources before transfers		131,097	114,111		245,208	(308,257)
Transfers between funds	15	325,771	(101,474)	(224,297)	-	-
Net incoming/(outgoing) resources before revaluations and investment disposals		456,868	12,637	(224,297)	244,208	(308,257)
Net gains on sale of fixed investments		-	-	291,298	291,298	7,824
Net losses on listed investments and non-inventories		(19,889)	-	(8,412,520)	(8,432,409)	(2,971,111)
Net gains on investment properties		-	-	12,504,415	12,504,415	19,466,669
Net movement in funds		406,979	12,637	4,121,387	4,534,003	7,261,126
Fund balances brought forward at January 2001		(51,312)	58,216	177,111,385	177,658,289	179,416,123
Fund balances carried forward at 31 December 2001		352,267	60,913	181,302,072	181,215,252	177,671,249

All income derives from continuing operations. There have been no recognised gains or losses other than the net movement in funds in the year. A provision for one and a half year premium has not been provided for the grounds that the movement in investment funds of £1,124,387 (2000: £730,597) is clearly identifiable in the statement above.

The notes on pages 17 to 25 form part of these accounts.

CITY PAROCHIAL FOUNDATION

As at 31 December 2001

Consolidated Balance Sheet

	Note	2001	2000
		£	£
Fixed assets			
Tangible fixed assets	9	3,479,908	3,499,997
Investments	10	140,733,121	147,967,933
		<u>144,213,029</u>	<u>151,467,930</u>
Current assets			
Debtors	11	2,598,802	2,291,997
Cash and short term deposits		10,068,722	11,091,192
Cash at bank and in hand		4,726,487	2,769,811
		<u>17,393,991</u>	<u>16,153,000</u>
Liabilities: Amounts falling due within one year			
Grants payable		3,973,209	6,426,117
Other liabilities	12	21,478,478	6,402,114
		<u>25,451,687</u>	<u>12,828,231</u>
Net current assets			
		<u>9,542,304</u>	<u>13,324,769</u>
Liabilities: Amounts falling due after more than one year			
	13	(1,279,613)	(1,313,613)
Net assets			
	18	<u>182,215,252</u>	<u>177,671,249</u>
Capital funds			
Endowment funds		181,602,112	177,177,665
Income funds			
Reserve funds	16	56,013	6,924
Unrestricted funds	17	453,127	(46,740)
		<u>182,215,252</u>	<u>177,671,249</u>

The accounts were approved by the Central Governing Body on 26 April and signed on their behalf by:

Professor Gerald Manners
Chairman of the Central Governing Body
26 April 2002

A change to the consolidated balance sheet has not been prepared on the grounds that it is not materially different from the consolidated balance sheet.

See notes on pages 17 to 25 for a copy of these amounts.

CITY PAROCHIAL FOUNDATION

Year ended 31 December 2001

Consolidated Cash Flow Statement

	Note	2001	2000
		£	£
Net cash inflow from operating activities	A	186,336	41,943
Capital expenditure and financial investment			
Purchase of fixed investments		(25,671,554)	(26,607,094)
Sales of fixed investments		16,108,718	17,562,114
Purchase of investments in respect of fixed investment in property		(1,932,512)	(3,961,663)
Sales of investment in property		11,863,676	1,111,512
Acquisition of capital		-	-
Dividend of fixed assets		7,375	7,459
Purchase of fixed assets		(72,213)	(17,176)
Net cash inflow/(outflow) from capital expenditure and financial investment		9,500,511	(18,653,858)
Increase/(decrease) in cash and cash equivalents	B	<u>26,416,857</u>	<u>(1,322,356)</u>

NOTES TO THE CASH FLOW STATEMENT

A. Reconciliation of operating result to net cash inflow from operating activities

	£	£
Net operating (loss)/profit, as shown between calculations and transfers	145,308	188,257
Depreciation charges	176,215	201,112
Loss on disposal of tangible fixed assets	-	20,512
Write back in respect of trading subsidiary	-	6,889
Increase in debtors	(237,486)	(3,764)
(Decrease)/increase in liabilities - amounts falling due within one year	(171,117)	66,529
Loss on sale of fixed assets - amounts falling due after more than one year	136,556	67,156
Net cash inflow from operating activities	<u>186,336</u>	<u>41,943</u>

B. Analysis of changes in net funds

	At January 2001	Net cash flow or disposal	Cash flow	At 31 December 2001
	£	£	£	£
Cash at bank and in hand	2,765,814	-	1,257,065	4,026,879
Cash and short term deposits	11,491,593	(9,918,891)	25,657,019	40,665,001
Bank overdraft	(2,786)	-	2,786	-
	<u>14,254,621</u>	<u>(9,918,891)</u>	<u>26,916,870</u>	<u>44,691,880</u>

Net cash flow of cash and short term deposits arises from the holding of property deposits proceeds as above mentioned in statement.

CITY PAROCHIAL FOUNDATION

Year ended 31 December 2001

Notes to the Financial Statements

1 Accounting policies

(i) Preparation of financial statements

The financial statements are prepared under the historical cost convention, with the exception of property and other investments which are recorded on a market value basis. The accounts have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting for Charities (SORP 2000) and applicable accounting standards.

(ii) Basis of preparation

In preparing the financial statements for the year ended 31 December 2001 the Trustees have taken account of all information that would reasonably be expected to be available.

(iii) Basis of consolidation

The London Voluntary Sector Resource Centre Limited (The Resource Centre) and The Beltingham Recreation Project Limited have been treated as branches as defined in the SORP. Therefore all their transactions are accounted for gross in these accounts. The funds of the general fund have been treated as restricted funds at the charity. The Beltingham Recreation Project Social Club Limited is treated as a subsidiary as defined in the SORP. Its share of the net surplus is shown as one line in the Statement of Financial Activities and a summary income and expenditure account is shown in note 3.

(iv) Incoming Resources and Resources Expended

All income and expenditure is shown in the Statement of Financial Activities.

Grants are identifiable in the Statement of Financial Activities where they are received.

Resource Centre rent and similar income represents income from the operation of the Resource Centre at 356 Holloway Road, London, N1 6LU which is on a variable basis.

Investment income and interest is net of bank and interest.

In some cases the charity may project expenses on behalf of its tenants and recovers these expenses in full. In such circumstances the Trustees have thought appropriate to show these expenses as a deduction from income on the face of the Statement of Financial Activities.

Costs of generating income comprises those operational costs directly attributable to managing the investment and property portfolio and raising investment and rental income. Costs incurred on marketing and an appropriate proportion of general overheads which are identifiable wholly or mainly in support of generating income.

Grants made for charitable purposes (mainly Central Fund) at the discretion of the Trustees, as specified under the terms of the Scheme, are charged to Grants payable when they are approved by the Trustees. When grants are withdrawn or unclaimed they are shown as a deduction from Grants payable. Grants approved by the trustees but not paid at the year end are carried forward as a liability.

Resource Centre costs are directly to the operation of the Resource Centre.

Playing field costs relate directly to the operation of the The Beltingham Recreation Project.

Support costs comprise grants claims, staff costs and an appropriate proportion of general overheads which are identifiable wholly or mainly in support of charitable expenditure.

Management and administration costs are those incurred in connection with the administration of the foundation and comply with constitutional and statutory requirements.

Financial costs comprises any paid jointly by the foundation and its connected charity, the Trust for London. The basis of the apportionment between the charities is in relation to gross income and staff time spent on each charity's business.

(v) Investments

Each of the identifiable investment property is included in the Balance Sheet at open market value. The valuation was prepared as at 31 December 2001 by a design Bureau Valuers Chartered Surveyors. The valuation was made in accordance with RICS guidelines. The previous valuation had been carried out at 31 December 2000. Listed investments are shown at the middle market price ruling at the Balance Sheet date.

Realised gains and losses are reflected in the Statement of Financial Activities and are credited to the respective funds. Realised gains on investment property also represent the difference between the net sale proceeds and the market value of the properties at the start of the year.

CITY PAROCHIAL FOUNDATION**Year ended 31 December 2001****Notes to the Financial Statements (continued)****(vi) Tangible fixed assets**

Fixed assets are shown at net (for valuation) cost less depreciation.

Freehold land and buildings have been valued as at 31 December 2001 by Jostin & Redwood, Chartered Surveyors, in accordance with R.I.C.S. guidelines. The previous valuation had been effected as at 31 December 2000.

Depreciation is provided on all tangible fixed assets at rates set in the following table, based on the estimated residual value, in equal instalments over an expected useful life as follows:

Freehold land and buildings - nil
Operational freehold land and buildings - 50 years
Assets not subject to measurement - nil
Computer equipment - 25%
Leasehold buildings - 99%

(vii) Cash and short term deposits

Cash and short term deposits are funds and money market deposits which are not available for immediate withdrawal or expenditure for no more than three months from the balance sheet date.

(viii) Pensions

The Trustees set up the City Parochial Foundation Superannuation Scheme in 1990. It was replaced by a group personal pension scheme for staff in 1996, and has since been closed to new entrants. The benefit in the assets held in the old scheme over the period of the new scheme payments being withheld for a period of 5 years.

(ix) Fund Accounting

General funds are available for use in the discretion of the Trustees in furtherance of the general objectives of the Foundation.

The Trustees have a fund for permanent endowment and there is no power to convert the capital into income.

Restricted funds represent funds held for the purpose of the charity's branches, the Reading Centre and The Bellingham Reception Project Limited, which are separate charities.

(x) Taxation

Under Section 3(5), the Charities Act 1993, the charity is not subject to taxation on its chargeable assets.

CITY PAROCHIAL FOUNDATION

Year ended 31 December 2001

Notes to the Financial Statements (continued)

j Dividends and interest receivable

	Unrestricted Funds 2001 £	Restricted Funds 2001 £	Total 2001 £	2000 £
income from bank overdrafts	1,391,611	-	1,391,611	1,116,332
income from endowments (movement per table 1)	113,309	-	113,309	125,206
tax credit on interest receivable	18,615	16,173	1,988,865	1,595,511
	<u>1,523,535</u>	<u>16,173</u>	<u>1,539,708</u>	<u>1,837,049</u>

k Net income of trading subsidiary

The charity has a trading subsidiary, The Belgrave Recreation Project Limited, which owns the shares of The Belgrave Recreation Society Ltd, a Club Licence, a company incorporated in the UK. The Society Club Licence is for the use of Belgrave Playing Fields. A Premier League was opened in 2000 as a result of a profitable trading. Windfall payments are made to a fund trust in the year. A full account is included with the registration documents.

	Restricted funds 2001 £	Revised total 2001 £
Turnover	-	99,477
Cost of sales	99	(81,211)
gross profit	<u>99</u>	<u>18,266</u>
Other trading income	998	5,237
Administrative expenses	(746)	(7,662)
Profit/(loss) for the year	<u>451</u>	<u>15,841</u>

l Cost of generating income

	Unrestricted Funds 2001 £	Restricted Funds 2001 £	Total 2001 £	2000 £
overhead management fees	158,941	-	158,941	146,638
property insurance fees	336,037	-	336,037	271,216
marketing costs	-	220,000	220,000	13,773
staff costs	153,258	-	153,258	151,602
Other costs of generating income	49,028	49,028	98,056	11,357
	<u>697,264</u>	<u>269,028</u>	<u>966,292</u>	<u>593,526</u>
cost charged against endowment funds	(221,297)	-	(221,297)	(201,186)
Net cost of generating income	<u>475,967</u>	<u>269,028</u>	<u>744,995</u>	<u>392,340</u>

CITY PAROCHIAL FOUNDATION

Year ended 31 December 2001

Notes to the Financial Statements (continued)

5 Grants payable

	Unrestricted funds 2001 £	Restricted funds 2000 £
General fund grants - contributed	1,508,551	1,714,798
General fund grants - without bond	157,190	220,211
Net Unrestricted fund grants	1,665,741	1,935,009
General fund grants - reserved	276,863	1,764,761
City Churches - Grants Committee	705,640	621,211
Specialized Programs - Grants to City Churches	57,140	71,460
	7,405,412	11,199,977

Analysis of the analysis of grants made is available in the Financial Report and the Grants Review. The Grants Review is available from the Office of the Mayor.

6 Support costs

	Unrestricted Funds £	Restricted Funds £	Total 2001 £	Total 2000 £
Salaries	433,179	-	433,179	417,986
Consultants	27,425	-	27,425	26,111
Other support costs	150,729	-	150,729	141,166
	611,333	-	611,333	585,263

7 Management and administration

	Unrestricted funds £	Restricted funds £	Total 2001 £	Total 2000 £
Salaries and other costs	137,246	1,367	138,613	133,314
Legal and professional fees	71,013	-	71,013	26,363
Auditors' remuneration - audit fees	26,851	9,505	34,356	31,173
Other	-	34,058	34,058	43,712
	235,110	44,930	274,040	234,562

8 Total Resources Expended

	Staff costs £	Depreciation £	Other costs £	Total 2001 £	Total 2000 £
Cost of general programme grants - 2001	161,643	6,256	746,414	914,313	812,864
Reserve - 2001 operations	132,565	141,431	349,449	623,445	621,211
Playing field operations	47,631	883	82,939	131,453	126,563
Grant-making operations	433,415	7,610	705,640	1,146,665	981,407
Management and administration	97,187	6,498	73,774	177,459	226,812
	870,511	1,263,681	1,898,216	3,672,663	3,773,857

CITY PARK HIAL FOUNDATION

Year ended 31 December 2001

Notes to the Financial Statement (continued)

8 Total Resources Expended (continued)

Staff costs	2001	2000
	£	£
Wages and salaries	6,23641	5,62,271
Superannuity costs	59,343	56,111
Benefits costs	65,240	288,144
	<u>6,982,224</u>	<u>6,976,526</u>
Costs borne by Trust for London	75,120	64,596
Part costs charged	<u>70,140</u>	<u>48,172</u>

No Trust or service remuneration during the year (2000-01). Other proper expenses were accounted for as follows:

	2001	2000	2001	2000
	No.	No.	£	£
Travel	6	5	397	281
Office	4	15	137	198
	<u>10</u>	<u>20</u>	<u>534</u>	<u>479</u>

The average number of employees analysed by function was:

	2001	2000
	No.	No.
Contractors	12	19
Resource Centre	6	7
Playing fields	1	1
Administration	2	2
	<u>21</u>	<u>29</u>

The average cost per week of one individual staff member first disclosed to us is £100 per week for London (2001-02).

No staff transfers occurred between:

	No.	No.
£50,000 and £100,000		1
£100,000 and £200,000	1	

9 Fixed assets

	Assets under construction	Computer equipment	Furniture, fittings and equipment	Freehold land and buildings	Total
	£	£	£	£	£
Cost or valuation					
Brought forward at 1 January 2001	7,379	181,475	1,244,628	3,332,243	4,766,725
Additions in the year	13,429	1,993	51,022	-	15,444
Disposals in the year	(3,358)	-	-	-	(3,358)
Revaluation of properties	-	-	-	291,298	291,298
Carried forward at 31 December 2001	<u>14,229</u>	<u>183,468</u>	<u>1,295,649</u>	<u>3,623,541</u>	<u>5,122,887</u>
Depreciation					
Brought forward at 1 January 2001	-	153,080	91,365	-	244,445
Charge for year	-	11,523	167,722	-	179,245
Deposited in the year	-	-	-	-	-
Carried forward at 31 December 2001	<u>-</u>	<u>164,603</u>	<u>1,081,087</u>	<u>-</u>	<u>1,245,690</u>
Net book value at 31 December 2001	<u>14,229</u>	<u>18,865</u>	<u>22,562</u>	<u>3,623,541</u>	<u>3,877,197</u>
Net book value at 31 December 2000	<u>7,379</u>	<u>28,395</u>	<u>153,273</u>	<u>3,332,243</u>	<u>3,521,290</u>

Assets in the course of construction are not depreciated and are transferred to Investment Properties upon completion. Freehold land and buildings represent a proportion of the value of 6 Middle Street, London, which the Foundation occupies as offices and a proportion of 35-350 Holloway Road which is occupied by the Resource Centre.

CITY PAROCHIAL FOUNDATION

Year ended 31 December 2001

Notes to the Financial Statement (continued)

10 Fixed asset investments

	2001 £	2000 £
Investment properties		
Market value at 1 January 2001	107,912,758	97,663,967
Acquisitions of investment properties	1,970,417	1,761,672
Transfer from fixed assets	-	1,251,917
Disposals of investment properties	(44,863,676)	(7,111,791)
Change in fair value of investment properties	(1,211,591)	(6,996,197)
Depreciation of investment properties	(3,763,575)	(2,159,177)
Market value at 31 December 2001	<u>86,102,289</u>	<u>107,592,759</u>
Listed investments (endowment funds)		
Market value at 1 January 2001	3,009,511	2,271,696
Acquisitions of listed investments	25,571,251	20,776,747
Disposals of listed investments	(78,108,118)	(13,597,176)
Realised and unrealised gains on listed investments	(6,283,629)	(2,879,879)
Market value at 31 December 2001	<u>14,189,015</u>	<u>16,571,488</u>
Share investments	6,174,214	5,458,674
Fixed interest investments	33,881,101	35,138,615
Other investments	13,823,699	15,974,200
	<u>54,281,782</u>	<u>56,571,489</u>
Total market value at 31 December 2001	<u>140,753,041</u>	<u>162,964,033</u>
Total historical cost at 31 December 2001	<u>92,165,096</u>	<u>43,657,360</u>

The market value includes investment properties as many of them were acquired up to a maximum of 190 years ago. All the listed investments are listed in the U.K.

11 Debtors

	2001 £	2000 £
Receivables from operations	197,779	100,766
Receivables from other parties	499,536	611,593
Amount due from non-resolved entity (Trust for Founder)	283,811	12,177
Trade receivables from other parties	67,823	41,877
Grant receivables in advance	-	10,279
Other debtors	252,722	494,921
Prepayments and accrued income	1,521,773	1,012,002
	<u>2,594,421</u>	<u>2,393,415</u>

Included in prepayments are unpaid pension contributions of £124,049 which are being written off over a further half year.

CITY PAROCHIAL FOUNDATION

Year ended 31 December 2001

Notes to the Financial Statements (continued)

11a Loans outstanding

	2001 £	2000 £
Revenue Special Assurances	51,878	41,824
	<u>51,878</u>	<u>41,824</u>

All loans are made in furtherance of the charity's objects.

12 Other creditors

	2001 £	2000 £
Bills receivable	0	2,764
Revenue claims, operating expenses	4,877	21,609
Revenue received in advance	7,8671	416,124
Other creditors	3,0080	3,6015
Worship and other income	13,1682	322,442
	<u>1,178,378</u>	<u>1,062,214</u>

13 Liabilities: Amounts falling due after more than one year

	2001 £	2000 £
Grants payable	<u>1,016,603</u>	<u>1,337,047</u>

14 Pension Scheme

From 30 June 1997 the City Parochial Foundation operated a superannuation scheme which has been funded by the St. Petermount and Finborough Churches and Widows and Widowers Fund.

On 30 June 1997 the Trustees stopped making contributions to the City Parochial Foundation superannuation Scheme and since that time have provided a grant of personal pension schemes for all employees. Liabilities due to existing members and staff making retirement contributions by the parishes' Fundations.

A sum of £1,136,600 was paid to Legal and General Assurance Society Limited to cover the cost of assurance for a sum of £493,172 and transferred to grant personal pension schemes managed by Standard Life to cover the same. The first of the personal pension schemes in 1977-78 was transferred to cover these costs. The remaining costs of £1,256,713 are being written off over 5 years ending mid-way through 1997-98 to 2001-02.

In addition to the above the Foundation makes contributions to individuals' personal pensions within the group scheme. The percentage of contributions may vary between 5% and 17% depending on the age of the employee. In 2001 the Foundation made contributions of £22,962 (2000: £4,202) to the scheme. In addition staff at the Resource Centre are entitled to contributions at a rate of 10% of gross salaries to a personal pension scheme. Total contributions made in 2001 were £9,312 (2000: £6,713).

Staff who are not being paid a salary are not eligible to contribute to the group or individual pension plans.

CITY PAROCHIAL FOUNDATION

Year ended 31 December 2001

Notes to the Financial Statements (continued)

15 Transfers between funds

The principal transfers are transfers between the Foundation and its subsidiaries are shown as transfers between funds in the consolidated financial statements in the Statement of Financial Activities (see note 16). Investment management fees relating to the endowment are charged against the endowment by way of a transfer between funds.

	£	£
Consolidation adjustments	161,990	95,579
Investment management fees charged against endowment (see note 4)	574,347	295,344
	<u>736,337</u>	<u>390,923</u>

16 Restricted funds

	Balance at 31 December 2000 £	Incoming Resources £	Expenditure £	Balance at 31 December 2001 £
The Resource Centre	517,799	825,105	(80,700)	1,362,204
The Bellingham Recreation Project Limited	477	1,34,740	(125,534)	48,713
	<u>518,276</u>	<u>959,845</u>	<u>(206,234)</u>	<u>1,401,913</u>

The City Parochial Foundation is the sole member of the Resource Centre, which is an office at 352, Edgway Road, Edgware, operated by the City Parochial Foundation. It operates a day care centre for children providing them with office equipment, meals, refreshments, laundry, nursing and other facilities. The Resource Centre is registered in the name of the charity and accordingly its accounts are consolidated into the accounts of the Foundation.

Grants made for a sum of £200,000 made in 1997 to the Resource Centre to set up the conference suite, no payments were made to the Foundation in the year leaving an outstanding balance of £48,000. A sum of £165,000 (2000 £150,000) was paid by the Resource Centre to the Foundation.

The Bellingham Recreation Project Limited is a charitable venture between City Parochial Foundation and members of the local community in Bellingham. The liability of the members is limited to £1. The City Parochial Foundation has control over the Project by virtue of the fact that it has a majority vote on the board of Directors of the company. The Project derives from land owned by the Bellingham parish, it runs sports and other activities for the benefit of the local community. The Bellingham Recreation Project Social Club Limited is a wholly owned, not-for-profit subsidiary of the charity.

Grants made for £26,475 (2000 £70,195) were made by the Foundation to the Project.

17 Unrestricted funds

	Balance at 31st December 2000 £	Incoming Resources £	Outgoing Resources £	Revaluation on transfers £	Balance at 31st December 2001 £
General Fund	292,414	8,794,184	(8,461,798)	113,409	358,509
City Chapel Fund	38,102	3,527,390	(3,027,715)	63,999	6,394
	<u>(54,712)</u>	<u>12,321,574</u>	<u>(11,489,513)</u>	<u>177,408</u>	<u>1,002,967</u>

CITY PAROCHIAL FOUNDATION

Year ended 31 December 2001

Notes to the Financial Statements (continued)

18 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Net current assets/(liabilities) £	Long term liabilities £	Total £
Endowment funds					
General fund	3,332,494	83,675,875	1,079,177	-	90,463,795
Fixed Capital fund	327,635	57,678,157	19,846,48	-	77,839,277
Restricted funds					
City Centre Fund	19,075	-	316,724	-	512,200
The Bellingham Recreation Project Limited	877	-	47,708	-	18,713
Unrestricted funds					
General fund	-	-	2,308,164	(1,949,603)	13,501
Fixed Capital fund	-	-	(7,234)	-	(6,234)
	<u>3,979,906</u>	<u>141,653,017</u>	<u>29,531,006</u>	<u>(1,949,603)</u>	<u>180,915,757</u>

19 Connected charities

The City Parochial Foundation is the Trustee of the Trust for London, a charity with welfare shares offices and administration facilities. The Trust for London aims to benefit and give priority to small local community based organisations with charitable purposes. Staff and office costs are apportioned in an equal way between the two charities.

20 Subsidiary Undertakings

London Voluntary Sector Resource Centre Limited (Charity Registration Number 1015305)

The Resource Centre is a wholly owned subsidiary of the Foundation and is treated as a branch for accounting purposes. A description of its activities is given in Note 16.

The Bellingham Recreation Project Limited (Charity Registration Number 1036667)

The Bellingham Recreation Project Limited is a subsidiary of the Foundation and is treated as a branch for accounting purposes. A description of the details of its principal activities is given in Note 16.

Greenford Playing Fields Limited (Charity Registration Number 1036672)

Greenford Playing Fields Limited is a joint venture between the Birkbeck Sports Association and the City Parochial Foundation. The liability of the members is limited to £1. The City Parochial Foundation has a dominant influence over this company by virtue of the fact that it has a majority vote on the Board of Directors of the company and by virtue of the fact that each of its votes as a member counts three times. The company was treated as a branch for the year ended 31 December 2001.

21 Related party transactions

The Company confirms that there have been no related party transactions during the year which would require disclosure under IFRS8.