

THE LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LTD

England & Wales · Charity number 249355

Details

Status	Registered
Legal form	Charitable company
Company number	00097256
Registered	1966-11-14
Register	View on the Charity Commission register

Contact

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Activities

Objects: The charity's object ('Object') is:the furthering primarily but not exclusively in the Diocese of the whole of the charitable works of the Church of England (hereinafter called 'the Church');

Activities: The objectives of the Trust can be summarised as being to support the development of a growing, worshipping, celebrating, proclaiming Christian presence in each community of the Diocese and to support projects and enterprises consonant with that purpose.

Classification

- **How:** Other Charitable Activities
- **What:** General Charitable Purposes, Religious Activities
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF LINCOLN
- Lincolnshire
- North East Lincolnshire
- North Lincolnshire

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£11,644,000	£10,479,000	£191,953,000	44
2023-12-31	£13,513,000	£9,625,000	£183,029,000	42
2022-12-31	£10,932,000	£10,794,000	£172,616,000	36
2021-12-31	£10,531,000	£10,815,000	£169,515,000	34
2020-12-31	£9,200,000	£12,020,000	£162,838,000	43

Trustees

Name	Role	Appointed
Alison Mary Warrick		2025-01-20
David Cowell		2018-12-05
David Thomas Wright		2016-12-13
James Drinnan Thom Tannock		2024-04-27
Nigel Bacon		2016-01-01
PAUL DAVID BREWSTER		2023-05-03
Paul Davie		2021-11-20
Philip David Day		2026-01-05
RUTH BREWIN		2021-09-25
Rev Julie Donn		2023-11-18
Rev Pauline Dahlia Cummins		2025-07-08
Rev Rachel Heskins		2022-07-16
Revd Canon Dr Martyn Andrew Nicholas Taylor		2023-11-18
Simon Matthew Jones		2024-09-24
Susan Barbara Elizabeth Watt		2021-05-14
The Revd Canon Sudharshan Sarvananthan		2025-11-22
The Rt Revd Dr Nicholas Alan Chamberlain		2018-12-05
The Rt Revd Jean Ann Burgess		2026-05-12
The Rt Revd Stephen David Conway		2023-11-30
The Ven Eleanor Elizabeth Mary Robertshaw		2026-01-28
The Ven Gavin John Kirk		2018-12-05

Linked charities

- BARKER TRUST (249355-1)
- MCAULEY AND RAINEY TRUST (249355-2)
- JAMESON TRUST (249355-3)

Accounts

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2024

Company number - 00097256
Registered charity number – 249355

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
ANNUAL REPORT
For the year ended 31 December 2024

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Mission Statement

The Diocese of Lincoln is called by God to
faithful worship,
confident discipleship and
joyful service.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
ANNUAL REPORT
For the year ended 31 December 2024

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2024.

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

This combined report satisfies the legal requirements for a:

- Directors' Report of a charitable company,
- Strategic Report under the Companies Act 2006 and
- Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The legal objects of the Diocese of Lincoln cover the historic county of Lincolnshire.

The Lincoln Diocesan Trust and Board of Finance Limited ("LDTBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Lincoln by acting as the financial executive of the Lincoln Diocesan Synod.

The LDTBF has the following statutory responsibilities: -

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

The strategic priorities of the LDTBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Lincoln (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally, including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments within the Diocesan Budget.

PUBLIC BENEFIT STATEMENT

The Trustees, having considered section 4 of the Charities Act 2011, have satisfied themselves that they have complied with the duty to have regard to the Public Benefit guidance published by the Charity Commission. The trustees review its work each year and consider outcomes and plans for the future. They take into account the Charity Commission's guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim. Our main activities ensure that we have in place ministry to support the people of greater Lincolnshire which covers the three local authority areas of Lincolnshire County Council, North Lincolnshire Council and North East Lincolnshire Council in the gospel of God. We do this by providing members of Clergy and lay ministers to work with the parishes and people in greater Lincolnshire.

STRATEGIC REPORT

The charitable objects of the Lincoln Diocesan Trust and Board of Finance are:

- to support the development of a growing, worshipping, celebrating, and proclaiming Christian presence in each community of the Diocese
- to support projects and enterprises in harmony with that purpose

STRATEGIC PRIORITIES

The context for the strategy is the diocesan vision – *to be a healthy, vibrant, and sustainable church transforming lives in greater Lincolnshire* – and under it the diocesan mission of – *faithful worship, confident discipleship and joyful service*.

In July 2015, the Diocesan Synod agreed the following six strategic priorities. These have been reaffirmed by Synod and taken as the basis for the current strategy *Time to Change Together* (see below):

1. Faithful Worship

Our first purpose is to worship God. Prayer is the foundation of all growth in the Church. God provides the growth, and we are called to support and enable it to happen.

2. Confident Discipleship

Our second purpose is to grow the Church in depth of commitment and in numbers of people to uncover and build God's Kingdom in greater Lincolnshire.

3. Joyful Service

Our third purpose is to demonstrate the love of God for his world through the Word and the service that Christians offer to those in their communities.

These three priorities are the basis for change and growth in our churches and communities that will follow from our pastoral and missional activities. In addition, there are three enabling priorities:

4. Ministry

Ordained and lay ministers form the mainstay of the church's presence in communities and provide essential local leadership, witness, care, and support. It is a priority to develop a whole-life approach to supporting ministry from vocation, through formation and training, and all the stages of ministerial development to retirement ministry.

5. Resources

The Diocese possesses resources of buildings, money and staff which are to be managed efficiently and effectively now and in the future.

6. Partnerships

It is a priority to achieve closer relationships with the communities that the Diocese serves. Partnerships that enhance the resources and activities of the Diocese will be encouraged.

Progress in the Year

The Diocese of Lincoln has continued to embed its major strategic programme, *Time to Change Together (TTCT)*, achieving key milestones and successes throughout 2024. This report outlines the progress made, challenges faced, and future plans for our ministry and mission. In January 2024, Rachel McLafferty joined the Diocese as Strategic Programme Manager, overseeing the implementation of strategic initiatives.

Key Developments and Achievements

Clergy Collaboration and Support

In February 2024, ordained ministers from across the Diocese gathered at Swanwick Conference Centre to explore the theology, practicalities, and principles of collaboration. This event provided clergy with an opportunity to meet within their respective Local Mission Partnerships (LMPs), fostering stronger relationships, support networks, and shared ministry goals.

Financial Sustainability and Covenant Pledges

As detailed later in this report, covenant pledges have delivered better-than-expected income. However, challenges such as increasing costs, and fluctuating congregational numbers create concerns regarding the ability of benefices and LMPs to remain committed to their financial pledges.

Clergy Recruitment and the Lincoln Offer

The Diocese has focused on significant recruitment efforts for stipendiary clergy roles. Retirements and transitions have resulted in clergy numbers falling below the targeted levels for incumbents. To address recruitment challenges, we developed the *Lincoln Offer*—a consistent and positive framework that highlights the benefits of ministry within the Diocese. This initiative articulates existing advantages while introducing new incentives to attract clergy. In 2024 an extended gardening offer was offered to clergy which has been positively welcomed.

Children, Youth, and Families Ministry

Following the appointment of a Diocesan Children's, Youth, and Families Enabler, we successfully recruited Deanery Partnership Enablers, who meet regularly to share best practices, strengthen networks, and support parishes within their respective deaneries. We anticipate achieving a full complement of enablers by the end of 2025.

Strengthening Lay and Local Leadership

We welcomed Lynne Smith who was appointed as Warden of Lay Ministry, a role that that would support those who carry out the vital role of Lay Ministry in the Diocese. The partnership with *St Hild Lincoln* continues to flourish, with 11 Ordinands and 12 Readers undertaking training in 2025. Further growth in ministry training and development across Lincolnshire is anticipated in the coming years. Another significant achievement was the formal launch, recruitment, and training of **Focal Ministers**. The Diocese led its first course in Focal Ministry, with commissioned ministers set to take on their roles in January 2025. Plans are in place to run two additional cohorts in 2025.

Administrative and Mission Support

The *Deanery Partnership Administrators* have been actively engaging as a unified team, providing administrative and pastoral support within their parishes. Their collaborative approach strengthens the operational efficiency of our mission and ministry. Diocesan Mission Enablers also met regularly and are in the process of piloting a mission tool for churches 'Seeking God, Seeking Growth'.

National Funding and Strategic Growth

Church Planting and Revitalisation

The Diocese has continued to benefit from funding from the national church. The *Resourcing the Urban Church* initiative—part of the national *Strategic Development Fund (SDF)* programme—has supported church plants and revitalisation efforts in Grantham, Spalding, Grimsby, and Lincoln. Additional locations have been identified for future revitalisation, with staff training well underway.

The national church has shifted its funding approach towards a more general and integrated model. During 2024 we reflected on these opportunities and plan to submit substantial funding application in 2025. This bid will be informed by the development of a 10-year Diocesan Strategy for which work began towards in 2024. However, discussions continue regarding the disparity of historical financial assets between dioceses, which could impact future financial planning.

Environmental Sustainability – Carbon Net Zero 2030

The Diocese received national funding to support our commitment to achieving *Carbon Net Zero by 2030*. Consultants have developed an environmental action plan, which was approved by Diocesan Synod in November 2024. We successfully appointed a Net Zero Programme Manager and Net Zero Enabler to work with parishes, churches, schools, and diocesan departments.

Acknowledgements

We express our gratitude to the *Archbishops' Council* and the *Church Commissioners* for their continued generosity and support. Their contributions have been instrumental in advancing our mission and ensuring the sustainability of ministry across the Diocese of Lincoln.

PROVISION OF RESOURCES

In 2024, the LDTBF continued to provide the resources for the above diocesan activities supported by significant financial, governance and HR expertise. In addition:

Safeguarding 2024

Safeguarding in 2024 continued to build upon the practice established the year before. The Safeguarding Strategy was embedded, with a Communications Plan and a Training Strategy developed out of it. The IICSA 1 and 8 project phase ended successfully, and the project was rolled out nationally with the East Midlands Regional Network now established. Safeguarding in the Church of England is experiencing national turbulence, however, in the Diocese of Lincoln it remains grounded and focussed.

The Diocese of Lincoln underwent the National Safeguarding Audit Programme, carried out by INEQE. The report is due to be published in early March along with an Action Plan for how the recommendations will be addressed. The report was robust and although does not produce a one-word outcome (like Ofsted), it did find a safe diocese with a strong safeguarding culture. There are a number of recommendations made, some specific to the Diocese of Lincoln while others are in line with national recommendations as seen in their Annual Report which was published Monday 10th February 2025.

The Diocesan Safeguarding Team also requested to attend Deanery Synods, where we focussed on issues specific to that Deanery; prior to attending we asked what they would like us to focus on, but we also consulted our records to find key themes that would be pertinent to address.

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A key focus of all the Deanery Synods was compliance with Safer Recruitment and People Management, the importance of Lone Working policies and discussions around boundaries and physical touch. 2024 had a focus on education; informing parishes and stakeholders on what is required of them and challenging poor attitudes where necessary. 2025 will now focus on enabling; helping them to comply with the policies and processes they were previously educated about. This will look like providing templates, examples of good practice and 'how-to' video guides – all utilising the new website as a resource hub.

Operational and strategic improvements were seen throughout 2024, despite a higher than average number of serious cases and resource-consuming projects. The Diocesan Safeguarding Advisory Panel, with its independent chair, receives regular reports and deep dives and is kept assured of the delivery of safeguarding in the Diocese of Lincoln.

Governance and Leadership

The Diocese continues to work on greater inclusiveness and diversity in our appointments and committees, boards, and leadership. 2024 started with our second major Racial Justice Sunday service in the cathedral. Our volunteer Bishop's Advisor on Disability has continued in their role this year and is working to establish a Disability and Accessibility Group. Unconscious bias training is a requisite of all those who sit on selection panels for clergy or staff.

A significant cultural change in our committees and boards is the understanding of the importance of managing risk and our risk register. This is now a well understood feature of all our work and is helping to drive our policy and strategy. The newly established Finance Committee met regularly in 2024 and the terms of reference for all associated financial committees have now been revised in line with this more strategic approach. The Search and Nominations Committee have worked hard to populate the new Finance Committee with appropriately skilled trustees as well as external and independent members. It is hoped that this new committee will assist us in financial management as well as ensuring a greater link between our mission and financial strategies.

Church Buildings and Pastoral

During 2024 the Diocesan Advisory Committee for the Care of Churches (DAC) continued to help parishes in the care, repair, and maintenance of their church buildings. Members of the DAC, its advisers and officers of the Church Buildings Team continued to make site visits and parishes were grateful for their time, knowledge, and support.

The Historic Churches Support Officer (part funded by Historic England), and the Church Development Officer continued to provide Surgery meetings – via Zoom – for church representatives to obtain advice about faculty procedures, support in completing grant applications and other church building-related matters. With the help and assistance of officers, Marshall's Charity continued to grant aid work on church buildings in the diocese and those who were in receipt of a grant were very grateful for the Charity's support, particularly during this time when other grant opportunities have become much more difficult to access.

The Church Buildings Team Bulletin which has been sent to all clergy and churchwardens goes from strength to strength and offers information on grant body deadlines, training, and good practice. Where churches have been looking at the possibility of closure the team has been working with the Church Buildings Council in Westminster for the preparation of their statutory Church Buildings Reports and has worked with the Archdeacon of Lincoln on the formation of a diocesan trust to support Type 4 and 5 churches.

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The Secretary and Assistant Secretary support the work of the Diocesan Mission and Pastoral Committee (one of the functions of the Bishop's Council of Diocesan Trustees) and its three Archidiaconal Mission and Pastoral Committees. During 2024 this has particularly been focused on the continuing formation of local mission and deanery partnerships and rationalisation of the number of deaneries.

Property Assets & Trusts

Property Assets & Trusts continued with the provision and maintenance of clergy housing with the focus was on essential repairs and maintenance against a backdrop of continued high construction inflation. A new gardening offer for clergy occupiers was introduced which was well received. A restructured capital programme focussing on energy upgrades was progressed, comprising solar panels with battery back-up, with ten houses upgraded in 2024 and a further ten identified for 2025, with further upgrades planned for future years, linking in with the Diocese Net Carbon Zero Programme.

Following the re-organisation of the Diocese through Time to Change Together (TTCT), the sale of houses continued with the aim of reducing the estate to around 125 houses to reflect the clergy staffing complement. A further ten or so houses have yet to be identified for sale in addition to those already short-listed for possible sale. Sixteen houses were sold in 2024 in difficult market conditions, raising around £5.24m. A further twenty-two houses are identified for sale in 2025, which are anticipated to raise in the region of £7.2m, depending on Market performance.

Property Assets and Trusts also managed the circa 11,147-acre glebe estate through retained agents Savills, raising £2.02m in glebe sales in 2024 from the sale of land holdings at Scotter and North Killingholme. We continue to focus on monitoring the return from our Glebe Assets

Sales proceeds in excess of that which is required to cover the ongoing deficit are reinvested into financial investments, the interest from which is put towards the Diocese running costs.

Assets & Trusts continued to administer on behalf of parishes £24m worth of local trusts with assistance being given to parishes in drawing down funds as required. They also acted as custodian of legal documents such as title deeds and managed the relationship with solicitors in property transactions.

Volunteers

The LDTBF is hugely dependent on the many people involved in church activities both locally and at Diocesan level. The number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis more so now than at any other time.

The LDTBF greatly values the considerable time given by all the committee members across the Diocese in pursuit of the mission, faithful worship, confident discipleship, and joyful service. Grateful thanks are given to you all.

Other related parties include

The Archbishop's Council to which LDTBF currently pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

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The Church Commissioners from which the LDTBF receives grants, and which acts on behalf of clergy with HM Revenue and Customs. The LDTBF pays for clergy stipends through the Church Commissioners.

The Church of England Pensions Board, to which the LDTBF pays retirement benefit contributions for stipendiary clergy. The Pension Board also offers schemes to provide housing for clergy in retirement known as the CHARM scheme.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transaction's merits more detailed disclosure, this is given in note 27 and 28 to the financial statements.

FINANCIAL REVIEW

The principal role of the Trustees is to act as custodians of the Diocese's assets. The Diocese saw a decrease in the general funds of £25k, as a result of a transfer from the designated fund. The pension fund liability for the Clergy pension fund remained at £Nil (2023: Nil). The designated fund increased by £33k, and the restricted funds show an increase of £1.8m as result of the disposal of surplus properties. The endowment funds saw an overall increase of £7.1m as a result of the increased values in our glebe holdings (agricultural land) and gains on investments in the year.

The principal changes during the year were as follows:

Agricultural Portfolio: The valuation of the agricultural holdings saw an increase in value of £5.4m with sales of £1.7m. The overall value of the glebe holdings increased to £63.6m. (2023: £59.9m) (note 15(a)); an overall increase of 9.11%. The Property Director with the support of Savills administered the 11,147 acres of glebe estate during the year. We continued with the implementation of the 5-year Agricultural Glebe Estate Strategy developed in 2024. This has set the framework for maximising income from the estate and continues to be annually reviewed by the Investments Committee.

Investment Portfolio: The value of the investment portfolio increased by £2.4m, a positive result considering inflation and interest rates during 2024 (note 15(b)). During the year the Board transferred £8m from board property sales into investments to increase the level of income earned. The policy previously adopted whereby surplus property is identified and disposed of continued with the proceeds being re-invested to generate additional income and a corresponding reduction in maintenance costs also being achieved. The value of the investments at the end of the year was £60.8m (2023: £50.4m).

Parsonages Portfolio: The Board disposed of sixteen surplus properties raising £5.24m and undertook capital works on twenty properties. Part of the proceeds were re-invested into investments funds through the Diocesan Pastoral Fund and the remaining proceeds were held as cash in hand. The Property department undertook the maintenance and repair of around 160 clergy houses and continued to let those properties across the Diocese that were not required for immediate occupation by Clergy. This produced income of £290k in 2024 (2023 £389k), due to the reduction in let properties.

Operating Financial Performance

The difference between the Diocese's annual running costs (mainly the cost of paying and housing stipendiary clergy and curates, training and supportive administration) and its annual income (mainly covenant pledges and investment income) resulted in a deficit for 2024 on the general fund.

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The surplus for 2024 (before net gains on investments and other recognised gains/losses) was £1.2m (2023: £3.9m). This is as a result of the profit on disposal of surplus properties and increased returns on our investments. The operating deficit for 2024 on the general fund was consistent with 2023 at £2.5m (2023: £2.5m). The general fund continues to be funded with the total return transfer from the permanent endowment.

Covenant pledges

As in previous years, parishes continued to be impacted by the increasing costs and the longer-term challenges post Covid. Despite this, parishes' contribution to the cost of stipendiary ministry increased again in 2024. There was an increase of £63,562 (+1.7%) on 2023 income, and that compares with an increase of £72,953 (+2%) in 2023 against 2022.

Eighty two percent of parishes either fulfilled or exceeded the amount requested for 2024.

The Trustees are extremely grateful to all those parishes which fulfilled their Covenant Pledge during the year, despite the difficult circumstances and are especially grateful to those parishes that gave more than they originally pledged. Thank you also to those parishes which made their pledges by monthly instalments, which greatly assisted with cashflow.

Focus on Covenant Pledge will continue during 2025, as Pledge Conversations are held with each LMP in relation to parish pledges for 2026 onwards.

Balance sheet position

The value of fixed assets including investments during 2024 increased by £14m. The increase in value of our agriculture land was £5.4m with disposals of £1.7m showing an overall increase for the year of £3.7m. During the year there was £8m of new investments, and despite the turbulence in the investment markets, we saw an overall increase of £2.3m in their value, along with an increase in value of our Board properties of £0.4m. We continued with the disposal of our surplus housing which saw a reduction in our holdings of £4.2m.

Balance Sheet Funds

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Balance Sheet date totalled £192m. (2023: £183m.), it must be remembered that included in this total are properties, mostly in use for ministry, whose value amounted to £52.7m. (2023: £56.4). These are held within fixed assets with the remaining balance relating to other properties which the LDTBF owns, for example Edward King House. The majority of the remaining assets are held as restricted funds and cannot necessarily be used for the general purposes of the LDTBF.

Reserves policy

Unrestricted reserves

The Trustees have considered financial risk, liquidity requirements and the timing of cashflows throughout the year. They consider it appropriate to hold a balance of readily realisable assets in the general fund equivalent to three months gross expenditure from unrestricted funds estimated at £3.0m (2023: £3.0m). Free reserves on 31 December 2024, show a positive balance of £1.3m which remains short of the £3.0m. The Trustees recognise that the current balance is not sufficient, and this is part of the considerations under Time to Change Together to be able to cover the costs of stipendiary ministry in the diocese. The Trustees are continuing to utilise Total Return.

The law governing the use of Diocesan Endowment funds changed in 2016 and the Trustees adopted total return during 2017. The adoption of this enables the Trustees to use a portion of the unapplied total return from the Endowment Stipend Fund to fund the shortfall on stipends and housing. The date used for the initial value of the trust for investment and the initial value of the unapplied total return was 1996 as this was the first year that the SORP was adopted. The value of the investments for the Stipend Endowment Funds as at 1996 has been inflated by RPI up to and including 2016. This established the baseline as £51m. The Trustees used the guidance issued by the Church Commissioners in the Total Return Guide. The Trustees also took into account the change in legislation to the Diocesan Stipends Funds (amendment) Measure 2016. The Trustees took the advice of the trust auditors and the professional expertise within the Trust body. Please refer to note 20.

Designated funds

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2024 total designated reserves were £841k (2023: £808k).

Restricted and endowment funds

As set out in note 22 LDTBF holds and administers a large number of restricted and endowment funds. As of 31 December 2024, restricted and endowed funds totalled £190m (2023: £181m).

Grant making policy

The Memorandum of Association of the LDTBF explicitly permits the LDTBF to make grants in pursuance of its objects, and the nature of the grants made in 2024 are indicated in note 11.

Investment policy

The LDTBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDTBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDTBF's policy is to regularly review the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15b summarises the movements in investments during the year.

The Assets Committee continued to monitor its holdings and the fund managers in which these funds are held. The Committee continued to be aware of the risks to the portfolio particularly around general economic factors domestically and abroad. This will continue to be monitored in relation to any changes to inflation and interest rates. Regular reviews were carried out with the fund managers and frequent information was available to the Committee to keep them up to date with developments around fund performance.

The Trustees' investment policy is to preserve the real value of the investment portfolio and to contribute to financing the activities of the Diocese. Growth continued in 2024 with £8m of new investment along with an increase in the overall market value of £2.3m.

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The Trustees reviewed the investment portfolio in 2024 and continued to monitor the changes implemented to the holdings in 2023 as recommended by the Asset Committee. During 2024 it was agreed to invest with Baillie Gifford, along with increased investments in LGT Wealth Management and CBF Church of England. The funds are detailed below: -

- CBF Church of England Investment Fund, managed by CCLA Investment Management
- Edentree Responsible & Sustainable Global Equity Fund for Charities, managed by Edentree Investment Management
- Cazenove Capital, managed by Schroder & Co. Limited
- LGT Wealth Management, encompassing Heritage and abrdn
- Baillie Gifford

The Assets Committee reviews the performance of the funds at each of its meetings and holds annual review with its fund managers. The Assets Committee makes recommendations to the Trustees around the investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed which is reviewed by the Risk Management Committee and any associated committee and monitored by the Audit and Governance Committee. This is subject to regular review by the Trustees with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

During the Annual Risk Review which took place in February 2025, Trustees considered the following risks and mitigations to be most critical to the strategic objectives of the organisation:

Detail	Rating	Control and mitigation	Key management activities
The unrepresentative age profile of our congregations, in particular the lack of children, young adults and working age people, leading to a danger in continuity and diminishing congregation size.	Critical	The Children, Youth and Families Panel and the Mission and Ministry Committee oversee the work of the Diocesan Children, Youth and Families Enabler. The College of St Hugh brings together the different growth strands of Time to Change Together, including support and training for age-specific missional activity. The Transformation Fund has funded a number of Children and Youth workers and activities across the diocese. The possibility of focused work on mission and ministry to young, working age adults is under consideration.	A Diocesan Children, Youth and Families Enabler has been recruited and Deanery Partnership CYF Enablers are being recruited. Their role will be in supporting local workers and parish projects including acting as a repository for good practice and shared learnings. The Transformation Fund will continue to make grants available for appropriate projects.

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Congregation numbers continue to fall resulting in a 'cycle of decline', a drop in Covenant Pledges and therefore available resources to invest in mission and ministry.	Critical	The strategic development funding programme is ongoing which aims to revitalise our urban areas. Congregation numbers are monitored by annual statistics and Covenant Pledge returns. New 10-year strategy is being created to continue the growth aspirations of TTCT.	Focus being placed on growth of mature and committed discipleship through planning, resources and support. Eight out of nine Deanery Partnership Mission Enablers have been appointed, and an early output is a Mission Action Planning tool called "Seeking God: Seeking Growth" which is currently being piloted in multiple locations across the Diocese
Volatile financial markets and the need for investment expenditure may impact on our long-term budget plan, which may result in the need to draw down on Total Return for the longer term which would shrink our income and lead to an increasing deficit.	High	Regular management accounts reviewed by the Finance Committee and BCDT. Our auditors have been content with our approach to Total Return following detailed forecasting projections created in 2020 and then updated regularly. Monitoring any reductions in costs where possible.	As of the end of 2024 the deficit was significantly reduced with the benefit of windfalls on disposals. Additional funds from disposals have been successfully reinvested or held on deposit earning a high rate of interest. The new Finance Committee is looking more strategically at our use of funds and Total Return for the long term.
That the necessary culture change (partnerships, generosity, growth) required under Time to Change Together and the developing strategy is not achieved. That the endpoint becomes financial rather than missional and that insufficient energy is put into the culture change required.	High	The Bishop's Council of Diocesan Trustees consider TTCT at every meeting receiving regular updates on progress. Devoted section of the website provides the necessary high-level vision as well as practical guides.	A new Strategy Working Party has been established to advise Trustees on the next phase of strategic change with the aim of the Board adopting a new and costed strategy for the Diocese before the Summer.
That we will not be able to train locally for ordination or recruit externally sufficient numbers of ordained and lay ministers to meet our deployment needs, which may stifle our missional activity and accelerate general decline.	High	The senior team have created a new "Lincoln Offer" as part of a drive towards positive clergy recruitment from outside the diocese. The establishment of St Hild Lincoln is increasing the range of opportunities to candidates. The Mission and Ministry Committee are responsible for review and reporting to the Bishop's Council of Diocesan Trustees, and two diocesan representatives have now been appointed onto the St Hild Council.	After an alarming drop in 2023, vocation numbers have bounced back encouragingly thanks to proactive work by the DDOV and the establishment of St Hild, Lincoln. A first cohort of 24 Focal Ministers has been recruited and trained with a second cohort due to begin in February 2025. The Warden of Lay Ministry continues to promote and provide opportunities for vocational exploration for all kinds of Lay Ministry

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Trustees acknowledge the interrelation between many of their key strategic risks, in that they all relate in some way to the mission objectives of the Diocese and our ability to meet those objectives with an appropriate and sustainable level of resource. The lack of the younger generation represented in our church congregations relates more broadly to shrinking congregations in general, which in turn has an impact on our financial sustainability. The Trustees monitor these principal risks regularly and receive assurance from the Audit and Governance Committee who in turn monitor the work of the operational Risk Management Committee.

Following the 2025 review, Trustees agreed that the current risk control framework is robust enough to provide the necessary assurance that risk is taken seriously at all levels, and that the culture of risk management desired can be seen throughout the organisation.

STRUCTURE AND GOVERNANCE

While the LDTBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDTBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 104 trained stipendiary clergy and 20 training curates in the Diocese is a priority of the LDTBF and represents by far its largest financial commitment. Although the LDTBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. Terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold).

The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review. It also gives clergy access to Employment Tribunals and other useful services.

For many, the clergy house represents the domestic heart of the benefice, serving not only as a home but also as a base for ministry. The LDTBF recognises the importance of a safe, secure and well-maintained house and continued with a programme of refurbishments and improvements.

Summary Information about the structure of the Church of England

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

The Church of England has a General Synod comprised of ex-officio and elected representation from each Diocese and it agrees and lays before Parliament Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as bishop within the Diocesan Synod.

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The Lincoln Diocese is itself divided into twenty-two deaneries, each with its own Synod. Each deanery consists of several parishes which may be a member of a benefice, and each parish has a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan Synod.

In 2024 the Diocese initiated a consultation process with deaneries to examine the rationalisation of the number of deaneries within the Diocese. The outcome of this consultation is expected in 2025.

Organisational structure

The Lincoln Diocesan Trust and Board of Finance (LDTBF) is a company limited by guarantee (No. 097256) and a registered charity (No. 249355) governed by its Memorandum and Articles of Association. This means that the trustees of the charity which make up the membership of the Bishop's Council of Diocesan Trustees are also the company's directors and that the Trust is bound by charity and company law and regulations.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Lincoln. It exists to transact the business of the Diocese of Lincoln and provide financial and administrative support to the Diocese and its associated activities. LDTBF serves as the Diocese's Board of Finance in accordance with Ecclesiastical Law. LDTBF also acts as custodian of certain funds and properties held for the benefit of others (principally parishes of the Diocese).

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also the trustees for the purposes of charity law. In October 2018 the Trustees adopted new Articles of Association which brought the LDTBF, the Bishop's Council and Diocesan Synod Standing Committee and the Diocesan Mission and Pastoral Committee (DMPC) into one coterminous body called the Bishop's Council of Diocesan Trustees.

This body fulfils all of the statutory and non-statutory duties of the LDTBF. The Diocesan Bishop appoints, subject to the approval of the Diocesan Synod, the Chair of the LDTBF.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The Synod membership is elected every three years, the last elections having been in July 2024.

The eleven elected members of the Bishop's Council of Diocesan Trustees are elected by Diocesan Synod and from its number. Nine of these positions are spread equally over the three archdeaconries of the Diocese, with the remaining two elected as chairs of the Houses of Laity and Clergy. The Diocesan bishop is an ex-officio member, as are the Suffragan bishops, the Dean of Lincoln, the three archdeacons, the chair of the LDTBF and the chair of the DMPC (if not already the Diocesan bishop). The details of the Trustees who served during the year are set out on page 22.

While the LDTBF is a separate legal entity with clear responsibilities under both company and charity law, as well as a governing memorandum of articles of association, by virtue of the National Institutions Measure 2000 the LDTBF is subject to the direction of Synod in all of its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

Lincoln Diocesan Trust and Board of Finance Limited: monitors management accounts and budgets, the use of assets and investment policies. It also undertakes its responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Corporate priorities and the overall financial strategy for the Diocese are its primary objects to promote, assist and advance the work of the Church of England within the Diocese of Lincoln as set by the Diocesan Synod, and the LDTBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary.

The company membership, which as of October 2018 is the membership of Diocesan Synod, meets once a year in a general meeting to receive and approve the Annual Report and financial statements and to approve the appointment of the auditors. The Bishop's Council of Diocesan Trustees acting as the LDTBF approves these matters in their trustee meeting prior to the general meeting.

The Bishop's Council of Diocesan Trustees acts as the Standing Committee of Diocesan Synod, the Diocesan Mission and Pastoral Committee (DMPC) and the Bishop's Council, as well as the board of finance in order to ensure that mission and money are discussed in the same room and by the same key stakeholders.

Diocesan Synod and the Bishop's Council of Diocesan Trustees delegate various responsibilities to committees, in order for the 'heavy lifting' to be done away from the main trustee meeting. These non-statutory committees and working groups are combined with other statutory committees to form the governance structure of the diocese.

Four meetings of Diocesan Synod were held in 2024, including a meeting in April which also acted as the Annual General Meeting of the LDTBF. The Bishop's Council of Diocesan Trustees met five times, in person, acting as Standing Committee, DMPC, Bishop's Council and the Board of Finance.

The Standing Orders were reviewed and re-approved by Diocesan Synod at the end of 2023, after the complete re-write done as part of the governance changes in 2018. The recent changes reflected the lessons learned over the past 5 years, including the need for appropriate flexibility we required during the pandemic. At the end of 2023, the BCDT agreed to create a new Finance Committee which is chaired by the Chair of the LDTBF (Muriel Robinson), which has replaced the Financial Reporting Advisory Panels.

Audit and Governance Committee (Chair: Mr David Cowell)

The main purpose of the committee is to monitor and review the integrity of the Diocese's Annual Report and accounting policies; the effectiveness of the Diocese's governance, internal controls and risk management systems including an assessment of the adequacy of resource to support the same. It is also responsible for monitoring the relationship with, and effectiveness of, the external audit function; the nature and quality of financial information used by the LDTBF to discharge its activities as Trustees of the Diocese.

Assets Committee (Chair: Canon Nigel Bacon)

The Assets committee develops and recommends to the LDTBF the strategy for, and operational utilisation of, the LDTBF's assets portfolio in a balanced manner, and for the purposes of providing income in support of the stipends fund, balancing revenue requirements with opportunities for maximising capital growth whilst balancing risks.

Finance Committee (Chair: Professor Canon Muriel Robinson)

The Finance Committee reviews the Financial Performance and strategic financial management of the LDTBF; it reports to the BCDT.

Trusts Committee (Chair: The Revd Elaine Turner)

The Trusts Committee supports the LDTBF in fulfilling its function as Custodian Trustee of funds and properties, mainly parochial trusts, and as primary Trustee of funds and properties held by LDTBF within certain specific charitable trusts, excluding Diocesan Glebe and the Diocesan Stipends Fund Capital account.

Clergy Housing Committee (Chair: Mr David Wright)

The Clergy Housing Committee seeks to provide housing that is appropriate, cost effective, efficient and well maintained. The committee makes recommendations for the purchase and disposal of properties for housing clergy to the Assets Committee who will assist this committee in discharging its responsibilities on behalf of the LDTBF as the Parsonages Board of the Diocese of Lincoln, under the Repair of Benefice Buildings Measure 1972.

Diocesan Advisory Committee (Chair: The Revd Elaine Turner)

The function of the Diocesan Advisory committee is to act as an advisory body on matters affecting places of worship in the diocese and to give advice when requested on the granting of faculties, architecture, archaeology, art and the history of places of worship. The DAC will also advise on the use, care, planning, enhancement, design and redundancy of places of worship, as well as their contents and connected churchyards.

Mission and Ministry Committee (Chairs: Bishop Nicholas Chamberlain and Bishop David Court)

The committee supports, and works under the direction of, the Bishop's Council of Diocesan Trustees in the specific areas of Mission and Ministry. As such, the committee serves as a forum for formulating and bringing forward strategic proposals for approval; monitors and facilitates the implementation of such proposals following their approval; supports all who work in the Mission and Ministry Teams; and serves as a critical friend to the Mission and Ministry teams.

Search and Nominations Committee (Chair: Canon Niccy Fisher)

The committee seeks out, provides scrutiny of and recommends appointed members to boards, committees and working groups of the diocese and our partners. The committee also encourages engagement for elected positions and works towards a greater standard of diversity, representation, and skills.

Training for Trustees

Trustees are given an extensive induction at the beginning of their term and training which is tailored to their specific needs. There were two newly elected trustees in 2024 who went through the trustee induction programme. A triennial residential trustee training and strategy session took place in January 2022 and January 2025, with topics including finance, risk management, trustee responsibilities, decision making and working together through difference. A standing item on all trustee agendas is 'relevant legislative changes', so that Trustees remain abreast of any changes to company, charity or ecclesiastical law of which they should be concerned.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
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Some staff hold the title of 'Director', namely the Finance Director and the Director of Ordinands but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of conduct and maintain their entry in the record of declarations of interest and loyalty. They complete an annual declaration of 'fit and proper status', whilst declaring any related party transactions for that year. Trustees are now also required to complete a successful enhanced Disclosure and Barring Service check, in line with Charity Commission best practice.

Remuneration of key management personnel

Salary increases of all staff are paid in line with increases to the clergy stipend. This includes emoluments of higher-paid employees. Please refer to note 12 for further details.

Delegation of day-to-day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities rely upon the Diocesan Secretary and their colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the LDTBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The LDTBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDTBF does not control them, and they are segregated from the LDTBF's own assets by means of a separate bank account and accounting system.

Further details of financial trust assets, whose market value amounted to £24m at 31 December 2024 (2023: £24m), are available from the LDTBF on request, and are summarised in note 28. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

TRUSTEES' RESPONSIBILITIES

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

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

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LDTBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the LDTBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the LDTBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions. To protect the Trustees as both Trustees and Directors third party indemnity insurance is place.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2024. The following Trustees were in post at the date of this report:

Ex-officio:

The Diocesan Bishop
The Bishop of Grimsby
The Bishop of Grantham
The Dean of Lincoln

The Interim Dean of Lincoln

The Archdeacon of Boston
The Archdeacon of Stow & Lindsey
The Archdeacon of Lincoln

The Rt Revd Stephen Conway
The Rt Revd Dr David Court
The Rt Revd Dr Nicholas Chamberlain
The Very Revd Dr Simon Jones (from 24 Sep 2024)
The Revd Canon Nick Brown (from 12 Jan 2024 to 24 Sep 2024)
The Venerable Dr Justine Allain Chapman
The Venerable Alyson Buxton
The Venerable Gavin Kirk

Trustees (continued)

Elected by Synod:

Chair of the House of Laity
Chair of the House of Clergy

Canon Nigel Bacon
The Revd Canon Martyn Taylor
The Revd Georgina Machell (to 24 Sep 2024)
The Revd Julie Donn
The Revd Rachel Heskins
Mrs Susan Slater (to 16 Nov 2024)
Dr James Tannock (from 27 April 2024)
Mrs Ruth Brewin
Mr Paul Brewster
Mrs Susan Watt
Mr Paul Davie

Appointed by the Diocesan Bishop:

Chair of the LDTBF (with the approval of Synod)
Chair of the Audit and Governance Committee
Chair of the Clergy Housing Committee

Canon Prof Muriel Robinson
Mr David Cowell
Mr David Wright

Senior staff and advisers

Diocesan Secretary

The Revd Canon David Dadswell (to 31 Dec 2024)
Andrew Holmes ACMA CGMA (from 1 Jan 2025)

Director of Finance

Ann Treacy FCMA, CGMA (to 11 Apr 2024)
Andrew Holmes ACMA CGMA (from 1 May 2024)

Registered Office

Edward King House, Minister Yard, Lincoln, LN2 1PU

Bankers

National Westminster Bank Plc, (Smith Bank Branch), Lincoln, LN2 1DS

Auditors

HaysMac, 10 Queen Street Place, London, EC4R 1AG

Solicitors

Lee Bolton Monier-Williams, 1 The Sanctuary Westminster London SW1P 3JT
Chattertons Solicitors, 1 Flavian Road, Lincoln, LN2 4GR

Investment Advisers

CCLA Investment Management Ltd, Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Schroder & Co. Limited, 1 London Wall Place, London, EC2Y 5AU
Edentree Investment Management Ltd, Sunderland, SR43 4AU
LGT Wealth Management, 14 Cornhill, London, EC3V 3NR
Baillie Gifford, Carlton Square, 1 Greenside Row, Edinburgh EH1 3AN

Senior staff and advisers (continued)

Glebe Agents

Savills, Olympic House, Doddington Road,
Lincoln, LN2 1AS

Parsonage Agents

Mundy's Estate Agent, 29 Silver Street,
Lincoln, LN2 1AS

Insurers

PIB Insurance Brokers, Poppleton Grange,
Low Poppleton Lane, York, YO26 6GZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 15 within their capacity as company directors.

BY ORDER OF THE TRUSTEES



Muriel Robinson
Chair
27th March 2025



Andrew Holmes
Diocesan Secretary
27th March 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

Independent auditor's report to the Trustees of Lincoln Diocesan Trust and Board of Finance Limited

Opinion

We have audited the financial statements of Lincoln Diocesan Trust and Board of Finance Limited for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

If we identify such material inconsistencies or apparent material misstatements; we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LINCOLN
DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

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

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

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

Use of our report

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



Adam Halsey

(Senior Statutory Auditor)

For and on behalf of HaysMac, Statutory Auditors

10 Queen Street Place, London EC4R 1AG

Date: 20/05/2025

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2024

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
Income and endowments from							
Donations	2						
- Parish contributions		3,786	-	-	-	3,786	3,723
- Archbishop's Council		1,207	-	459	-	1,666	1,648
- Other donations		159	-	160	-	319	231
Charitable activities	3	480	-	11	-	491	606
Other trading activities	4	22	-	291	-	313	446
Investments	5	90	-	613	2,771	3,474	3,400
Other income	6	52		1,114	429	1,595	3,459
Total income		5,796	-	2,648	3,200	11,644	13,513
Expenditure on							
Raising funds	7	-	-	11	436	447	316
Charitable activities	8	8,515	-	1,476	-	9,991	9,309
Total expenditure		8,515	-	1,487	436	10,438	9,625
Net income/(expenditure) before investment gains/(losses)		(2,719)	-	1,161	2,764	1,206	3,888
Loss on disposal of fixed assets	-	-	-	(41)	-	(41)	-
Net gains/(losses) on investments	15	17	-	667	1,623	2,307	2,590
Net income/(expenditure)		(2,702)	-	1,787	4,387	3,472	6,478
Transfers between funds	13	2,677	33	(8)	(2,702)	-	-
Other recognised gains/(losses)							
Actuarial gains/(losses) on pension scheme	26	-	-	-	-	-	-
Gains/(losses) on revaluation of properties	14,15	-	-	(5)	5,457	5,452	3,935
Net movement in funds		(25)	33	1,774	7,142	8,924	10,413
Total funds brought forward		1,328	808	26,566	154,327	183,029	172,616
Total funds carried forward	19	1,303	841	28,340	161,469	191,953	183,029

All activities derive from continuing activities. The notes on pages 31 to 59 form part of the financial statements. Details of comparative figures by fund are included in note 29.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2024

	Total 2024 £'000	Total 2023 £'000
Total income (excluding endowments)	8,444	9,219
Total expenditure (excluding endowments)	(10,002)	(9,309)
Surplus of income over expenditure in the year before transfers	(1,558)	(90)
Net gains/(losses) on investments	684	371
Transfers from endowment of total return applied in the year	2,702	2,530
Net income/expenditure for the year	1,828	2,811
Other comprehensive income:		
Revaluation of fixed assets	(5)	305
Net (losses) on disposal of fixed assets	(41)	-
Transfer of fixed assets to restricted funds	-	-
Total comprehensive income	1,782	3,116

The Income and Expenditure Account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities and includes the amounts which are included in the columns headed Unrestricted Funds, Restricted Funds but does not include the income and expenditure within the Endowment Funds.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
BALANCE SHEET
For the year ended 31 December 2024

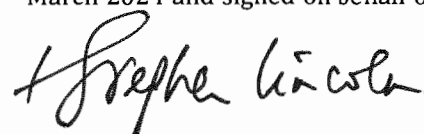
	Note	£'000	2024 £'000	£'000	2023 £'000
FIXED ASSETS					
Tangible assets	14		54,995		58,652
Investments	15		124,429		110,394
			<u>179,424</u>		<u>169,046</u>
CURRENT ASSETS					
Debtors	16	1,096		607	
Cash on deposit		10,000		10,253	
Cash at bank and in hand		2,360		3,817	
		<u>13,456</u>		<u>14,677</u>	
CREDITORS: amounts falling due within one year	17	(855)		(622)	
		<u></u>		<u></u>	
NET CURRENT ASSETS			12,601		14,055
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>192,025</u>		<u>183,101</u>
CREDITORS: amounts falling due after more than one year					
Other creditors			(72)		(72)
			<u>(72)</u>		<u>(72)</u>
NET ASSETS			191,953		183,029
FUNDS					
Endowment funds	19,21		161,469		154,327
Restricted income funds	19		28,340		26,566
Unrestricted income funds:					
General funds	19		1,303		1,328
Designated funds	19		841		808
			<u>191,953</u>		<u>183,029</u>
TOTAL FUNDS			<u>191,953</u>		<u>183,029</u>

The Board does not have a separate revaluation reserve as the historic cost of most historical assets is not known. Valuation gains or losses are added or deducted from the appropriate fund.

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 27th March 2024 and signed on behalf of the Board by:



Muriel Robinson
Chair



The Rt Revd Stephen Conway
Bishop of Lincoln

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2024

		2024	2023
	£'000	£'000	£'000
Net cash inflow / (outflow) from operating activities		(3,841)	(3,058)
Cash flows from investing activities			
Dividends, interest and rent from investments	3,474	3,400	
Proceeds from the sale of tangible fixed assets	5,229	8,130	
Purchase of tangible fixed assets	(542)	(1,396)	
Proceeds from the sale of investments	2,087	4,056	
Purchase of investments	(8,117)	(1,006)	
Net cash provided by / (used in) investing activities		2,131	13,184
Cash flows from financing activities			
Loans repaid to LDTBF	-	41	
Net cash provided by / (used in) financing activities		-	41
Change in cash and cash equivalents in the reporting period		(1,710)	10,167
Cash and cash equivalents at 1 January		14,070	3,903
Cash and cash equivalents at 31 December		12,360	14,070
Reconciliation of net movements in funds to net cash flow from operating activities			
Net movement in funds for the year ended 31 December		8,924	10,413
Adjustment for:			
Depreciation charges		10	6
Dividends, interest and rent from investments		(3,474)	(3,400)
Loss/ (Gain) on revaluation of tangible fixed assets		5	(305)
(Gain)/Loss on revaluation of investments		(2,307)	(2,590)
(Gain) on revaluation – investment properties		(5,457)	(3,630)
Loss on disposal of fixed assets		41	-
(Profit) on sale of fixed assets		(1,327)	(3,445)
Decrease / (Increase) in debtors		(489)	301
Increase / (Decrease) in creditors		233	(408)
Net cash provided by / (used in) operating activities		(3,841)	(3,058)
Analysis of cash and cash equivalents			
Cash in hand		2,360	3,817
Notice deposits (less than 3 months)		10,000	10,253
		12,360	14,070

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2024

ANALYSIS OF CHANGES IN NET DEBT

	As at 1 January 2024 £	Cashflow £	Other Changes £	As at 31 December 2024 £
Cash and cash equivalents				
Cash	3,817	(1,457)	-	2,360
Deposit accounts	10,253	(253)	-	10,000
Borrowings	14,070	(1,710)	-	12,360
Debt due within one year	-	-	-	-
Debt due within one year	72	-	-	72
	72	-	-	72
Total	13,998	(1,710)	-	12,288

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in c), and fixed asset investments, which are included at their fair value at the balance sheet date. The financial statements have been prepared in accordance with the Charities SORP (FRS 102) 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) (second edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity is a Public Benefit Entity registered in England and Wales.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

i) **Covenant Pledge contributions** The principal source of income comes from voluntary giving in the form of parish contributions which includes amounts received up to 17 January of the following year. Income also includes any arrears received from previous years.

ii) **Rent and investment income** Rent and investment income are recognised as income when receivable.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants** received which are subject to pre-conditions specified by the donor which have not been met at the year-end are included in creditors and carried forward to the following year.

v) **Parochial fees** are recognised as income in the year to which they relate.

vi) **Donations** other than grants are recognised when receivable.

vii) **Gains on disposal of fixed assets** for LDTBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

viii) **Stipends fund income** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, satisfied.

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the LDTBF to pay out resources. Expenditure is included on an accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

Costs of raising funds These are the costs of managing the Endowment, Glebe and Unrestrictive funds' investments, plus the costs associated with letting the vacant parsonages and board houses.

Charitable expenditure Charitable Expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes plus the costs of supporting the work of the parishes in greater Lincolnshire. This principally includes the cost of clergy stipends, costs of maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDTBF, such grants being recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment but not accrued as expenditure.

Support costs consist of central management, administration and governance costs. These are costs which are directly attributable to a specific charitable activity.

Pension costs and other post-retirement benefits The LDTBF contributes to the Church of England Pension Scheme for Clergy. Clergy are members of the Church of England Funded Pensions Scheme. The pension costs are charged as resources expended which represent the LDTBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities for the pension scheme to which the LDTBF participates is recognised at the present value of contributions payable that arise from the deficit funding agreement. The Liability is recognised in creditors falling due within one year and after more than one year.

In addition to the above scheme the LDTBF also operates the Lincoln Diocesan Trust and Board of Finance Limited scheme for the benefit of office staff. This scheme closed to new members in 2003 and does not form part of these accounts. The LDTBF also contributes to a group stakeholder pension for other employees. This is the Lincoln Diocesan Trust Scheme with Royal London.

c) Tangible fixed assets and depreciation

Freehold properties and parsonages

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value.

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

Properties which are identified as Board properties are revalued on a five-year annual rolling programme. This valuation is conducted by the Property Director who is a registered member of the Royal Institution of Chartered Surveyors (RICS).

The LDTBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Value linked loans from the Church Commissioners that are administered by the LDTBF and the corresponding equivalent value of the property to which they relate are all included in the balance sheet as an asset and corresponding liability in accordance with the recommendation of the Diocesan Accounts Guide. These properties are revalued on a rolling five-year basis.

Investment properties

In accordance with FRS102, investment properties are carried at their fair value, and this is considered by the Trustees annually. The aggregate surplus or deficit is recognised in the Endowment and Glebe Fund. Investment properties are valued on an annual basis by a registered RICS qualified valuer.

Parsonage houses

The LDTBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The LDTBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historic cost values.

d) Non-Property fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation

Depreciation of non-property assets is provided in order to write off the cost of other fixed assets over their currently expected useful lives at the following rates: -

Computer	25% per annum	straight line basis
Fixtures and fittings	14.30% per annum	straight line basis (i.e. over 7 years)

1. ACCOUNTING POLICIES (continued)

Other investments

All other investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when investments are sold. Unrealised gains and losses are accounted for on revaluation of investments at the year end.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods. Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to determining the value of the pension scheme deficit and are discussed above and the revaluation of Board properties and of the glebe agriculture land.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

e) Other accounting policies

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Creditors and provisions

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

1. ACCOUNTING POLICIES (continued)

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

Operating Leases - The LDTBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.

Funds

Funds over which the LDTBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the LDTBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as "unrestricted". Designated funds are unrestricted funds that have been set aside by the LDTBF for purposes designated by the LDTBF policy. Such designations may be set aside from time to time according to policy decisions.

Endowment funds

The Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDTBF (Stipends Fund Capital and Parsonage Houses), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Trust Funds

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the LDTBF acts as trustee and controls the management and use of the funds, are included in the LDTBF's own financial statements as charity branches. Trusts where the LDTBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the relevant note to the financial statements.

Reserves Policy

The target for free reserves (net of fixed assets and investments) is currently set at an amount equivalent to three months' gross expenditure from unrestricted funds estimated at £3.0m.

f) Going Concern

Having reviewed the funding facilities available to the charity together with future projected cash flows, the trustees have an expectation that the charity has adequate resources to continue its activities for the foreseeable future. Trustees are aware of the longer-term sustainability of the Diocese and are putting in place measures to ensure that there is a long term financial and operational strategy in place to support the organisation in the future. They do consider that there were no material uncertainties over the charity's financial viability at the date of signing the accounts. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

2. DONATIONS

Parish Contributions

The majority of donations are collected from the parishes of the Diocese through the Covenant Pledge system.

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024	Total funds 2023
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Current year apportionment	4,028	-	-	-	4,028	3,955
Shortfall in contributions	(232)	-	-	-	(232)	(232)
	<u>3,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,796</u>	<u>3,723</u>
Receipts for previous years	(10)	-	-	-	(10)	-
	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>-</u>
Total Income	<u>3,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,786</u>	<u>3,723</u>

Current year covenant pledges represent 94% of the total apportioned (2023 – 94%). During 2023 the basis for the collection of parish share changed to a covenant pledge system. This resulted in a change in the level of ask from a formula-based approach to a level where parishes pledge what they can offer. This resulted in an increased percentage contribution. All parish contributions in the year ended 31 December 2024 were attributable to the general fund.

Archbishop's Council

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024	Total funds 2023
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Lowest Income Funding	1,207	-	-	-	1,207	1,167
Strategic Development	-	-	291	-	291	481
Strategic Capacity	-	-	62	-	62	-
Sustainability Grant	-	-	56	-	56	-
Ministry Experience Scheme	-	-	6	-	6	-
Parish Giving Support	-	-	32	-	32	-
Parish Repairs and Improvements	-	-	12	-	12	-
	<u>1,207</u>	<u>-</u>	<u>459</u>	<u>-</u>	<u>1,666</u>	<u>1,648</u>

The Lowest Income Communities Funding is the annual grant for the parish mission fund, which may be used for specific parish mission and development projects or for clergy stipends. All of this amount received in the year ended 31 December 2024 was attributable to the general fund. The LDTBF has been successful with a range of Strategic Development Fund bids for various initiatives.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

2. DONATIONS (continued)

Other donations

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024	Total funds 2023
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Benefact Grant	106	-	-	-	106	123
Historic England – Historic Churches						
Support Officer	-	-	13	-	13	-
Church Army	-	-	46	-	46	-
Marshall's Charity	-	-	8	-	8	-
Donations	53	-	93	-	146	108
	<u>159</u>	<u>-</u>	<u>160</u>	<u>-</u>	<u>319</u>	<u>231</u>

Total income from other donations for the year ended 31 December 2023 of £231k was split as follows: £46k in endowment funds and £185k in unrestricted funds

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024	Total funds 2023
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Statutory fees	476	-	-	-	476	486
Church Commissioners'						
Fees from training	-	-	11	-	11	117
Income recharged for Support to parishes	4	-	-	-	4	3
	<u>480</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>491</u>	<u>606</u>

Total other income from other charitable activities for the year ended 31 December 2023 of £606k was split between funds as follows: £110k in restricted funds and £496k in unrestricted funds

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024	Total funds 2023
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Housing income	-	-	291	-	291	446
Rents receivable	22	-	-	-	22	-
	<u>22</u>	<u>-</u>	<u>291</u>	<u>-</u>	<u>313</u>	<u>446</u>

Total income from other trading activities for the year ended 31 December 2023 of £446 was split as follows: £384k in restricted funds and £62k in unrestricted funds

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment funds	Total funds 2024	Total funds 2023
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Dividends receivable	6	-	613	1,248	1,867	1,634
Interest receivable	84	-	-	424	508	655
Rents receivable	-	-	-	1,099	1,099	1,111
	<u>90</u>	<u>-</u>	<u>613</u>	<u>2,771</u>	<u>3,474</u>	<u>3,400</u>

Total investment income for the year ended 31 December 2023 of £3,400k was split between funds as follows: £2,608k in endowment funds, £704k in restricted funds and £88k in unrestricted funds

6. OTHER INCOME

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024	Total funds 2023
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Gain on sale of Properties & Glebe	-	-	1,085	241	1,326	3,445
Gain on sale of Investments	-	-	1	-	1	-
Sale receipts from churches	-	-	28	-	28	14
Sale of Glebe Mineral Rights	-	-	-	188	188	-
Contribution to office running costs	52	-	-	-	52	-
	<u>52</u>	<u>-</u>	<u>1,114</u>	<u>429</u>	<u>1,595</u>	<u>3,459</u>

Total other income for the year ended 31 December 2023 of £3,459k was split between funds as follows: £1,640k in endowment funds and £1,819k in restricted funds

7. RAISING FUNDS

RAISING FUNDS (2024)	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024
	General £'000	Designated £'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	436	436
Parsonage rental costs	-	-	11	-	11
	<u>-</u>	<u>-</u>	<u>11</u>	<u>436</u>	<u>447</u>

RAISING FUNDS (2023)	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2023
	General £'000	Designated £'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	308	308
Parsonage rental costs	-	-	8	-	8
	<u>-</u>	<u>-</u>	<u>8</u>	<u>308</u>	<u>316</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

8. CHARITABLE ACTIVITIES

CHARITABLE ACTIVITIES (2024)	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2024
	General £'000	Designated £'000	£'000	£'000	£'000
Contributions to Archbishops' Council					
Training for Ministry	301	-	-	-	301
National Church					
Responsibilities	180	-	-	-	180
Grants & Provisions	31	-	-	-	31
Retired clergy housing costs	125	-	-	-	125
Pooling of ordinands maintenance grants	121	-	-	-	121
	<u>758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>758</u>
Resourcing Ministry and Mission					
Parish Ministry Stipends and national insurance	3,504	-	-	-	3,504
Pension contributions	693	-	-	-	693
Housing costs	689	-	958	-	1,647
Removal and resettlement grants	130	-	-	-	130
Other expenses	132	-	-	-	132
	<u>5,148</u>	<u>-</u>	<u>958</u>	<u>-</u>	<u>6,106</u>
Support for parish ministry	1,238		518	-	1,756
Support costs	1,271	-	-	-	1,271
	<u>2,509</u>	<u>-</u>	<u>518</u>	<u>-</u>	<u>3,027</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>8,515</u>	<u>-</u>	<u>1,476</u>	<u>-</u>	<u>9,991</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

8. CHARITABLE ACTIVITIES (continued)

**CHARITABLE ACTIVITIES
(2023)**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2023
	General	Designated	Funds	Funds	2023
	£'000	£'000	£'000	£'000	£'000
Contributions to					
Archbishops' Council					
Training for Ministry	306	-	-	-	306
National Church					
Responsibilities	179	-	-	-	179
Grants & Provisions	32	-	-	-	32
Mission agency pension costs	10	-	-	-	10
Retired clergy housing costs	122	-	-	-	122
Pooling of ordinands maintenance grants	84	-	-	-	84
	<u>733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733</u>
Resourcing Ministry and Mission					
Parish Ministry Stipends and national insurance	3,486	-	-	-	3,486
Pension contributions	838	-	-	-	838
Housing costs	664	-	678	-	1,342
Removal, resettlement and grants	98	-	-	-	98
Other expenses	62	-	-	-	62
	<u>5,148</u>	<u>-</u>	<u>678</u>	<u>-</u>	<u>5,826</u>
Support for parish ministry	1,302	-	380	-	1,682
Support costs	968	-	-	-	968
	<u>2,270</u>	<u>-</u>	<u>380</u>	<u>-</u>	<u>2,650</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>8,251</u>	<u>-</u>	<u>1,058</u>	<u>-</u>	<u>9,309</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

**ANALYSIS OF EXPENDITURE INCLUDING
ALLOCATION OF SUPPORT COSTS (2024)**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2024 £'000
Raisings funds	446	-	-	446
Charitable activities:				
Contributions to Archbishop's Council	-	758	-	758
Resourcing parish ministry	6,106	1,757	1,271	9,134
Education	-	100	-	100
	<u>6,552</u>	<u>2,615</u>	<u>1,271</u>	<u>10,438</u>

**ANALYSIS OF EXPENDITURE INCLUDING
ALLOCATION OF SUPPORT COSTS (2023)**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2023 £'000
Raisings funds	316	-	-	316
Charitable activities:				
Contributions to Archbishop's Council	-	733	-	733
Resourcing parish ministry	5,826	1,682	968	8,476
Education	-	100	-	100
	<u>6,142</u>	<u>2,515</u>	<u>968</u>	<u>9,625</u>

10. ANALYSIS OF SUPPORT COSTS

**ANALYSIS OF SUPPORT COSTS
(2024)**

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Central administration	1,000	-	-	-	1,000
Governance:					
External audit	31	-	-	-	31
Registrar and Chancellor	136	-	-	-	136
Synodical costs	104	-	-	-	104
	<u>1,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,271</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

10. ANALYSIS OF SUPPORT COSTS (continued)

**ANALYSIS OF SUPPORT COSTS
(2023)**

	Unrestricted funds	Restricted	Endowment	Total
	General	Designated	Funds	funds
	£'000	£'000	£'000	2023
				£'000
Central administration	705	-	-	705
Governance:				
External audit	31	-	-	31
Registrar and Chancellor	109	-	-	109
Synodical costs	123	-	-	123
	<u>968</u>	<u>-</u>	<u>-</u>	<u>968</u>

11. ANALYSIS OF GRANTS MADE

	Number	Individuals	Institutions	2024	2023
		£'000	£'000	Total	Total
				£'000	£'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishop's Council	6	-	758	758	733
	<u>6</u>	<u>-</u>	<u>758</u>	<u>758</u>	<u>733</u>
From unrestricted funds:					
Support for Board of Education	1	-	100	100	100
PEV Episcopal Visitors	3	3	-	3	-
Churches Together in Lincolnshire	1	-	9	9	8
Transformation Grants	12	-	67	67	77
Elloe East Deanery	-	-	-	-	25
Clergy Settlement Grants	15	42	-	42	41
Clergy 1st Appointment Grants	10	31	-	31	28
Miscellaneous grants	-	-	-	-	4
Clergy Robing Grants	-	-	-	-	2
Ordinands in training	4	36	-	36	32
Ministry Division grants	11	6	-	6	35
Minor Repair Grants	3	-	12	12	-
	<u>60</u>	<u>118</u>	<u>188</u>	<u>306</u>	<u>352</u>

In the year ended 31 December 2024 grants of £118k (2023: £114k) were awarded to individuals, £188k (2023: £238k) to institutions.

12. STAFF COSTS

	2024	2023
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	1,732	1,458
National insurance contributions	168	140
Pension costs	210	137
	<u>2,110</u>	<u>1,735</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

12. STAFF COSTS (Continued)

The average number of persons employed by the charity during the year were:	2024 Number	2023 Number
Administration and financial management	24	18
Property	5	5
Discipleship & Ministry, Stewardship	11	15
Safeguarding & inclusion	4	4
Total for the Charity	44	42

	2024 Number	2023 Number
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		
£80,001 - £90,000	2	2
£120,001 - £130,000	1	-

Pension payments of £79,697 were made in 2024 in respect of the above individuals (2023: £20,624). There were no members of staff who received employee benefits in excess of £60,000.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2024 they were the Diocesan Secretary, Property Director and the Director of Finance.

Remuneration, pensions and expenses for the three employees amounted to £376,964 (2023: £279,093).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee (2023 – None). Trustees received travelling and out of pocket expenses, totalling £5,869 (2023– £16,114) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Rt Revd Stephen Conway	No	No
The Rt Revd Dr Nicholas Chamberlain	No	Yes
The Rt Revd Dr David Court	No	Yes
The Venerable Alyson Buxton	Yes	No
The Venerable Dr Justine Allain Chapman	Yes	Yes
The Venerable Gavin Kirk	Yes	Yes
The Rev Julie Donn	Yes	No
The Revd Georgina Machell	Yes	Yes
The Revd Rachel Heskins	Yes	Yes

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

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

12. STAFF COSTS (Continued)

The LDTBF paid an average of 101 (2023 – 115) stipendiary clergy as officeholders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2024 £'000	2023 £'000
Stipends	3,223	3,216
National insurance contributions	281	270
Pension costs - current year	696	838
- deficit reduction	-	-
- interest cost	-	-
	<u>4,200</u>	<u>4,324</u>

The above figure also includes a pension payment in relation to the loss of office in year of NIL (2023: £9,357).

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £42,350 - £51,910 (2023 range £39,952 - £48,972). The annual rate of stipend, funded by the LDTBF, paid to Archdeacons in 2024 was in the range £41,792-£43,405 (2023 range £39,057-£40,564) and other clergy who were Trustees were paid in the range £28,670 - £31,152 (2023 range £26,921 - £29,087). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2024 at £12,393 (2023 at £11,824). The value of housing provided to Diocesan Bishops is £32,400.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000
From General Fund to Designated Fund	(33)	33	-	-
From Restricted Fund to General Fund	8	-	(8)	-
From Endowment Funds Unapplied Total				
Return to the General Fund	2,702	-	-	(2,702)
	<u>2,677</u>	<u>33</u>	<u>(8)</u>	<u>(2,702)</u>

£33k was transferred from the general fund to the designated fund which related to the unspent element of the Transformation Fund during 2024. This has been transferred to fund future missional projects. The £8k transferred from Restricted Fund to the General Fund relates to costs capitalised during the year on property CCTV under the Marshall Charity Grant income. The Trustees adopted total return in 2017 and as per the agreed policy £2.7m has been transferred to the General Fund from the Endowment Fund to fund costs of stipends in line with the measure.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

14. TANGIBLE FIXED ASSETS – Land & Building

	Freehold Land & Buildings £'000	Office Equipment £'000	Total £'000
Cost of valuation			
At 1 January 2024	58,615	189	58,804
Additions	542	1	543
Transfers	-	-	-
Disposals	(4,185)	(140)	(4,325)
Revaluation	(5)	-	(5)
At 31 December 2024	54,967	50	55,017
Depreciation			
At 1 January 2024	-	152	152
Disposals	-	(140)	(140)
Charge for the year	-	10	10
At 31 December 2024	-	22	22
Net Book Value			
At 31 December 2024	54,967	28	54,995
At 31 December 2023	58,615	37	58,652

All of the properties in the balance sheet are freehold and are vested in the LDTBF, except for benefice houses which are vested in the incumbent.

Benefice properties were included in the balance sheet at historic cost as at 1st January 2015. The Board does not revalue these properties on an annual basis. The value of these properties at that date was £38,421,104.

Board houses are valued on a rolling programme over five years by the Board taking professional advice from the Property Director who is a qualified RICS surveyor. The RICS Global Valuation Standards (the Red Book) and their definitions of Market and Fair Value was followed. The method of valuation used was the comparable method and a cautious approach was adopted estimating values, having regard to the slow housing market. Historic Cost values are not available on these properties.

The freehold properties included houses with a value for insurance purposes of £2,057,500 as at 31 December 2024 together with redundant churches and the glebe estate insured by the tenants.

The value which is held in the balance sheet relating to Edward King House is £1,705,433. This is considered to be a fair value.

On 31 December there was a housing stock of 165 properties with a value of £52,785,975 of which 25 were let.

Two Value Linked Loans are outstanding with the Church Commissioners amounting to £72,500 of which £5,532 interest is due within a year (note 17). The Board has no financial interest in the value of these houses.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

15. TOTAL INVESTMENT ASSETS

	2024	2024
	£'000	£'000
Investment properties - 15 (a)	63,649	59,921
Investments – 15 (b)	60,780	50,473
	<u>124,429</u>	<u>110,394</u>
Total investment assets	<u>124,429</u>	<u>110,394</u>

15(a). INVESTMENT PROPERTIES

	2024	2023
	£'000	£'000
Market value at 1 January 2024	59,921	58,707
Disposals	(1,729)	(2,416)
(Loss)/Gain on revaluation	5,457	3,630
	<u>63,649</u>	<u>59,921</u>
Market value as at 31 December 2024	<u>63,649</u>	<u>59,921</u>

The investment properties are revalued by Savills by a RICS registered valuer. These were revalued as at 31st December 2024. During 2024 209.959 acres of development land were disposed of. The valuations were undertaken in line with the definition of Market Value as defined in the RICS Red Book, as detailed below:

Market Value (MV) is defined in IVS 104 paragraph 30.1 as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The assets have been valued individually based upon the tenancy units by Parish. The portfolio is a mixture of properties of varying size dispersed across most of Lincolnshire, therefore the properties have been valued separately, as they are located in differing locations across the County. Desktop research has been undertaken in carrying out this valuation and has relied upon management records to establish land use across the holdings principally between arable and grass as this information was not provided. The let assets have been valued on a combination of comparison or investment bases depending on the letting and type of property. Within these individual asset listings, where appropriate, they have been split further between uses such as arable, pasture, buildings and houses.

There are restrictions placed on these investments. Trust law only permits expenses to be charged to permanent endowments when incurred in the administration of or protection of the investments or property and income generated must be spent on furthering its charitable purposes.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

15(b). FIXED ASSET INVESTMENTS

	As at 1 January 2024 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	As at 31 December 2024 £'000
Endowment Funds						
CBF Church of England Fund	8,795	-	-	-	201	8,996
Edentree Responsibility & Sustainable Global Equity Fund B	2,384	-	-	-	(150)	2,234
Cazenove Capital	8,399	-	-	-	325	8,724
LGT Abrdn	10,614	2,333	-	-	805	13,752
LGT Wealth Management	10,121	2,333	-	-	442	12,896
	<u>40,313</u>	<u>4,666</u>	<u>-</u>	<u>-</u>	<u>1,623</u>	<u>46,602</u>
Diocesan Pastoral Fund						
CBF Church of England Fund	2,063	2,333	-	-	25	4,421
Edentree Responsibility & Sustainable Global Equity Fund	5,511	-	-	-	577	6,088
Cazenove Capital	1,956	-	-	-	76	2,032
Ballie Gifford	-	1,000	-	-	(15)	985
	<u>9,530</u>	<u>3,333</u>	<u>-</u>	<u>-</u>	<u>663</u>	<u>13,526</u>
Trust funds						
M & G Charifund	117	-	(117)	-	-	-
CBF Church of England Fund	202	118	-	-	4	324
	<u>319</u>	<u>118</u>	<u>(117)</u>	<u>-</u>	<u>4</u>	<u>324</u>
Unrestricted Funds						
Edentree Humphrey Bequest	311	-	-	-	17	328
	<u>311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>328</u>
Total	<u>50,473</u>	<u>8,117</u>	<u>(117)</u>	<u>-</u>	<u>2,307</u>	<u>60,780</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

16. DEBTORS

	2024	2023
	£'000	£'000
Due within one year		
Debtors	225	139
Other debtors and prepayments	771	456
Interest free loans within the Diocese	100	12
Total debtors	1,096	607

17. CREDITORS: amounts falling due within one year

	2024	2023
	£'000	£'000
Creditors	302	188
Other taxes and social security	51	48
Other creditors and accruals	502	386
Total creditors: amounts falling due within one year	855	622

18. CREDITORS: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Church Commissioners value-linked loan	72	72
Pension deficit	-	-
Total creditors: amounts falling due after more than one year	72	72

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. During the year the valuation of the pension fund administered by the Church England has shown no liability for future years and this is reflected above.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

19. SUMMARY OF FUND MOVEMENTS

SUMMARY OF FUND MOVEMENTS 2024

	As at 1 January 2024 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	As at 31 December 2024 £'000
UNRESTRICTED FUNDS						
General	1,328	5,796	(8,515)	2,677	17	1,303
DESIGNATED FUNDS						
Pension Reserve	1	-	-	-	-	1
Building Committee Reserve	30	-	-	-	-	30
Clergy Conference	9	-	-	-	-	9
Vat Buffer Fund	100	-	-	-	-	100
Transformation Fund	231	-	-	33	-	264
Resource Church Funding	437	-	-	-	-	437
	808	-	-	33	-	841
RESTRICTED FUNDS						
Pastoral fund	25,877	2,481	(1,466)	(8)	617	27,501
Pastoral No.2 Account	27	-	-	-	-	27
Trusts	319	2	-	-	4	325
Other Restricted	343	165	(21)	-	-	487
	26,566	2,648	(1,487)	(8)	621	28,340
ENDOWMENT FUNDS						
Permanent						
Trust for Investment	36,524	-	-	1,424	-	37,948
Unapplied Total Return	41,965	2,771	-	(4,126)	1,623	42,233
Other Investment Assets	32,908	429	(436)	-	5,457	38,358
Expendable						
Parsonage Fund	42,930	-	-	-	-	42,930
	154,327	3,200	(436)	(2,702)	7,080	161,469
Total funds	183,029	11,644	(10,438)	-	7,718	191,953

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

19. SUMMARY OF FUND MOVEMENTS (continued)

SUMMARY OF FUND MOVEMENTS 2023

	As at 1 January 2023	Income	Expenditure	Transfers	Gains and Losses	As at 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	1,188	5,721	(8,251)	2,665	5	1,328
DESIGNATED FUNDS						
Pension Reserve	159	-	-	(158)	-	1
Building Committee Reserve	30	-	-	-	-	30
Clergy Conference	9	-	-	-	-	9
Vat Buffer Fund	100	-	-	-	-	100
Transformation Fund	208	-	-	23	-	231
Resource Church Funding	437	-	-	-	-	437
	943	-	-	(135)	-	808
RESTRICTED FUNDS						
Pastoral fund	22,818	3,370	(961)	-	650	22,877
Pastoral No.2 Account	27	-	-	-	-	27
Other Restricted	618	128	(105)	-	21	662
	23,463	3,498	(1,066)	-	671	26,566
ENDOWMENT FUNDS						
Permanent						
Trust for Investment	34,231	-	-	2,293	-	36,524
Unapplied Total Return	41,961	2,654	-	(4,869)	2,219	41,965
Other Investment Assets	27,900	1,640	(308)	46	3,630	32,908
Expendable						
Parsonage Fund	42,930	-	-	-	-	42,930
	147,022	4,294	(308)	(2,530)	5,849	154,327
Total funds	172,616	13,513	(9,625)	-	6,525	183,029

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

20. ENDOWED FUND – TOTAL RETURN

	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
ENDOWED FUND – TOTAL RETURN 2024	£'000	£'000	£'000	£'000
At the beginning of the reporting period:	36,524	41,965	32,908	111,397
Income				
DBF Fundraising	-	-	-	-
Dividends	-	1,672	-	1,672
Rents	-	1,099	-	1,099
Sale of Glebe - Profit	-	-	429	429
Expenditure				
Stipends Cost	-	-	(436)	(436)
Gain/(Loss) on fixed assets	-	-	-	-
Gain/(Loss) on investments	-	1,623	5,457	7,080
Transfer to cover stipends	-	(2,702)	-	(2,702)
Indexation	1,424	(1,424)	-	-
Gain on pension	-	-	-	-
Gain on revaluation of property	-	-	-	-
At end of the reporting period	<u>37,948</u>	<u>42,233</u>	<u>38,358</u>	<u>118,539</u>
	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
ENDOWED FUND – TOTAL RETURN 2023	£'000	£'000	£'000	£'000
At the beginning of the reporting period:	34,231	41,961	27,900	104,092
Income				
DBF Funding	-	-	46	46
Dividends	-	1,497	-	1,497
Rents	-	1,111	-	1,111
Other Glebe Income	-	-	1,640	1,640
Expenditure				
Stipends Cost	-	-	(308)	(308)
(Loss) on fixed asset	-	-	-	-
(Loss) on investments	-	2,219	3,630	5,849
Transfer to cover stipends	-	(2,530)	-	(2,530)
Indexation	2,293	(2,293)	-	-
At end of the reporting period	<u>36,524</u>	<u>41,965</u>	<u>32,908</u>	<u>111,397</u>

The Trustees adopted total return during 2017 and £1.4m was released in 2024 (2023 - £2.3m) from the unapplied total return fund. The Trustees have adopted total return under the Diocesan Stipend Funds (Amendment) Measure 2016.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

21. SUMMARY OF ASSETS BY FUND

SUMMARY OF ASSETS BY FUND 2024	Tangible Fixed Assets	Investments	Net Current Assets	Long Term Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds – General	28	328	947	-	1,303
Unrestricted - designated					
Pension Reserve	-	-	1	-	1
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Discipleship Donation Fund	-	-	-	-	-
Vat Buffer Fund	-	-	100	-	100
Transformation Fund	-	-	264	-	264
Resource Churches funding	-	-	437	-	437
	-	-	841	-	841
Restricted					
Pastoral fund	14,365	13,526	(390)	-	27,501
Pastoral No.2 Account	-	-	27	-	27
Trusts	-	324	1	-	325
Other Restricted	-	-	487	-	487
	14,365	13,850	125	-	28,340
Endowment Permanent					
Trust for Investment	-	31,841	6,107	-	37,948
Unapplied Total Return	-	42,233	-	-	42,233
Other Investment Assets	2,181	36,177	-	-	38,358
Expendable					
Parsonage Fund	38,421	-	4,581	(72)	42,930
	40,602	110,251	10,688	(72)	161,469
Total funds	54,995	124,429	12,601	(72)	191,953

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

21. SUMMARY OF ASSETS BY FUND (continued)

SUMMARY OF ASSETS BY FUND 2023	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long Term Creditors £'000	Net Assets £'000
Unrestricted funds – General	37	311	980	-	1,328
Unrestricted – designated					
Pension Reserve	-	-	1	-	1
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Vat Buffer Fund	-	-	100	-	100
Transformation Fund	-	-	231	-	231
Resource Church Funding	-	-	437	-	437
	-	-	808	-	808
Restricted					
Pastoral fund	14,931	9,530	1,759	-	26,220
Pastoral No.2 Account	-	-	27	-	27
Other Restricted	-	319	-	-	319
	14,931	9,849	1,786	-	26,566
Endowment Permanent					
Trust for Investment	-	27,519	9,005	-	36,524
Unapplied Total return	-	41,965	-	-	41,965
Other Investment Assets	2,158	30,750	-	-	32,908
Expendable					
Parsonage Fund	41,526	-	1,476	(72)	42,930
	43,685	100,234	10,481	(72)	154,327
Total funds	58,652	110,394	14,055	(72)	183,029

22. DESCRIPTION OF FUNDS

General fund

The general fund is the LDTBF's unrestricted undesignated fund available for any of the LDTBF's purposes without restriction.

Designated funds

The designated fund are those funds which have been set aside out of general funds by the Board for a specific purpose over whose use and purpose the Board has discretion.

Pension Fund Reserve

The fund is no longer required to smooth the payments for liabilities arising from the staff pension scheme. The fund was subject to a valuation in 2023 and the fund remains fully funded and in surplus.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

22. DESCRIPTION OF FUNDS (continued)

Designated funds (continued)

Building Committee Reserve

The Church Building Committee makes grants to parishes from this fund. Grants are recognised as they are made.

VAT Buffer Fund

Parishes with listed Church Buildings are entitled to claim grants from government agencies equivalent to the VAT on certain repairs. However, the grants can only be claimed after the payments have been made and for large projects the additional cost of VAT creates cash flow problems for parishes. The VAT Buffer Fund is available to provide short term interest free loans to assist parishes with this difficulty.

Other Designated Funds

From time-to-time funds are set aside for future expenditure such as the clergy conference and the Transformation Fund. In 2018, the Trustees designated £1.5m as their contribution to the Strategic Development Fund bid which the diocese was successful in securing in December 2018. A remaining balance of £437k is in place at the end of 2024.

Restricted Funds

Pastoral Fund

The Diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other Diocese
- to transfer funds to the Diocesan stipends fund income or capital accounts
- the costs of closed churches and the proceeds of the sale of closed churches less any related costs

Endowment Funds

The three accounts below were set up when the LDTBF adopted Total Return in 2017.

Trust for Investment Fund

This fund contains the value of the original glebe portfolio based on the value in 1996. This value formed the basis for the total return calculation. This figure is increased each year in line with inflation by using the December inflation figure of the current year. This inflationary retail price index figure is used to increase the value of the fund. The figure for 2024 was 3.9% increasing the value of the fund to £37.9m.

Unapplied Total Return

Unapplied Total Return was adopted by the LDTBF at its board meeting in September 2017, where the amount identified to be realised was £51m. Details relating to this are in Note 20.

Other Investment Assets

This relates to the value of the assets which were left after the calculation was carried out to identify the unapplied total return value. This includes Edward King House and the Salthouse properties.

Parsonage property fund (Expendable Funds)

The benefice property fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

22. DESCRIPTION OF FUNDS (continued)

Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the LDTBF.

23. CAPITAL COMMITMENTS

At 31 December 2024 the LDBF had capital expenditure commitments authorised but not contracted for in 2024 of £NIL (2023 - £NIL), and no expenditure contracted for but not yet due in 2024 (2023 - £NIL).

24. OPERATING LEASES

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

	2024	2023
	£'000	£'000
Other operating leases		
Amounts due:		
Within one year of the balance sheet date	12	12
In the second to fifth years inclusive of the balance sheet date	12	24
	<u>24</u>	<u>36</u>

25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events.

26. PENSIONS

Salaried Staff

Defined Benefits Scheme

LDTBF operates a defined benefits scheme for its salaried employees with 2 (2023: 2) active members. The scheme is closed to new members.

Salaried Staff

Defined Benefits Scheme

The employees contributed £815 in the year (2023: £765) and the charge in the Trust's accounts for the year ended 31 December 2024 amounted to £15,780 (2023: £25,473).

The scheme was actuarially valued as at 1st April 2023. The actuarial statement stated that the scheme's assets, which comprised investments with Legal and General, were sufficient to cover the anticipated liabilities as they fall due. The scheme is funded at 148% which corresponds to a surplus of £2.3m.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

26. PENSIONS (continued)

Stakeholder Pension Provision

Since 2010 new employees have been offered a stakeholder pension. Contributions of £121,073 (2023: £102,646) were made in year on behalf of 40 employees. The contributions relate to unrestricted activities.

Church of England Funded Pension Scheme

The DBF participates in the Church of England Pensions Board Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

This scheme is considered to be a multi-employer last person standing as described in Section 28 of FRS.102. This means it is not possible to attribute the scheme's assets and liabilities to a specific Responsible Body, and this means contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, which were £696k (2023: £838k) plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £0 (2023: £0).

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2023 in line with the CMI2020 extended model with a long-term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31st December 2021 valuation, deficit contributions ceased with effect from 1st January 2023, since the scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31st December were as follows:

Year	% of pensionable stipends
31st December 2021	7.1% payable from January 2021 to December 2023
31st December 2022	Nil
31st December 2023	Nil
31st December 2024	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

26. PENSIONS (Continued)

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 and 31st December 2024 is nil. The movement in the balance sheet liability over 2023 and over 2024 is set out in the table below.

A reconciliation of the balance sheet liability is set out below:

	2024 £'000	2023 £'000
Balance sheet liability as at 1 January	-	-
Contributions paid	-	-
Interest cost (recognised in the SOFA)	-	-
Re-measurement of the balance sheet liability*(recognised in the SOFA)	-	-
	<u> </u>	<u> </u>
Balance sheet liability as at 31 December	<u> </u>	<u> </u>

*Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between yearends.

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

27. RELATED PARTY TRANSACTIONS

The Diocese maintains a register of Trustees' interests. Trustees have declared payment arising from their stipendiary ministry, where applicable. There were no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the Trust and are of part of its normal activities.

Edenham Regional House

Edenham Regional House is a separate charity. LDTBF has an interest in the property as well as having some of the same aims and objectives. The parsonage is occupied by a member of the Clergy and the LDTBF have a liability to maintain the property. The LDTBF uses the facilities at commercial rates.

Parochial Church Councils

Parochial Church Councils (PCCs) support LDTBF financially with payments of parish share. Many committee members and trustees are also members of the PCCs within the Diocese. Much of LDTBF's activity is in support of PCCs through practical assistance and advice and in the provision of grants and loans. At the end of the year there were outstanding loans to the following parishes:

	2024 £	2023 £
Saxby all Saints PCC	-	3,000
Wilsford PCC	-	9,343
Old Bolingbroke PCC	38,933	-
Hackthorn w Cold Hanworth PCC	17,060	-
Ulceby PCC	9,200	-
Little Steeping PCC	29,000	-
Huttoft PCC	6,205	-
	<u> </u>	<u> </u>
Total outstanding loans to parishes	<u>100,398</u>	<u>12,343</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDTBF acts as Diocesan Authority or custodian trustee for 806 trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. 707 relate to parochial funds with the remaining 99 being held for educational and non-parochial funds. Assets held in this way are not aggregated in these financial statements as the LDTBF does not control them. The assets are held in separate funds identified by the names of the parishes or the trusts to which they relate. They are operated via a separate trust bank account and all statements are issued to the parishes as and when they are received. The financial assets held in this way may be summarised as follows:

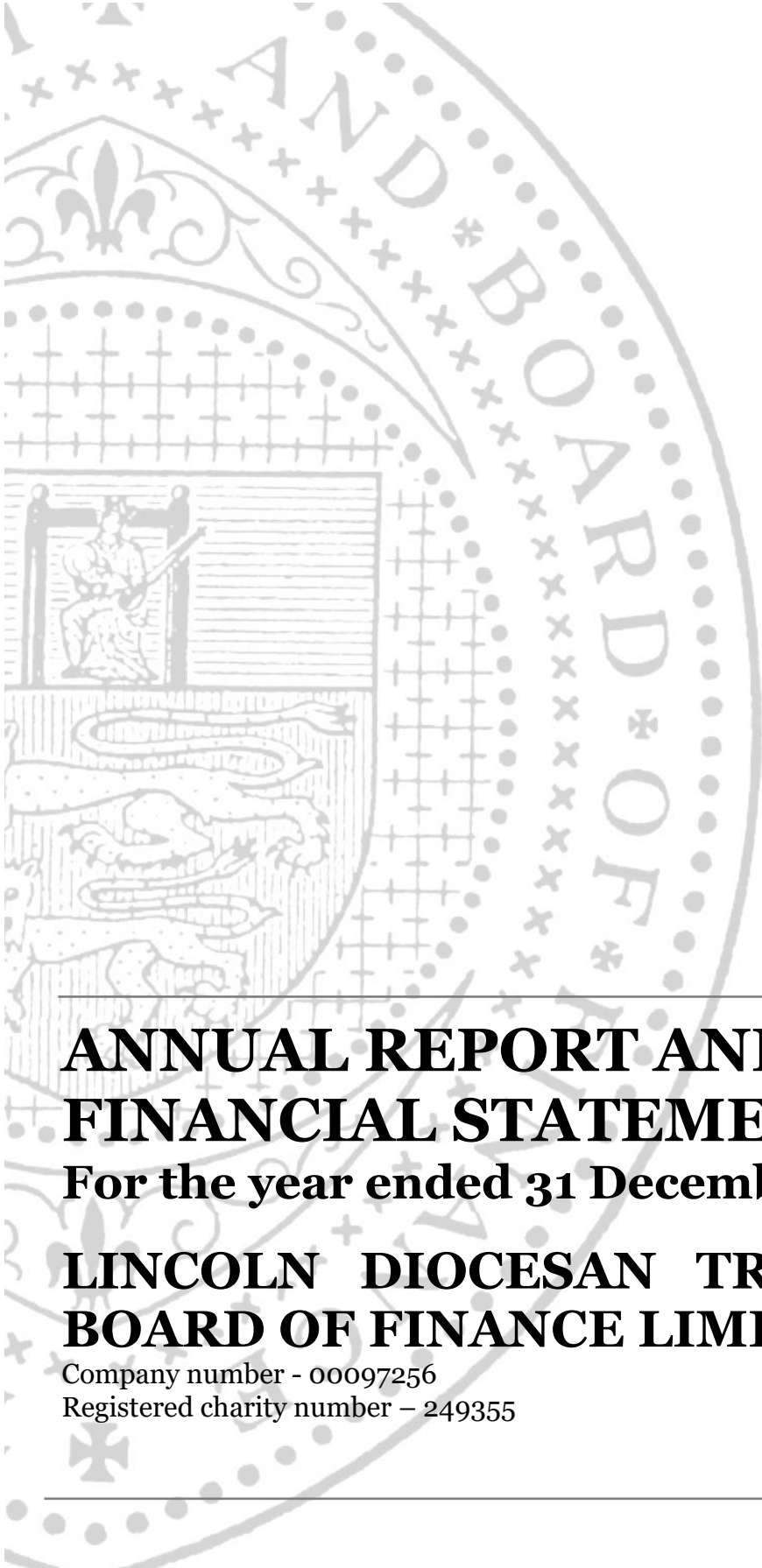
	2024	2023
	£'000	£'000
CBF Church of England Deposit Fund (Capital)	1,440	2,483
CBF Church of England Investment Fund accumulation income	2,046	2,027
CBF Church of England Investment Fund	17,318	16,001
CBF Church of England Fixed Interest Securities	-	56
COIF income and accumulation shares	176	172
M & G Charifund	2,349	3,097
M & G Charibond	37	38
Edentree Investment Management	171	166
Miscellaneous Investments	90	90
Total assets held as custodian trustee	<u>23,627</u>	<u>24,130</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2024

29. PRIOR YEAR COMPARATIVE SOFA

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Income and endowments from						
Donations						
Parish contributions	2	3,723	-	-	-	3,723
Archbishop's Council		1,167	-	481	-	1,648
Other donations		185	-	-	46	231
Charitable activities	3	496	-	110	-	606
Other trading activities	4	62	-	384	-	446
Investments	5	88	-	704	2,608	3,400
Other income	6	-	-	1,819	1,640	3,459
Total income		5,721	-	3,498	4,294	13,513
Expenditure on						
Raising funds	7	-	-	8	308	316
Charitable activities	8	8,251	-	1,058	-	9,309
Total expenditure		8,251	-	1,066	308	9,625
Net income/(expenditure) before investment gains/(losses)		(2,530)	-	2,432	3,986	3,888
Loss on disposal of fixed assets	-	-	-	-	-	-
Net gains/(losses) on investments	15	5	-	366	2,219	2,590
Net income/(expenditure)		(2,525)	-	2,798	6,205	6,478
Transfers between funds	13	2665	(135)	-	(2,530)	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on pension scheme	26	-	-	-	-	-
Gains/(losses) on revaluation of properties	14,15	-	-	305	3,630	3,935
Net movement in funds		140	(135)	3,103	7,305	10,413
Total funds brought forward		1,188	943	23,463	147,022	172,616
Total funds carried forward	19	1,328	808	26,566	154,327	183,029

Accounts



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

**LINCOLN DIOCESAN TRUST AND
BOARD OF FINANCE LIMITED**

Company number - 00097256

Registered charity number – 249355

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
ANNUAL REPORT
For the year ended 31 December 2023

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Mission Statement

The Diocese of Lincoln is called by God to
faithful worship,
confident discipleship and
joyful service.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED ANNUAL REPORT

For the year ended 31 December 2023

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2023.

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

This combined report satisfies the legal requirements for a:

- Directors' Report of a charitable company,
- Strategic Report under the Companies Act 2006 and
- Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The legal objects of the Diocese of Lincoln cover the historic county of Lincolnshire.

The Lincoln Diocesan Trust and Board of Finance Limited ("LDTBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Lincoln by acting as the financial executive of the Lincoln Diocesan Synod.

The LDTBF has the following statutory responsibilities: -

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

The strategic priorities of the LDTBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Lincoln (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally, including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments within the Diocesan Budget.

PUBLIC BENEFIT STATEMENT

The Trustees, having considered section 4 of the Charities Act 2011, have satisfied themselves that they have complied with the duty to have regard to the Public Benefit guidance published by the Charity Commission. The trustees review its work each year and consider outcomes and plans for the future. They take into account the Charity Commission's guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim. Our main activities ensure that we have in place ministry to support the people of greater Lincolnshire which covers the three local authority areas of Lincolnshire County Council, North Lincolnshire Council and North East Lincolnshire Council in the gospel of God. We do this by providing members of Clergy and lay ministers to work with the parishes and people in greater Lincolnshire.

STRATEGIC REPORT

The charitable objects of the Lincoln Diocesan Trust and Board of Finance are:

- to support the development of a growing, worshipping, celebrating and proclaiming Christian presence in each community of the Diocese
- to support projects and enterprises in harmony with that purpose

STRATEGIC PRIORITIES

The context for the strategy is the diocesan vision – *to be a healthy, vibrant and sustainable church transforming lives in greater Lincolnshire* – and under it the diocesan mission of – *faithful worship, confident discipleship and joyful service*.

In July 2015, the Diocesan Synod agreed the following six strategic priorities. These have been reaffirmed by Synod and taken as the basis for the current strategy *Time to Change Together* (see below):

1. Faithful Worship

Our first purpose is to worship God. Prayer is the foundation of all growth in the Church. God provides the growth, and we are called to support and enable it to happen.

2. Confident Discipleship

Our second purpose is to grow the Church in depth of commitment and in numbers of people to uncover and build God's Kingdom in greater Lincolnshire.

3. Joyful Service

Our third purpose is to demonstrate the love of God for his world through the Word and the service that Christians offer to those in their communities.

These three priorities are the basis for change and growth in our churches and communities that will follow from our pastoral and missional activities. In addition, there are three enabling priorities:

4. Ministry

Ordained and lay ministers form the mainstay of the church's presence in communities and provide essential local leadership, witness, care and support. It is a priority to develop a whole-life approach to supporting ministry from vocation, through formation and training, and all the stages of ministerial development to retirement ministry.

5. Resources

The Diocese possesses resources of buildings, money and staff which are to be managed efficiently and effectively now and in the future.

6. Partnerships

It is a priority to achieve closer relationships with the communities that the Diocese serves. Partnerships that enhance the resources and activities of the Diocese will be encouraged.

Progress in the Year

A New Bishop

2023 saw the arrival of the seventy third Bishop of Lincoln, the Rt Revd Stephen Conway. This ended a number of years of instability in the oversight of the diocese, during which we were very privileged to have the steady leadership of the Bishops of Grimsby and Grantham. Bishop Stephen's appointment was announced in May and confirmed legally in July. In

November he was enthroned in a magnificent, joyful service in the cathedral in which the greater Lincolnshire community and our many partners were represented. His having been our acting bishop for 16 months has enabled a smoother entry into role and a consistency of strategic approach that might not have been the case with a brand-new bishop. With a full complement of bishops and archdeacons, we now await the appointment of the new substantial Dean at the cathedral, after the retirement in March of the Very Revd Christine Wilson, our first female Dean.

Strategy

Our major strategic approach is expressed in *Time to Change Together* (TTCT). After four years of consultation, design and implementation 2023 has seen significant, further, concrete implementation of TTCT's recommendations. The Deanery Partnerships and Local Mission Partnerships have been launched with the focus on the launch of LMPs at the annual Churchwardens' Visitation services in June and July. Following the success of the previous series, Archdeaconry Vision Days reinforcing the culture TTCT encourages were led by the bishops and archdeacons and held in Grimsby, Lincoln and Grantham. Discussion centred on growth, generosity and collaboration. At each attendance by clergy and lay ministers was pleasing.

As will be shown later in this report, covenant pledges are delivering better income than predicted. However, given the cost of living, inflation and challenging congregational numbers, there is some anxiety as to how many benefices and LMPs will be able to remain faithful to the pledges made.

Having paused recruitment for the most part during Covid and while we embedded TTCT, we have now embarked on significant recruitment to stipendiary clergy roles. Retirements and moves have meant that we are significantly under our target numbers for incumbent level clergy. Given the difficulty of recruitment in many places, we developed the 'Lincoln Offer', a consistent, positive framework narrating the quality of the offer to clergy who come to work here, articulating the benefits already in place and adding some new benefits.

As TTCT is rolled out, over the past year considerable attention has been paid to some of the key features that will help us reach our desired future state. Micki Carey-Slater has been recruited as our Diocesan Children's, Youth and Families Enabler which is leading to the appointment of Deanery Partnership enablers. The Diocesan Board for Education has used the principles of TTCT to understand and consolidate the collaborative relations between LMPs and schools. Marion Hewis and Clare Lindsay have been appointed as joint Wardens of Lay Ministry. Richard Crossland has moved from parish ministry to a nearly full-time role as TTCT Implementation Lead using national funding. Several Deanery Partnership administrators, paid for centrally, have been appointed to relieve the administrative burden on local clergy.

The appointment of the Warden of the College of St Hugh has enabled both the continued provision of high-quality formation for our ministerial candidates as well as the opportunity to assess the quality and sustainability of the Lincoln School of Theology into the future. After consideration and consultation, it was decided that a partnership arrangement with St Hild, Sheffield, who provide training for a number of northern dioceses would be a better way forward than maintaining our own, separate theological institution. Through careful negotiations and much hard work the new partnership creating St Hild Lincoln started operating in September.

Edward King House

After the sale of Edward King House fell through as a result of the turmoil in markets in autumn 2022, our offices have been consolidated in the one building. The Board of

Education, the Bishops' Office, the Archdeacons' offices and the Board of Finance are all now housed in Edward King House with significant benefits for collaborative work and support. The offices on Newport have been sold and part of the proceeds of the sale is being used to refurbish and update facilities in the building and to improve its environmental performance. The Assistant Diocesan Secretary was seconded for the most part to managing the updating of our IT, to migrating our files and systems onto the Cloud and to redesigning our website, all with pleasing results in efficiency and quality of service.

National Funding

We continued to benefit from matched funding from the national church. *Resourcing the Urban Church*, benefitting from the national SDF programme, continues to grow the church with church plants and revitalisations in Grantham, Spalding, Grimsby and Lincoln. Further plants and revitalisations have been identified for coming years across the diocese and staff for those are well through their training.

The national church has changed their approach to funding, offering a more general and integrated approach than the individualised project approach under SDF. An application for funding for some of the work described above was successful in June and we have been in negotiation with Westminster as part of the development of the follow-on plan from our present strategy post-2026. In the background of that conversation is a national discussion about the inequality of historical financial assets and investments between dioceses. Given the perception and reality of the size of Lincoln's assets, this can be seen as a threat to our financial plans. However, this year has not seen any clarity about how this will be dealt with.

We have benefited from national funding for consultants working on the plan to reach Carbon Net Zero by 2030. We applied for follow up funding to employ two staff for two years who will take the consultants' environmental action plan which was agreed by Diocesan Synod in November and work with parishes, churches, schools and departments to develop the detail of how we achieve the net zero goal.

In all of the above we are immensely grateful for the generosity of the Archbishops' Council and the Church Commissioners.

Safeguarding 2023

2023 saw a continuation of the workstreams and vision set in motion during 2022. The Diocese of Lincoln Safeguarding Strategy 2023 – 2026 was approved in order to operationalise this strategic vision with a Delivery Plan sitting under it to ensure adherence and progress against our strategic goals.

This Strategy makes reference to, and was informed by, the [National Safeguarding Standards](#). These standards are significant and will underpin the National Safeguarding Team's work going forward. The national [independent audits](#), being carried out by INEQE in the Diocese of Lincoln in November 2024 will be based upon these standards. The Parish Safeguarding Handbook and therefore the Parish Dashboards are due to be renewed. The new versions will be based upon these standards. The Diocesan Safeguarding Team has engaged with the initial consultation and delivery of these standards to ensure they are established in the Diocese of Lincoln and run throughout our work.

Our early involvement with these standards came through our membership as a diocese and cathedral with the IICSA 1 and 8 Pathfinder Project. This project is well underway, and its benefits are being seen. The second round of review consultation is due to start in order to measure these benefits. The key benefit for the Diocese of Lincoln has been central, professional supervision for the Diocesan Safeguarding Adviser (DSA) and early involvement with new national initiatives and projects. One such piece of work was in the consultation

phase for [IICSA recommendation 1](#) to change the DSA role to the Diocesan Safeguarding Officer (DSO) role, contributing to the implementation of this recommendation which provides greater independence, support and consistency for the DSO in each diocese. The Pathfinder Project work is significant but cannot be mentioned without reference to the [Future of Church Safeguarding Programme](#) (being led by Prof Alexis Jay, also of the IICSA Report). We have received some assurance that the work of the Pathfinder Project will not be overturned, and that diocesan safeguarding will look largely the same. A report is anticipated in January 2024.

There have been further national projects and initiatives that have been rolled out and implemented by the Diocese of Lincoln including:

- Updated Leadership (C2) training pathway implemented successfully.
- [Launch of the Safeguarding Hubs](#)
- [Launch of the new National Safeguarding Casework Management System](#)

The above have been resource-heavy projects, the benefits of which are vital for continued improvements in safeguarding practice in the Diocese of Lincoln.

The provision of safeguarding training in the Diocese of Lincoln continued uninterrupted as the team collectively covered the maternity leave of the Training Coordinator with significant assistance from the Administration Team. The Training Coordinator returned in November.

Training numbers for 2023 were encouraging. The ‘new’ pathways have been established well. However, as a whole, the Diocese requires improvement in terms of engagement with Safer Recruitment and People Management (SRPM) training. The end of 2023 saw each Deanery Partnership being invited to a Parish Safeguarding Networking Event. These events, amongst other things, focussed on SRPM training and delivery. Those parishes attending were invited to use the new Safeguarding Hubs to assist them in their SRPM. The same invitation has also been made to Dashboard users who are at Level 3 (over 70% completion).

Casework remains consistent with the pattern we have seen developing in previous years, particularly with the end of Operation Redstone and Past Cases Review 2 (PCR2). Non-recent case numbers continued to decline. Allegations against church officers, particularly clergy, also continued to be considerably lower throughout 2023. It is our assumption that this is due to the aforementioned Redstone and PCR2 as well as to improved practice and adherence to House of Bishops’ Guidance which seeks to prevent harm and make the culture safer.

Victim and survivor engagement continues, with steady case numbers. Although 2022 saw the last Op Redstone case through to sentencing, support for victims of non-recent abuse continued in 2023 through various means available to us. The skilled work of the diocesan Safeguarding Advocate continues to be invaluable, particularly to survivors of abuse.

Governance and Leadership

In terms of governance, we have been continuing to work on a greater inclusiveness and diversity in our appointments and committees, boards and leadership. The year started with a major Racial Justice Sunday service in the cathedral. We have recruited a volunteer Diocesan Disability Adviser. Unconscious bias training is a requisite of all those who sit on selection panels for clergy or staff.

A significant cultural change in our committees and boards is the understanding of the importance of managing risk and our risk register. This is now a well understood feature of all our work and is helping to drive our policy and strategy. Work has been done on revising

the terms of reference of a number of committees, and, with the arrival of Bishop Stephen and the need for even greater emphasis on financial management, the best use of assets and the best connection between financial and mission strategy, it has been agreed to set up a Finance Committee as a committee of the Bishop's Council of Diocesan Trustees. This will start to meet in early 2024.

PROVISION OF RESOURCES

In 2023, the LDTBF continued to provide the resources for the above diocesan activities supported by significant financial, governance and HR expertise. In addition:

Church Buildings and Pastoral

During 2023 the Diocesan Advisory Committee for the Care of Churches (DAC) continued to help parishes in the care, repair and maintenance of their church buildings. Members of the DAC, its advisers and officers of the Church Buildings Team continued to make site visits and parishes were grateful for their time, knowledge and support.

The Historic Churches Support Officer (part funded by Historic England) and the Church Development Officer continued to provide Surgery meetings – via Zoom – for church representatives to obtain advice about faculty procedures, support in filling out grant applications and other church building-related matters. With the help and assistance of officers, Marshall's Charity continued to grant aid work on church buildings in the diocese and those who were in receipt of a grant were very grateful for the Charity's support, particularly during this time when other grant opportunities have become much more difficult to access.

The Church Buildings Team has been glad to be an integral part of the work involved in A Time to Change Together and has been actively engaging with partners such as Historic England, the County Council and Heritage Lincolnshire in seeking ways of making the church buildings of the Diocese more sustainable. The Church Buildings Team Bulletin which has been sent to all clergy and churchwardens goes from strength to strength and offers information on grant body deadlines, training and good practice. Where churches have been looking at the possibility of closure the Team has been working with the Church Buildings Council in Westminster for the preparation of their statutory Church Buildings Reports and has worked with the Archdeacon of Lincoln on the formation of a diocesan trust to support Type 4 and 5 churches.

The Secretary and Assistant Secretary support the work of the Diocesan Mission and Pastoral Committee (one of the functions of the Bishop's Council of Diocesan Trustees) and its three Archidiaconal Mission and Pastoral Committees. During 2022 this has particularly been focused on the formation of local mission and deanery partnerships and how these relate to the wider Time to Change Together programme. The DMPC and AMPCs look forward to seeing the finalised versions of proposals for note during early 2024.

Property Assets & Trusts

Property Assets & Trusts continued with the provision and maintenance of clergy housing with a reduced budget to assist with the financial situation against the backdrop of unprecedented construction inflation, contractor and materials shortages. The focus was on essential repairs and maintenance. A restructured capital programme focussing on energy upgrades was progressed, commencing with cavity wall insulation and solar panels with battery back-up, with 10 houses upgraded and a further twenty identified so far for 2024.

Following the re-organisation of the Diocese through Time To Change Together (TTCT), the sale of houses continued with the aim of reducing the estate to around 125 houses to reflect the clergy staffing complement. A further sixteen houses have yet to be identified for sale in addition to those already short-listed for possible sale. Decisions remain to be made as to which houses are to be retained in some situations where there is more than one house available for the relevant clergy. Twenty houses were sold in 2023 in difficult market conditions, raising around £7.9M. A further twenty-five houses are identified for sale in 2024, which are anticipated to raise in the region of £9M.

Property Assets and Trusts also managed the 11,000-acre glebe estate through retained agents Savills, raising £2.4M in glebe sales in 2023 from the sale of a development site on the outskirts of Grantham. Glebe sales for 2024 are modest with the Diocese having generally run out of land that is prudent to sell in the short-term, apart from unanticipated windfalls.

Sales proceeds in excess of that which is required to cover the ongoing deficit are reinvested into financial investments, the interest from which is put towards the Diocese running costs.

In addition, Assets & Trusts continued to administer on behalf of parishes over £20m worth of local trusts with assistance being given to parishes in drawing down funds as required. They also acted as custodian of legal documents such as title deeds and managed the relationship with solicitors in property transactions.

Volunteers

The LDTBF is hugely dependent on the many people involved in church activities both locally and at Diocesan level. The number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis more so now than at any other time.

The LDTBF greatly values the considerable time given by all the committee members across the Diocese in pursuit of the mission, faithful worship, confident discipleship and joyful service. Grateful thanks are given to you all.

Other related parties include

The Archbishop's Council to which LDTBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Church Commissioners from which the LDTBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDTBF pays for clergy stipends through the Church Commissioners.

The Church of England Pensions Board, to which the LDTBF pays retirement benefit contributions for stipendiary clergy. The Pension Board also offers schemes to provide housing for clergy in retirement known as the CHARM scheme.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure, this is given in note 27 and 28 to the financial statements.

FINANCIAL REVIEW

The principal role of the Trustees is to act as custodians of the Diocese's assets. The Diocese saw an increase in the general funds of £140k, as a result of a transfer from the designated fund. The pension fund liability for the Clergy pension fund remained at £Nil (2022: Nil). The designated fund reduced by £135k, and the restricted funds show an increase of £3.1m as result of the disposal of surplus properties. The endowment funds saw an overall increase of £7.3m as a result of the increased values in our glebe holdings (agricultural land) and gains on investments in the year.

The principal changes during the year were as follows:

Agricultural Portfolio: The valuation of the agricultural holdings saw an increase in value of £1.2m with sales of £2.4m. The overall value of the glebe holdings increased to £59.9m. (2022: £58.7m) (note 15(a)); an overall increase of 2.07%. The Property Director with the support of Savills administered the 11,380 acres of glebe estate during the year. We continued with the implementation of the 5-year Agricultural Glebe Estate Strategy developed in 2018. This has set the framework for maximising income from the estate and continues to be annually reviewed by the Assets Committee.

Investment Portfolio: The value of the investment portfolio increased by £2.6m which is a good result bearing in mind inflation and interest rates during 2023 (note 15(b)). During the year the Board transferred £700k from board property sales into investments to increase the level of income earned. A legacy of £306k was also received in year and this has been re-invested for future use. The policy previously adopted whereby surplus property is identified and disposed of continued with the proceeds being re-invested to generate additional income and a corresponding reduction in maintenance costs also being achieved. The value of the investments at the end of the year was £50.4m (2022: £46.8m).

Parsonages Portfolio: The Board disposed of twenty surplus properties raising £8.1m and carried out capital works on 43 properties. Part of the proceeds were re-invested into investments funds through the Diocesan Pastoral Fund and the remaining proceeds were held as cash in hand. The Property department undertook the maintenance and repair of around 179 clergy houses and continued to let those properties across the Diocese that were not required for immediate occupation by Clergy. This produced income of £389k in 2023 (2022 £447k).

Operating Financial Performance

The difference between the Diocese's annual running costs (mainly the cost of paying and housing stipendiary clergy and curates, training and supportive administration) and its annual income (mainly covenant pledges and investment income) resulted in a deficit for 2023 on the general fund. However, with transfers between funds and the reduction in the pension liability this resulted in positive net income.

The surplus for 2023 (before net gains on investments and other recognised gains/losses) was £3.9m (2023: £138k). This is as a result of the profit on disposal of surplus properties and increased returns on our investments. The operating deficit for 2023 on the general fund was £2.5m (2022: £2.9m). The general fund continues to be funded with the total return transfer from the permanent endowment.

Covenant pledges

2023 was the first year in which the vast majority of parishes (91%) had made a Covenant

Pledge. Like 2022, this year has continued to be challenging for parishes, as they continue to be impacted by the longer-term challenges of the pandemic and also the cost-of-living crisis. The parishes' contribution to the cost of stipendiary ministry increased again in 2023, as together we continue to make progress in reducing the annual deficit with the aim of balancing the books by 2025 whilst also providing ministry across the Diocese. This increase, of £73,000 (+2%), is despite a change in process recommended by our auditors, requiring all payments of covenant pledge to be made during the financial year (whereas previously payments could be made in early January and allocated to the prior year), which will have had some impact upon the amount of 2023 Covenant Pledge paid. Focus on this area will need to continue over the next two years in order to meet the shortfall of £577,000 by the end of 2025 to fully fund 100 stipendiary posts.

The Trustees are extremely grateful to all the parishes which completed their Covenant Pledge payments during the year, despite the difficult circumstances that we were faced with during 2023 particularly around the continued cost of living crisis including the high cost of inflation. We are especially grateful to those parishes that paid more than they originally pledged. Thank you also to those parishes who made their covenant pledges by monthly instalments. This greatly assisted us with our cash flow. The Trustees are concerned that more parishes have not joined the Parish Giving Scheme (PGS) and continue to encourage parishes to do so, due to its many benefits for parishes. We currently have just over 150 parishes who have signed up to PGS, representing approximately a third of parishes in the Diocese, which leaves over 300 parishes yet to join.

Balance sheet position

The value of fixed assets including investments during 2023 increased by £180k. The increase in value of our agriculture land was £3.6m with disposals of £2.4 showing an overall increase for the year of £1.2m. Despite the turbulence in the investment markets, we saw an increase of £3.6m in value of our investments and an increase in value of our Board properties of £0.3m. We continued with the disposal of our surplus housing which saw a reduction in our holdings of £6.3m.

The other change concerns how the Diocese accounts for the pension scheme deficit on multi-employer defined benefit pension scheme, and in particular on the clergy pension scheme. The balance sheet liability is £0 for 2023. (2022: £0k).

The net impact of the pension changes in 2023 are summarised in the table below:

	2023 £'000	2022 £'000
Pension deficit as at 1 st January	-	236
Pension adjustment	-	(236)
Pension deficit as at 31 st December (see note 26)	-	-

Balance Sheet Funds

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Balance Sheet date totalled £183m. (2022: £173m.) It must be remembered that included in this total are properties, mostly in use for ministry, whose value amounted to £58.6m. (2022: £63.3m). These are held within fixed assets with the remaining balance relating to other

properties which the LDTBF own for example Edward King House. Much of the remainder of the assets shown in the Balance Sheet are held in restricted funds and cannot necessarily be used for the general purposes of the LDTBF.

Reserves policy

Unrestricted reserves

The Trustees have considered financial risk, liquidity requirements and the timing of cashflows throughout the year. They consider it appropriate to hold a balance of readily realisable assets in the general fund equivalent to three months gross expenditure from unrestricted funds estimated at £3.0m (2022: £3.0m). Free reserves on 31 December 2023, show a positive balance of £1.3m which remains short of the £3.0m. The Trustees recognise that the current balance is not sufficient, and this is part of the considerations under Time to Change Together to be able to cover the costs of stipendiary ministry in the diocese. The Trustees are continuing to utilise Total Return in the medium term.

The law governing the use of Diocesan Endowment funds changed in 2016 and the Trustees adopted total return during 2017. The adoption of this enables the Trustees to use a portion of the unapplied total return from the Endowment Stipend Fund to fund the shortfall on stipends and housing. The date used for the initial value of the trust for investment and the initial value of the unapplied total return was 1996 as this was the first year that the SORP was adopted. The value of the investments for the Stipend Endowment Funds as at 1996 has been inflated by RPI up to and including 2016. This established the baseline as £51m. The Trustees used the guidance issued by the Church Commissioners in the Total Return Guide. The Trustees also took into account the change in legislation to the Diocesan Stipends Funds (amendment) Measure 2016. The Trustees took the advice of the trust auditors and the professional expertise within the Trust body. Please refer to note 20.

Designated funds

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. During the year the Trustees considered the £158k held as a pension reserve and consider this to be no longer required due to the surplus in the old staff pension scheme. This has been realised into the general fund. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2023 total designated reserves were £808k (2022: £943k).

Restricted and endowment funds

As set out in note 22 LDTBF holds and administers a large number of restricted and endowment funds. As of 31 December 2023, restricted and endowed funds totalled £181m (2022: £170m).

Grant making policy

The Memorandum of Association of the LDTBF explicitly permits the LDTBF to make grants in pursuance of its objects, and the nature of the grants made in 2023 are indicated in note 11.

Investment policy

The LDTBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDTBF acts as trustee of a number of

trust funds, and these must be invested in accordance with the related trusts. The LDTBF's policy is to regularly review the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15b summarises the movements in investments during the year.

The Assets Committee continued to monitor its holdings and the fund managers in which these funds are held. The Committee continued to be aware of the risks to the portfolio particularly around inflation, interest rates and the continuing war in Ukraine. As a result of this the Asset Committee during 2023 agreed to hold a large amount of money released from the disposal of assets in cash. This will continue to be monitored in relation to any changes to the current interest rates. Regular reviews were carried out with the fund managers and frequent information was available to the Committee to keep them up to date with developments around fund performance.

The Trustees' investment policy is to preserve the real value of the investment portfolio and to contribute to financing the activities of the Diocese. Growth continued in 2023 with the value of investments increasing by £2.6m. During the year Trustees made the decision to hold sale proceeds as cash which generated over 5% and continued to increase income earned in the year.

The Trustees reviewed the investment portfolio in 2023 and continued to monitor the changes implemented to the holdings in 2022 as recommended by the Asset Committee. During 2023 the Edentree Amity Global Equity Fund for Charities was closed by Edentree, and the investments were transferred to the Edentree Responsible & Sustainable Global Equity Fund. Trustees will continue to monitor this fund. During the year abrdn Capital Limited merged with LGT Vestra Wealth Ltd. The investments continue to remain with two separate fund managers. The funds are detailed below: -

- CBF Church of England Investment Fund, managed by CCLA Investment Management
- Edentree Responsible & Sustainable Global Equity Fund for Charities, managed by Edentree Investment Management
- Cazenove Capital, managed by Schroder & Co. Limited
- abrdn Capital Limited
- LGT Vestra Wealth Ltd

The Assets Committee reviews the performance of the funds at each of its meetings and held an annual review with its fund managers during September 2023. This review was carried out virtually and face to face with the fund managers producing a recording of their presentation prior to the meeting. They then attended the meeting and were asked questions by the Committee. The Asset Committee then made recommendations to the Trustees around the investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed which is reviewed by the Risk Management Committee and monitored by the Audit and Governance Committee. This is subject to review by the Trustees with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

During the Annual Risk Review which took place in February 2024, Trustees considered the

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following risks and mitigations to be most critical to the strategic objectives of the organisation:

Detail	Rating	Control and mitigation	Key management activities
The unrepresentative age profile of our congregations, in particular the lack of children, young adults and working age people, leading to a danger in continuity and diminishing congregation size.	Critical	The new Children and Youth Panel and the Mission and Ministry Committee oversee the work of the Diocesan Children, Youth and Families Enabler. The College of St Hugh brings together the different growth strands of Time to Change Together, including support and training for age-specific missional activity. The Transformation Fund has funded a number of Children and Youth workers and activities across the diocese.	A Diocesan Children, Youth and Families Enabler has been recruited and Deanery Partnership CYF Enablers are being recruited. Their role will be in supporting local workers and parish projects including acting as a repository for good practice and shared learnings. The Transformation Fund will continue to make grants available.
Congregation numbers continue to fall resulting in a 'cycle of decline', a drop in Covenant Pledges and therefore available resources to invest in mission and ministry.	Critical	The strategic development funding programme has been launched to revitalise our urban areas. Congregation numbers monitored by annual statistics and Covenant Pledge returns. Other TTCT growth commitments are being implemented.	Focus being placed on growth of mature and committed discipleship through planning, resources and support. Eight out of nine Deanery Partnership Mission Enablers have been appointed and undertaken initial work towards a 'Growth Toolkit'.
Volatile financial markets and the need for investment expenditure may impact on the 5 year TTCT budget plan, which may result in the need to draw down on Total Return for the longer term which would shrink our income and lead to an increasing deficit.	High	Regular management accounts reviewed by the Finance Committee and BCDT. Our auditors have been content with our approach to Total Return following detailed forecasting projections created in 2020 and then updated regularly. Monitoring any reductions in costs where possible.	As of the end of 2023 the deficit was significantly reduced with the benefit of windfalls on disposals. Additional funds from disposals have been successfully reinvested or held on deposit earning a high rate of interest. A newly constituted Finance Committee

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That the necessary culture change (partnerships, generosity, growth) required under Time To Change Together isn't achieved. That the end-point becomes financial rather than missional and that insufficient energy is put into the culture change required.	High	The Bishop's Council of Diocesan Trustees consider TTCT at every meeting receiving regular updates on progress. Two rounds of Archidiaconal Vision Days have been held in 2023, to ensure that local ministers are included in the cultural change. Devoted section of the website provides the necessary high level vision as well as practical guides.	An oversight minister residential being held by the Bishop of Lincoln in Q1 2023 to continue working towards the change necessary.
That we will not be able to train locally for ordination or recruit externally sufficient numbers of ordained and lay ministers to meet our deployment needs under Time to Change Together, which may stifle our missional activity and accelerate general decline.	High	The senior team have created a new "Lincoln Offer" as part of a drive towards positive clergy recruitment from outside the diocese. The establishment of St Hild Lincoln is increasing the range of opportunities to candidates. The Mission and Ministry Committee are responsible for review and reporting to the Bishop's Council of Diocesan Trustees, and two diocesan representatives have now been appointed onto St Hild Council.	The Mission and Ministry Committee has reviewed the absence of new ordinands in training for autumn 2023 and will consider a new 'Vocations Strategy' in March. The Lincoln Offer has now been launched and active recruitment has begun.

Trustees acknowledge the interrelation between many of their key strategic risks, in that they all relate in some way to the mission objectives of the Diocese and our ability to meet those objectives with an appropriate and sustainable level of resource. The lack of the younger generation represented in our church congregations relates more broadly to shrinking congregations in general, which in turn has an impact on our financial sustainability. The Trustees monitor these principal risks regularly and receive assurance from the Audit and Governance Committee who in turn monitor the work of the operational Risk Management Committee.

Following the 2024 review, Trustees agreed that the current risk control framework is robust enough to provide the necessary assurance that risk is taken seriously at all levels, and that the culture of risk management desired can be seen throughout the organisation.

STRUCTURE AND GOVERNANCE

While the LDTBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDTBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 104 trained stipendiary clergy and 20 training curates in the Diocese is a priority of the LDTBF and represents by far its largest financial commitment. Although the LDTBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold).

The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review. It also gives clergy access to Employment Tribunals and other useful services.

For many, the clergy house represents the domestic heart of the benefice, serving not only as a home but also as a base for ministry. The LDTBF recognises the importance of a safe, secure and well-maintained house and continued with a programme of refurbishments and improvements.

Summary Information about the structure of the Church of England

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

The Church of England has a General Synod comprised of ex-officio and elected representation from each Diocese and it agrees and lays before Parliament Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as bishop within the Diocesan Synod.

The Lincoln Diocese is itself divided into twenty-two deaneries, each with its own Synod. Each deanery consists of several parishes which may be a member of a benefice, and each parish has a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan Synod.

Organisational structure

The Lincoln Diocesan Trust and Board of Finance (LDTBF) is a company limited by guarantee (No. 097256) and a registered charity (No. 249355) governed by its Memorandum and Articles of Association. This means that the trustees of the charity which make up the membership of the Bishop's Council of Diocesan Trustees, are also the company's directors and that the Trust is bound by charity and company law and regulations.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Lincoln. It exists to transact the business of the Diocese of Lincoln and provide financial and administrative support to the Diocese and its associated activities. LDTBF serves as the Diocese's Board of Finance in accordance with Ecclesiastical Law. LDTBF also acts as custodian of certain funds and properties held for the benefit of others (principally parishes of the Diocese).

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also the trustees for the purposes of charity law. In October 2018 the Trustees adopted new Articles of Association which brought the LDTBF, the Bishop's Council and Diocesan Synod Standing Committee and the Diocesan Mission and Pastoral Committee (DMPC) into one coterminous body called the Bishop's Council of Diocesan Trustees. This body fulfils all of the statutory and non-statutory duties of the LDTBF. The Diocesan Bishop

appointments, subject to the approval of the Diocesan Synod, the Chair of the LDTBF.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The Synod membership is elected every three years, the last elections having been in July 2021.

The 11 elected members of the Bishop's Council of Diocesan Trustees are elected by Diocesan Synod and from its number. 9 of these positions are spread equally over the three archdeaconries of the Diocese, with the remaining two elected as chairs of the Houses of Laity and Clergy. The Diocesan bishop is an ex-officio member, as are the Suffragan bishops, the Dean of Lincoln, the three archdeacons, the chair of the LDTBF and the chair of the DMPC (if not already the Diocesan bishop). The details of the Trustees who served during the year are set out on page 22.

While the LDTBF is a separate legal entity with clear responsibilities under both company and charity law, as well as a governing memorandum of articles of association, by virtue of the National Institutions Measure 2000 the LDTBF is subject to the direction of Synod in all of its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

Lincoln Diocesan Trust and Board of Finance Limited: monitors management accounts and budgets, the use of assets and investment policies. It also undertakes its responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Corporate priorities and the overall financial strategy for the Diocese are its primary objects to promote, assist and advance the work of the Church of England within the Diocese of Lincoln as set by the Diocesan Synod, and the LDTBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary.

The company membership, which as of October 2018 is the membership of Diocesan Synod, meets once a year in a general meeting to receive and approve the Annual Report and financial statements and to approve the appointment of the auditors. The Bishop's Council of Diocesan Trustees acting as the LDTBF approves these matters in their trustee meeting prior to the general meeting.

The Bishop's Council of Diocesan Trustees acts as the standing committee of diocesan synod, the Diocesan Mission and Pastoral Committee (DMPC) and the Bishop's Council, as well as the board of finance in order to ensure that mission and money are discussed in the same room and by the same key stakeholders.

Diocesan Synod and the Bishop's Council of Diocesan Trustees delegate various responsibilities to committees, in order for the 'heavy lifting' to be done away from the main trustee meeting. These non-statutory committees and working groups are combined with other statutory committees to form the governance structure of the diocese.

Three meetings of Diocesan Synod were held in 2023, including a meeting in April which also acted as the Annual General Meeting of the LDTBF. The Bishop's Council of Diocesan

Trustees met 6 times, in person, acting as standing committee, DMPC, Bishop's Council and the board of finance.

The Standing Orders were reviewed and re-approved by Diocesan Synod at the end of 2022, after the complete re-write done as part of the governance changes in 2018. The recent changes reflected the lessons learned over the past 5 years, including the need for appropriate flexibility we required during the pandemic. At the end of 2023, the BCDT agreed to create a new Finance Committee which will be chaired by the Chair of the LDTBF (Muriel Robinson), which will replace the current Financial Reporting Advisory Panels. This committee will begin to meet in 2024.

Audit and Compliance Committee (Chair: David Cowell):

The main purpose of the committee is to monitor and review the integrity of the Diocese's Annual Report and accounting policies; the effectiveness of the Diocese's governance, internal controls and risk management systems including an assessment of the adequacy of resource to support the same. It is also responsible for monitoring the relationship with, and effectiveness of, the external audit function; the nature and quality of financial information used by the LDTBF to discharge its activities as Trustees of the Diocese.

Assets Committee (Chair: Jane Powell until 1st Dec 2023):

The Assets committee develops and recommends to the LDTBF the strategy for and operational utilisation of, the LDTBF's assets portfolio in a balanced manner, and for the purposes of providing income in support of the stipends fund, balancing revenue requirements with opportunities for maximising capital growth whilst balancing risks.

Trusts Committee (Chair: The Revd Elaine Turner):

The Trusts committee supports the LDTBF in fulfilling its function as Custodian Trustee of funds and properties, mainly parochial trusts, and as primary Trustee of funds and properties held by LDTBF within certain specific charitable trusts, excluding Diocesan Glebe and the Diocesan Stipends Fund Capital account.

Clergy Housing Committee (Chair: David Wright):

The Clergy Housing committee seeks to provide housing that is appropriate, cost effective, efficient and well maintained. The committee makes recommendations for the purchase and disposal of properties for housing clergy to the Assets Committee who will assist this committee in discharging its responsibilities on behalf of the LDTBF as the Parsonages Board of the Diocese of Lincoln, under the Repair of Benefice Buildings Measure 1972.

Diocesan Advisory Committee (Chair: The Revd Elaine Turner):

The function of the Diocesan Advisory committee is to act as an advisory body on matters affecting places of worship in the diocese and to give advice when requested on the granting of faculties, architecture, archaeology, art and the history of places of worship. The DAC will also advise on the use, care, planning, enhancement, design and redundancy of places of worship, as well as their contents and connected churchyards.

Mission and Ministry Committee (Chairs: Bishop Nicholas Chamberlain and Bishop David Court):

The committee supports, and works under the direction of, the Bishop's Council of Diocesan Trustees in the specific areas of Mission and Ministry. As such, the committee serves as a forum for formulating and bringing forward strategic proposals for approval; monitors and facilitates the implementation of such proposals following their approval; supports all who work in the Mission and Ministry Teams; and serves as a critical friend to the Mission and Ministry teams.

Search and Nominations Committee (Chair: Canon Niccy Fisher):

The committee seeks out, provides scrutiny for and recommends appointed members to boards, committees and working groups of the diocese and our partners. The committee also encourages engagement for elected positions and works towards a greater standard of diversity, representation and skill.

Training for Trustees

Trustees are given an extensive induction at the beginning of their term and training which is tailored to their specific needs. There were 4 newly elected trustees in 2023 who went through the trustee induction programme. The triennial residential trustee training session took place in January 2022, with topics including Finance, Risk Management and Trustee Responsibilities. A standing item on all trustee agendas is 'relevant legislative changes', so that Trustees remain abreast of any changes to company, charity or ecclesiastical law of which they should be concerned. Trustees also undertook training on Safeguarding Standards led by the Chair of the Diocesan Safeguarding Advisory Panel, at their meeting in September.

Some staff hold the title of 'Director', namely the Finance Director and the Director of Ordinands but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of conduct and maintain their entry in the record of declarations of interest and loyalty. They complete an annual declaration of 'fit and proper status', whilst declaring any related party transactions for that year. Trustees are now also required to complete a successful enhanced Disclosure and Barring Service check, in line with Charity Commission best practice.

Remuneration of key management personnel

Salary increases of all staff are paid in line with increases to the clergy stipend. This includes emoluments of higher-paid employees. Please refer to note 12 for further details.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and his/her colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the LDTBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The LDTBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDTBF does not control them, and they are segregated from the LDTBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £24m at 31 December 2023 (2022: £22m), are available from the LDTBF on request, and are summarised in note 28. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

TRUSTEES' RESPONSIBILITIES

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

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

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LDTBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the LDTBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the LDTBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions. To protect the Trustees as both Trustees and Directors third party indemnity insurance is place.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The re-appointment of Haysmacintyre LLP as auditors to the LDTBF will be proposed at the Annual General Meeting.

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2023. The following Trustees were in post at the date of this report:

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
ANNUAL REPORT
For the year ended 31 December 2023

Ex-officio:

The Diocesan Bishop from 20 July 2023, Trustee from 30 Nov 2023)	The Rt Revd Stephen Conway (Diocesan Bishop from 20 July 2023, Trustee from 30 Nov 2023)
The Bishop of Grimsby	The Rt Revd Dr David Court
The Bishop of Grantham	The Rt Revd Dr Nicholas Chamberlain
The Dean of Lincoln 2023)	The Very Revd Christine Wilson (until 31 March 2023)
The Interim Dean of Lincoln December 2023)	The Revd Simon Jones (from 19 May 2023 until 31 st December 2023)
The Archdeacon of Boston	The Venerable Dr Justine Allain Chapman
The Archdeacon of Stow & Lindsey	The Venerable Alyson Buxton
The Archdeacon of Lincoln	The Venerable Gavin Kirk

Elected by Synod:

Canon Nigel Bacon, Chair of the House of Laity
The Revd John Cameron Watt, Chair of the House of Clergy (until 1 Sep 2023)
The Revd Canon Martyn Taylor, Chair of the House of Clergy (from 18 Nov 2023)
The Revd Georgina Machell
The Revd Nicholas Nawrockyi (until 9 Nov 2023)
The Revd Julie Donn (from 18 Nov 2023)
The Revd Rachel Heskins
Mrs Susan Slater
Mrs Ruth Brewin
Mr Russell Coulter (until 18 Nov 2023)
Mr Paul Brewster (from 3 May 2023)
Mrs Susan Watt
Mr Paul Davie

Appointed by the Diocesan Bishop:

Canon Prof Muriel Robinson, Chair of the LDTBF (with the approval of Synod)
Dr Jaishan Mahan (until 5 April 2023)
Miss Jane Powell- Chair of the Assets Committee (until 1 Dec 2023)
Mr David Cowell- Chair of the Audit and Governance Committee
Mr David Wright- Chair of the Clergy Housing Committee

Senior staff and advisers

Diocesan Secretary	The Revd Canon David Dadswell
Director of Finance	Ann Treacy FCMA, CGMA

Registered Office: Edward King House, Minister Yard, Lincoln, LN2 1PU

Bankers: National Westminster Bank plc, (Smiths Bank Branch), Lincoln, LN2 1DS

Auditors: Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Solicitors: Lee Bolton Monier-Williams

1 The Sanctuary Westminster London SW1P 3JT

Chattertons Solicitors

Chattertons House, 2 Low Moor Road, Off Doddington Road, Lincoln, LN6 3JY

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
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For the year ended 31 December 2023

Investment advisers: *CCLA Investment Management Ltd*
Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Schroder & Co. Limited
1 London Wall Place, London, EC2Y 5AU
EdenTree Investment Management Ltd
Sunderland, SR43 4AU
Swindon, SN4 4BG
abrdn Capital Limited
1 George Street, Edinburgh, EH2 2LL
LGT Wealth Management UK LLP,
14 Cornhill, London, EC3V 3NR
Glebe Agents: Savills, Olympic House, Doddington Road, Lincoln, LN6 3SE
Parsonage Agents: Mundy's Estate Agent, 29 Silver Street, Lincoln, LN2 1AS
Insurers: PIB Insurance Brokers, Poppleton Grange, Low Poppleton Lane,
York, YO26 6GZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 16 within their capacity as company directors.

BY ORDER OF THE TRUSTEES



Muriel Robinson
Chair
21 March 2024



David Dadswell
Secretary
21 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

Independent auditor's report to the Trustees of Lincoln Diocesan Trust and Board of Finance Limited

Opinion

We have audited the financial statements of Lincoln Diocesan Trust and Board of Finance Limited for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

INDEPENDENT AUDITORS'S REPORT (continued)

we identify such material inconsistencies or apparent material misstatements; we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

INDEPENDENT AUDITORS'S REPORT (continued)

basis of these financial statements.

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

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

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

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

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

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

Use of our report

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



Adam Halsey

(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors

Date: 9 April 2024

10 Queen Street Place

London EC4R 1AG

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2023

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
Income and endowments from							
Donations	2						
Parish contributions		3,723	-	-	-	3,723	3,651
Archbishop's Council		1,167	-	481	-	1,648	1,916
Other donations		185	-	-	46	231	703
Charitable activities	3	496	-	110	-	606	575
Other trading activities	4	62	-	384	-	446	449
Investments	5	88	-	704	2,608	3,400	2,316
Other income	6	-		1,819	1,640	3,459	1,322
Total income		5,721	-	3,498	4,294	13,513	10,932
Expenditure on							
Raising funds	7	-	-	8	308	316	247
Charitable activities	8	8,251	-	1,058	-	9,309	10,547
Total expenditure		8,251	-	1,066	308	9,625	10,794
Net income/(expenditure) before investment gains/(losses)		(2,530)	-	2,432	3,986	3,888	138
Loss on disposal of fixed assets	-	-	-	-	-	-	(148)
Net gains/(losses) on investments	15	5	-	366	2,219	2,590	(3,971)
Net income/(expenditure)		(2,525)	-	2,798	6,205	6,478	(3,981)
Transfers between funds	13	2665	(135)	-	(2,530)	-	-
Other recognised gains/(losses)							
Actuarial gains/(losses) on pension scheme	26	-	-	-	-	-	97
Gains/(losses) on revaluation of properties	14,15	-	-	305	3,630	3,935	6,985
Net movement in funds		140	(135)	3,103	7,305	10,413	3,101
Total funds brought forward		1,188	943	23,463	147,022	172,616	169,515
Total funds carried forward	19	1,328	808	26,566	154,327	183,029	172,616

All activities derive from continuing activities. The notes on pages 32 to 59 form part of the financial statements. Details of comparative figures by fund are included in note 29.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2023

	Total 2023 £'000	Total 2022 £'000
Total income (excluding endowments)	9,219	8,534
Total expenditure (excluding endowments)	(9,309)	(10,547)
Surplus of income over expenditure in the year before transfers	(90)	(2,013)
Net gains/(losses) on investments	371	(667)
Transfers from endowment of total return applied in the year	2,530	2,927
Net income/expenditure for the year	2,811	247
Other comprehensive income:		
Revaluation of fixed assets	305	259
Net (losses) on disposal of fixed assets	-	(148)
Transfer of fixed assets to restricted funds	-	-
Total comprehensive income	3,116	358

The Income and Expenditure Account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities and includes the amounts which are included in the columns headed Unrestricted Funds, Restricted Funds but does not include the income and expenditure within the Endowment Funds.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
BALANCE SHEET
At 31 December 2023

Company Number –00097256

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Tangible assets	14	58,652	63,282
Investments	15	110,394	105,584
		<u>169,046</u>	<u>168,866</u>
CURRENT ASSETS			
Debtors	16	607	949
Cash on deposit		10,253	2,031
Cash at bank and in hand		3,817	1,872
		<u>14,677</u>	<u>4,852</u>
CREDITORS: amounts falling due within one year	17	(622)	(1,030)
		<u></u>	<u></u>
NET CURRENT ASSETS		14,055	3,822
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>183,101</u>	<u>172,688</u>
CREDITORS: amounts falling due after more than one year			
Pension scheme liabilities		-	-
Other creditors		(72)	(72)
		<u></u>	<u></u>
NET ASSETS		183,029	172,616
FUNDS			
Endowment funds	19,21	154,327	147,022
Restricted income funds	19	26,566	23,463
Unrestricted income funds:			
General funds	19	1,328	1,188
Designated funds	19	808	943
		<u></u>	<u></u>
TOTAL FUNDS		<u>183,029</u>	<u>172,616</u>

The Board does not have a separate revaluation reserve as the historic cost of most historical assets is not known. Valuation gains or losses are added or deducted from the appropriate fund."

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 21 March 2024 and signed on behalf of the Board by:



Muriel Robinson
Chair



The Rt Revd Stephen Conway
Bishop of Lincoln

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2023

		2023		2022
	£'000	£'000	£'000	£'000
Net cash inflow / (outflow) from operating activities		(3,058)		(3,027)
Cash flows from investing activities				
Dividends, interest and rent from investments	3,400		2,316	
Proceeds from the sale of tangible fixed assets	8,130		3,644	
Purchase of tangible fixed assets	(1,396)		(826)	
Proceeds from the sale of investments	4,056		24,152	
Repayment of Loan to Church Commissioners	-		-	
Purchase of investments	(1,006)		(25,403)	
Net cash provided by / (used in) investing activities		13,184		3,883
Cash flows from financing activities				
Loans repaid to LDTBF	41		46	
Net cash provided by / (used in) financing activities		41		46
Change in cash and cash equivalents in the reporting period		10,167		902
Cash and cash equivalents at 1 January		3,903		3,001
Cash and cash equivalents at 31 December		14,070		3,903
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movement in funds for the year ended 31 December		10,413		3,101
Adjustment for:				
Depreciation charges		6		9
Dividends, interest and rent from investments		(3,400)		(2,316)
Gain on revaluation of tangible fixed assets		(305)		(259)
(Gain)/Loss on revaluation of investments		(2,590)		3,971
Impairment		-		-
Loss on revaluation – investment properties		(3,630)		(6,726)
Movement in pension scheme deficit		-		(236)
Loss on disposal of fixed assets		-		148
(Profit) on sale of fixed assets		(3,445)		(1,322)
Decrease in stock		-		-
Decrease / (Increase) in debtors		301		221
Increase / (Decrease) in creditors		(408)		382
Net cash provided by / (used in) operating activities		(3,058)		(3,027)
Analysis of cash and cash equivalents				
Cash in hand		3,817		1,872
Notice deposits (less than 3 months)		10,253		2,031
		14,070		3,903

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2023

ANALYSIS OF CHANGES IN NET DEBT

	At 1 January		Other	At 31 December
	2023	Cashflows	Changes	2023
	£	£	£	£
Cash and cash equivalents				
Cash	1,872	1,945	-	3,817
Deposit accounts	2,031	8,222	-	10,253
Borrowings	3,903	10,167	-	14,070
Debt due within one year	-	-	-	-
Debt due within one year	72	-	-	72
	72	-	-	72
Total	3,831	10,167	-	13,998
	=====	=====	=====	=====

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in c), and fixed asset investments, which are included at their fair value at the balance sheet date. The financial statements have been prepared in accordance with the Charities SORP (FRS 102) 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) (second edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity is a Public Benefit Entity registered in England and Wales.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

- i) **Covenant Pledge contributions** – The principal source of income comes from voluntary giving in the form of parish contributions which includes amounts received up to 31 December of the current year. Income also includes any arrears received from previous years.
- ii) **Rent and investment income** - Rent and investment income are recognised as income when receivable.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions specified by the donor which have not been met at the year-end are included in creditors and carried forward to the following year.
- v) **Parochial fees** are recognised as income in the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets** for LDTBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income** - The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, satisfied.

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the LDTBF to pay out resources. Expenditure is included on an accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

Costs of raising funds. These are the costs of managing the Endowment, Glebe and Unrestrictive funds' investments, plus the costs associated with letting the vacant parsonages and board houses.

Charitable expenditure. Charitable Expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes plus the costs of supporting the work of the parishes in greater Lincolnshire. This principally includes the cost of clergy stipends, costs of maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDTBF, such grants being recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs consist of central management, administration and governance costs. These are costs which are directly attributable to a specific charitable activity.

Pension costs and other post-retirement benefits. The LDTBF contributes to the Church of England Pension Scheme for Clergy. Clergy are members of the Church of England Funded Pensions Scheme. The pension costs are charged as resources expended which represent the LDTBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities for the pension scheme to which the LDTBF participates is recognised at the present value of contributions payable that arise from the deficit funding agreement. The Liability is recognised in creditors falling due within one year and after more than one year.

In addition to the above scheme the LDTBF also operates the Lincoln Diocesan Trust and Board of Finance Limited scheme for the benefit of office staff. This scheme closed to new members in 2003 and does not form part of these accounts. The LDTBF also contributes to a group stakeholder pension for other employees. This is the Lincoln Diocesan Trust Scheme with Royal London.

c) Tangible fixed assets and depreciation

Freehold properties and parsonages

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value.

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

Properties which are identified as Board properties are revalued on a five-year annual rolling programme. This valuation is carried out by the Property Director who is a registered member of the Royal Institution of Chartered Surveyors (RICS).

The LDTBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Value linked loans from the Church Commissioners that are administered by the LDTBF and the corresponding equivalent value of the property to which they relate are all included in the balance sheet as an asset and corresponding liability in accordance with the recommendation of the Diocesan Accounts Guide. These properties are revalued on a rolling five-year basis.

Investment properties

In accordance with FRS102, investment properties are carried at their fair value, and this is considered by the Trustees annually. The aggregate surplus or deficit is recognised in the Endowment and Glebe Fund. Investment properties are valued on an annual basis by a registered RICS qualified valuer.

Parsonage houses

The LDTBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The LDTBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historic cost values.

d) Non-Property fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation

Depreciation of non-property assets is provided in order to write off the cost of other fixed assets over their currently expected useful lives at the following rates: -

Motor vehicles	25% per annum	straight line basis
Computers	25% per annum	straight line basis
Fixtures and fittings	14.30% per annum	straight line basis (i.e. over 7 years)

1. ACCOUNTING POLICIES (continued)

Other investments

All **other** investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when investments are sold. Unrealised gains and losses are accounted for on revaluation of investments at the year end.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods. Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to determining the value of the pension scheme deficit and are discussed above and the revaluation of Board properties and of the glebe agriculture land.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

e) Other accounting policies

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Creditors and provisions

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

1. ACCOUNTING POLICIES (continued)

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

Operating Leases - The LDTBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.

Funds

Funds over which the LDTBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the LDTBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as "unrestricted". Designated funds are unrestricted funds that have been set aside by the LDTBF for purposes designated by the LDTBF policy. Such designations may be set aside from time to time according to policy decisions.

Endowment funds

The Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDTBF (Stipends Fund Capital and Parsonage Houses), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Trust Funds

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the LDTBF acts as trustee and controls the management and use of the funds, are included in the LDTBF's own financial statements as charity branches. Trusts where the LDTBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the relevant note to the financial statements.

Reserves Policy

The target free reserves (net of fixed assets and investments) is currently set at an amount equivalent to three months' gross expenditure from unrestricted funds estimated at £3.0m.

f) Going Concern

Having reviewed the funding facilities available to the charity together with future projected cash flows, the trustees have an expectation that the charity has adequate resources to continue its activities for the foreseeable future. Trustees are aware of the longer-term sustainability of the Diocese and are putting in place measures to ensure that there is a long term financial and operational strategy in place to support the organisation in the future. They do consider that there were no material uncertainties over the charity's financial viability at the date of signing the accounts. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

2. DONATIONS

Parish Contributions

The majority of donations are collected from the parishes of the Diocese through the Covenant Pledge system.

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
Current year apportionment	3,955	-	-	-	3,955	4,022
Shortfall in contributions	(232)	-	-	-	(232)	(371)
	<u>3,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,723</u>	<u>3,651</u>
Receipts for previous years	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Income	<u>3,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,723</u>	<u>3,651</u>

Current year covenant pledges represent 94% of the total apportioned (2022 –90.7%). During 2022 the basis for the collection of parish share changed to a covenant pledge system. This resulted in a reduction in the level of ask from a formula-based approach to a level where parishes pledge what they can offer. This resulted in an increased percentage contribution. All parish contributions in the year ended 31 December 2023 were attributable to the general fund.

Archbishop's Council

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
Lowest Income Funding	1,167	-	-	-	1,167	1,106
Strategic Development	-	-	481	-	481	363
Energy grant for parishes	-	-	-	-	-	447
	<u>1,167</u>	<u>-</u>	<u>481</u>	<u>-</u>	<u>1,648</u>	<u>1,916</u>

This is the annual grant for the parish mission fund, which may be used for specific parish mission and development projects or for clergy stipends. All Lowest Income Funding received in the year ended 31 December 2022 was attributable to the general fund. The LDTBF were successful with various Strategic Development Fund bids for various initiatives.

Other donations

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
Benefact Grant	123	-	-	-	123	141
Donations	62	-	-	46	108	562
	<u>185</u>	<u>-</u>	<u>-</u>	<u>46</u>	<u>231</u>	<u>703</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

2. DONATIONS (continued)

All income from other donations in the year ended 31 December 2023 was attributable to the general fund.

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2023	Total funds 2022
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Statutory fees	486	-	-	-	486	501
Church Commissioners' Guaranteed annuities	-	-	-	-	-	-
Chaplaincy and other	-	-	-	-	-	-
Fees from training	7	-	110	-	117	72
Income recharged for Support to parishes	3	-	-	-	3	2
	<u>496</u>	<u>-</u>	<u>110</u>	<u>-</u>	<u>606</u>	<u>575</u>

In the year ended 31 December 2022 fees from training of £67k was attributable to restricted funds. All other income from charitable activities was attributable to the general fund.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2023	Total funds 2022
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Housing income	62	-	384	-	446	449
Income from DBF fundraising	-	-	-	-	-	-
	<u>62</u>	<u>-</u>	<u>384</u>	<u>-</u>	<u>446</u>	<u>449</u>

In the year ended 31 December 2022 £427k was attributable to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment funds	Total funds 2023	Total funds 2022
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Dividends receivable	12	-	446	1,176	1,634	1,246
Interest receivable	76	-	258	321	655	16
Rents receivable	-	-	-	1,111	1,111	1,054
	<u>88</u>	<u>-</u>	<u>704</u>	<u>2,608</u>	<u>3,400</u>	<u>2,316</u>

In the year ended 31 December 2022 interest receivable of £16k was attributable to the general fund. £165k was attributable to restricted funds All other investment income was attributable to endowment funds.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

6. OTHER INCOME

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2023	Total funds 2023
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Gain/(Loss) on sale of Properties & Glebe	-	-	1,805	1,640	3,445	1,322
Sale receipts from churches	-	-	14	-	14	-
	-	-	1,819	1,640	3,459	1,322

In the year ended 31 December 2022 gains on the sale of Properties & Glebe of £1059k was attributable to restricted funds, £263k was attributable to endowment funds. All other income was attributable to the general fund.

7 RAISING FUNDS (2023)

	Unrestricted funds		Restrict ed	Endowm ent	Total funds
	General £'000	Designat ed £'000	Funds £'000	Funds £'000	2023 £'000
Glebe agent's fee	-	-	-	308	308
Parsonage rental costs	-	-	8	-	8
	-	-	8	308	316

RAISING FUNDS (2022)

	Unrestricted funds		Restrict ed	Endowm ent	Total funds
	General £'000	Designat ed £'000	Funds £'000	Funds £'000	2022 £'000
Glebe agent's fee	-	-	-	225	225
Parsonage rental costs	-	-	22	-	22
	-	-	22	225	247

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

**8. CHARITABLE
ACTIVITIES (2023)**

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Contributions to Archbishops' Council					
Training for Ministry National Church	306	-	-	-	306
Responsibilities	179	-	-	-	179
Grants & Provisions	32	-	-	-	32
Mission agency pension costs	10	-	-	-	10
Retired clergy housing Costs	122	-	-	-	122
Pooling of ordinands maintenance grants	84	-	-	-	84
	<u>733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733</u>
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	3,486	-	-	-	3,486
Pension contributions	838	-	-	-	838
Housing costs	664	-	678	-	1,342
Removal and resettlement grants	98	-	-	-	98
Other expenses	62	-	-	-	62
	<u>5,148</u>	<u>-</u>	<u>678</u>	<u>-</u>	<u>5,826</u>
Support for parish ministry	1,302	-	380	-	1,682
Support costs	968	-	-	-	968
	<u>2,270</u>	<u>-</u>	<u>380</u>	<u>-</u>	<u>2,650</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>8,251</u>	<u>-</u>	<u>1,058</u>	<u>-</u>	<u>9,309</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

**8. CHARITABLE
ACTIVITIES (2022)**

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Contributions to Archbishops' Council					
Training for Ministry	306	-	-	-	306
National Church Responsibilities	188	-	-	-	188
Grants & Provisions	26	-	-	-	26
Mission agency pension costs	13	-	-	-	13
Retired clergy housing Costs	115	-	-	-	115
Pooling of ordinands maintenance grants	102	-	-	-	102
	<u>750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	3,797	-	-	-	3,797
Pension contributions	1,086	-	-	-	1,086
Housing costs	642	-	824	-	1,466
Removal, resettlement and grants	91	-	-	-	91
Other expenses	269	-	-	-	269
	<u>5,885</u>	<u>-</u>	<u>824</u>	<u>-</u>	<u>6,709</u>
Support for parish ministry					
Support costs	1,149	-	929	-	2,078
	<u>910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>910</u>
	<u>2,059</u>	<u>-</u>	<u>929</u>	<u>-</u>	<u>2,988</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>8,794</u>	<u>-</u>	<u>1,753</u>	<u>-</u>	<u>10,547</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (2023)

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2023 £'000
Raisings funds	316	-	-	316
Charitable activities:				
Contributions to Archbishop's Council	-	733	-	733
Resourcing parish ministry	5,826	1,682	968	8,476
Education	-	100	-	100
	<u>6,142</u>	<u>2,515</u>	<u>968</u>	<u>9,625</u>

ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (2022)

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2022 £'000
Raisings funds	247	-	-	247
Charitable activities:				
Contributions to Archbishop's Council	-	750	-	750
Resourcing parish ministry	8,074	713	910	9,697
Education	-	100	-	100
	<u>8,321</u>	<u>1,563</u>	<u>910</u>	<u>10,794</u>

10. ANALYSIS OF SUPPORT COSTS (2023)

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2023 £'000
Central administration	705	-	-	-	705
Governance:					
External audit	31	-	-	-	31
Registrar and Chancellor	109	-	-	-	109
Synodical costs	123	-	-	-	123
	<u>968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>968</u>

ANALYSIS OF SUPPORT COSTS (2022)

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Central administration	681	-	-	-	681
Governance:					
External audit	28	-	-	-	28
Registrar and Chancellor	131	-	-	-	131
Synodical costs	70	-	-	-	70
	<u>910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>910</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

11. ANALYSIS OF GRANT MADE

	Number	Individuals £'000	Institutions £'000	2023 Total £'000	2022 Total £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishop's Council	6	-	733	733	750
From unrestricted funds:					
Support for Board of Education	1	-	100	100	100
PEV Episcopal Visitors	-	-	-	-	2
Churches Together in Lincolnshire	1	-	8	8	9
Lincoln St. Withins	-	-	-	-	-
Stamford St. George	-	-	-	-	-
Transformation Grants	20	-	77	77	79
Community of St. Francis	-	-	-	-	-
Elloe East Deanery	2	-	25	25	8
Clergy Settlement Grants	16	41	-	41	32
Clergy 1st Appointment Grants	10	28	-	28	16
Miscellaneous grants	1	-	4	4	5
Clergy Robing Grants	2	2	-	2	1
Ordinands in training	3	32	-	32	47
Ministry Division grants	10	11	24	35	60
The Clergy Stipend Fund	-	-	-	-	7
	66	114	238	352	366

In the year ended 31 December 2023 grants of £114k (2022: £129k) were awarded to individuals, £238k (2022: £237k) to institutions.

12. STAFF COSTS

	2023 £'000	2022 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,458	1,355
National insurance contributions	140	135
Pension costs	137	125
	1,735	1,615

The average number of persons employed by the charity during the year were:

	2023 Number	2022 Number
Administration and financial management	18	10
Property	5	5
Discipleship & Ministry, Stewardship	15	17
Safeguarding & inclusion	4	4
Total for the Charity	42	36

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

12. STAFF COSTS (Continued)

	2023	2022
	Number	Number
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		

£80,001 - £90,000	2	2

Pension payments of £20,624 were made in 2023 in respect of the above individuals (2022: £23,881).

There were no members of staff who received employee benefits in excess of £60,000.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2023 they were the Diocesan Secretary, Property Director and the Director of Finance.

Remuneration, pensions and expenses for the three employees amounted to £279,093 (2022: £269,961).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee (2023 – None). Trustees received travelling and out of pocket expenses, totalling £16,114 (2022– £18,286) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Rt Revd Dr Nicholas Chamberlain	No	Yes
The Rt Revd Dr David Court	No	Yes
The Venerable Alyson Buxton	Yes	No
The Venerable Dr Justine Allain Chapman	Yes	Yes
The Venerable Gavin Kirk	Yes	Yes
The Revd Georgina Machell	Yes	Yes
The Revd Nicholas Nawrockyi	Yes	Yes
The Revd Rachel Heskins	Yes	Yes

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

The LDTBF paid an average of 115 (2022 – 129) stipendiary clergy as officeholders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2023	2022
	£'000	£'000
Stipends	3,216	3,495
National insurance contributions	270	302
Pension costs - current year	838	1,225
- deficit reduction	-	(139)
- interest cost	-	-
	<u>4,324</u>	<u>4,883</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

12. STAFF COSTS (continued)

The above figure also includes a pension payment in relation to the loss of office in year of £9,357.

Trustees' emoluments (continued)

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £39,952 - £48,972 (2022 range £38,050-£46,640). The annual rate of stipend, funded by the LDTBF, paid to Archdeacons in 2023 was in the range £39,057-£40,564 (2022 range £37,198- 38,633) and other clergy who were Trustees were paid in the range £26,921 - £29,087 (2022 range £25,637-£28,614). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2023 at £11,824 (2022 at £11,261). The value of housing provided to Diocesan Bishops is £25,000.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restri cted	Endowm ent
	General £'000	Designated £'000	Funds £'000	Funds £'000
From General Fund to Designated Fund	(23)	23	-	-
From Designated to General Fund	158	(158)	-	-
From Endowment Funds Unapplied Total Return to the General Fund	2,530	-	-	(2,530)
	<u>2,665</u>	<u>(135)</u>	<u>-</u>	<u>(2,530)</u>

£23k was transferred from the general fund to the designated fund which related to the unspent element of the Transformation Fund during 2023. This has been transferred to fund future missional projects. The Trustees adopted total return in 2017 and as per the agreed policy £2.5m has been transferred to the General Fund from the Endowment Fund to fund costs of stipends in line with the measure.

14. TANGIBLE FIXED ASSETS – Land & Buildings

	Freehold Land & Buildings £'000	Office Equipment £'000	Total £'000
Cost of valuation			
At 1 January 2023	63,278	150	63,428
Additions	1,357	39	1,396
Transfers	-	-	-
Disposals	(6,325)	-	(6,325)
Revaluation	305	-	305
At 31 December 2023	<u>58,615</u>	<u>189</u>	<u>58,804</u>
Depreciation			
At 1 January 2023	-	146	146
Disposals	-	-	-
Charge for the year	-	6	6
At 31 December 2023	<u>-</u>	<u>152</u>	<u>152</u>
Net Book Value			
At 31 December 2023	<u>58,615</u>	<u>37</u>	<u>58,652</u>
At 31 December 2022	<u>63,278</u>	<u>4</u>	<u>63,282</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

14. TANGIBLE FIXED ASSETS – Land & Buildings (continued)

All of the properties in the balance sheet are freehold and are vested in the LDTBF, except for benefice houses which are vested in the incumbent.

Benefice properties were included in the balance sheet at historic cost as at 1st January 2015. The Board does not revalue these properties on an annual basis. The value of these properties at that date was £41,526,066.

Board houses are valued on a rolling programme over five years by the Board taking professional advice from the Property Director who is a qualified RICS surveyor. The RICS Global Valuation Standards (the Red Book) and their definitions of Market and Fair Value was followed. The method of valuation used was the comparable method and a cautious approach was adopted estimating values, having regard to the slow housing market. Historic Cost values are not available on these properties.

The freehold properties included houses with a value for insurance purposes of £109,631 as at 31 December 2023 together with redundant churches and the glebe estate insured by the tenants.

The value which is held in the balance sheet relating to Edward King House is £1,683,756. This is considered to be a fair value.

On 31 December there was a housing stock of 179 properties with a value of £56,413,606 of which 41 were let.

Two Value Linked Loans are outstanding with the Church Commissioners amounting to £72,500 of which £3,203 interest is due within a year (note 17). The Board have no financial interest in the value of these houses.

15. TOTAL INVESTMENT ASSETS

	2023 £'000	2022 £'000
Investment properties - 15 (a)	59,921	58,707
Investments – 15 (b)	50,473	46,877
Total investment assets	<u>110,394</u>	<u>105,584</u>

15(a) INVESTMENT PROPERTIES

	2023 £'000	2022 £'000
Market value at 1 January 2023	58,707	52,500
Disposals	(2,416)	(519)
(Loss)/Gain on revaluation	<u>3,630</u>	<u>6,726</u>
Market value as at 31 December 2023	<u>59,921</u>	<u>58,707</u>

The investment properties are revalued by Savills by a RICs registered valuer. These were revalued as at 31st December 2023. During 2023 28.906 acres of development land was disposed of. The valuations were undertaken in line with the definition of Market Value as defined in the RICS Red Book, as detailed below:

Market Value (MV) is defined in IVS 104 paragraph 30.1 as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The assets have been valued individually based upon the tenancy units by Parish. The portfolio is a mixture of properties of varying size dispersed across most of Lincolnshire, therefore the properties have been valued separately.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

15(a) INVESTMENT PROPERTIES (continued)

as they are located in differing locations across the County. Desktop research has been undertaken in carrying out this valuation and has relied upon management records to establish land use across the holdings principally between arable and grass as this information was not provided. The let assets have been valued on a combination of comparison or investment bases depending on the letting and type of property. Within these individual asset listings, where appropriate, they have been split further between uses such as arable, pasture, buildings and houses.

There are restrictions placed on these investments. Trust law only permits expenses to be charged to permanent endowments when incurred in the administration of or protection of the investments or property and income generated must be spent on furthering its charitable purposes.

15(b). FIXED ASSETS INVESTMENTS

	At 1 January 2023	Additions	Dispos als	Transfers	Change in Market Value	At 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Endowment Funds						
CBF Church of England Fund	8,039	-	-	-	756	8,795
Edentree Amity Global Equity Fund	2,312	-	-	(2,312)	-	-
Edentree Responsibility & Sustainable Global Equity Fund B	-	-	-	2,312	72	2,384
Cazenove Capital	8,189	-	-	-	210	8,399
Abrdn	9,973	-	-	-	641	10,614
LGT Wealth Management	9,581	-	-	-	540	10,121
	<u>38,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,219</u>	<u>40,313</u>
Diocesan Pastoral Fund						
CBF Church of England Fund	1,886	-	-	-	177	2,063
Edentree Amity Global Equity Fund	4,653	-	-	(4,653)	-	-
Edentree Responsibility & Sustainable Global Equity Fund	-	700	-	4,653	158	5,511
Cazenove Capital	1,946	-	-	-	10	1,956
	<u>8,485</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>345</u>	<u>9,530</u>
Trust funds						
M & G Charifund	114	-	-	-	3	117
CBF Church of England Fund	184	-	-	-	18	202
	<u>298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>319</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

15 (b). FIXED ASSET INVESTMENTS (continued)

Unrestricted Funds						
Edentree Humphrey Bequest	-	306	-	-	5	311
	<u>-</u>	<u>306</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>311</u>
Total	<u>46,877</u>	<u>1,006</u>	<u>-</u>	<u>-</u>	<u>2,590</u>	<u>50,473</u>

16. DEBTORS

	2023	2022
	£'000	£'000
Due within one year		
Debtors	139	483
Other debtors and prepayments	456	412
Interest free loans within the Diocese	12	54
Total debtors	<u>607</u>	<u>949</u>

17. CREDITORS: amounts falling due within one year

	2023	2022
	£'000	£'000
Creditors	188	241
Other taxes and social security	48	157
Other creditors and accruals	386	632
Total creditors: amounts falling due within one year	<u>622</u>	<u>1,030</u>

18. CREDITORS: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Church Commissioners value-linked loan	72	72
Pension deficit	-	-
Total creditors: amounts falling due after more than one year	<u>72</u>	<u>72</u>

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. During the year the valuation of the pension fund administered by the Church England has shown no liability for future years and this is reflected above.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

19. SUMMARY OF FUND MOVEMENTS
(2023)

	Balances at 1 January 2023	Income	Expendit- ure	Transfers	Gains and Losses	Balances at 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	1,188	5,721	(8,251)	2,665	5	1,328
DESIGNATED FUNDS						
Pension Reserve	159	-	-	(158)	-	1
Building Committee Reserve	30	-	-	-	-	30
Clergy Conference	9	-	-	-	-	9
Vat Buffer Fund	100	-	-	-	-	100
Transformation Fund	208	-	-	23	-	231
Resource Church Funding	437	-	-	-	-	437
	943	-	-	(135)	-	808
RESTRICTED FUNDS						
Pastoral fund	22,818	3,370	(961)	-	650	25,877
Pastoral No.2 Account	27	-	-	-	-	27
Other Restricted	618	128	(105)	-	21	662
	23,463	3,498	(1,066)	-	671	26,566
ENDOWMENT FUNDS						
Permanent						
Trust for Investment	34,231	-	-	2,293	-	36,524
Unapplied Total Return	41,961	2,654	-	(4,869)	2,219	41,965
Other Investment Assets	27,900	1,640	(308)	46	3,630	32,908
Expendable						
Parsonage Fund	42,930	-	-	-	-	42,930
	147,022	4,294	(308)	(2,530)	5,849	154,327
Total funds	172,616	13,513	(9,625)	-	6,525	183,029

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

19. SUMMARY OF FUND MOVEMENTS
(2022)

	Balances at 1 January 2022	Income	Expenditure	Transfer s	Gains and Losses	Balances at 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
UNRESTRICTED FUNDS						
General	1,070	6,006	(8,794)	2,906	-	1,188
DESIGNATED FUNDS						
Pension Reserve	159	-	-	-	-	159
Building Committee	30	-	-	-	-	30
Reserve	9	-	-	-	-	9
Clergy Conference	3	-	-	(3)	-	-
Discipleship Donation	100	-	-	-	-	100
Fund	184	-	-	24	-	208
VAT Buffer fund	437	-	-	-	-	437
Transformation fund					-	
Resource Churches funding						
	922	-	-	21	-	943
RESTRICTED FUNDS						
Pastoral fund	22,818	2,461	(1,656)	-	(376)	22,818
Pastoral No.2 Account	27	-	-	-	-	27
Other Restricted	618	67	(119)	-	(32)	618
	23,463	2,528	(1,775)	-	(408)	23,463
ENDOWMENT FUNDS						
Permanent						
Trust for Investments	30,950	-	-	3,281	-	34,231
Unapplied Total Return	49,486	2,1365	-	(6,208)	(3,452)	41,961
Other Investment Assets	21,039	263	(225)	-	6,823	27,900
Expendable						
Parsonage Fund	42,930	-	-	-	-	42,930
	144,405	2,398	(225)	(2,927)	3,371	147,022
Total funds	169,515	10,932	(10,794)	-	2,963	172,616

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

20. ENDOWED FUND –TOTAL RETURN (2023)	Trust for Investment £'000	Unapplied Total Return £'000	Other Investment Assets £'000	Total Endowment £'000
At the beginning of the reporting period:	34,231	41,961	27,900	104,092
Income				
DBF Fundraising	-	-	46	46
Dividends	-	1,497	-	1,497
Rents	-	1,111	-	1,111
Sale of Glebe - Profit	-	-	1,640	1,640
Expenditure				
Stipends Cost	-	-	(308)	(308)
Gain/(Loss) on fixed assets	-	-	-	-
Gain/(Loss) on investments	-	2,219	3,630	5,849
Transfer to cover stipends	-	(2,530)	-	(2,530)
Indexation	2,293	(2,293)	-	-
Gain on pension	-	-	-	-
Gain on revaluation of property	-	-	-	-
At end of the reporting period	36,524	41,965	32,908	111,397
20. ENDOWED FUND –TOTAL RETURN (2022)	Trust for Investment £'000	Unapplied Total Return £'000	Other Investment Assets £'000	Total Endowment £'000
At the beginning of the reporting period:	30,950	49,485	21,039	101,474
Income				
Dividends	-	1,081	-	1,081
Rents	-	1,054	-	1,054
Other Glebe Income	-	-	263	263
Expenditure				
Stipends Cost	-	-	(225)	(225)
(Loss) on fixed asset	-	(148)	-	(148)
(Loss) on investments	-	(3,304)	-	(3,304)
Transfer to cover stipends	-	(2,927)	-	(2,927)
Indexation	3,281	(3,281)	-	-
Gain on pension	-	-	97	97
Gain on revaluation of property	-	-	6,726	6,726
At end of the reporting period	34,231	41,961	27,900	104,092

The Trustees adopted total return during 2017 and £2.8m was released in 2023 (2022 - £2.3m) from the unapplied total return fund. The Trustees have adopted total return under the Diocesan Stipend Funds (Amendment) Measure 2016.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

21. SUMMARY OF ASSETS BY FUND (2023)	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long Term Creditors £'000	Net Assets £'000
Unrestricted funds – General	37	311	980	-	1,328
Unrestricted - designated					
Pension Reserve	-	-	1	-	1
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Discipleship Donation Fund	-	-	-	-	-
Vat Buffer Fund	-	-	100	-	100
Transformation Fund	-	-	231	-	231
Resource Churches funding	-	-	437	-	437
	-	-	808	-	808
Restricted					
Pastoral fund	14,931	9,530	1,759	-	26,220
Pastoral No.2 Account	-	-	27	-	27
Other Restricted	-	319	-	-	319
	14,931	9,849	1,786	-	26,566
Endowment Permanent					
Trust for Investment	-	27,519	9,005	-	36,524
Unapplied Total Return	-	41,965	-	-	41,965
Other Investment Assets	2,158	30,750	-	-	32,908
Expendable					
Parsonage Fund	41,526	-	1,476	(72)	42,930
	43,685	100,234	10,481	(72)	154,327
Total funds	58,652	110,394	14,055	(72)	183,029

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

21. SUMMARY OF ASSETS BY FUND (2022)	Tangible Fixed Assets	Investments	Net Current Assets	Long Term Creditors	Net Assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds – General	5	-	1,183	-	1,188
Unrestricted – designated					
Pension Reserve	-	-	159	-	159
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Vat Buffer Fund	-	-	100	-	100
Transformation Fund	-	-	208	-	208
Resource Church Funding	-	-	437	-	437
	-	-	943	-	943
Restricted					
Pastoral fund	18,081	8,484	(3,428)	-	23,137
Pastoral No.2 Account	-	-	27	-	27
Other Restricted	-	299	-	-	299
	18,081	8,783	(3,401)	-	23,463
Endowment Permanent					
Trust for Investment	-	34,231	-	-	34,231
Unapplied Total return	-	43,238	(1,287)	-	41,961
Other Investment Assets	2,159	19,322	6,419	-	27,900
Expendable					
Parsonage Fund	43,037	-	(35)	(72)	42,930
	45,239	96,081	5,097	(72)	147,022
Total funds	63,282	105,584	3,822	(72)	172,616

22. DESCRIPTION OF FUNDS

General fund

The general fund is the LDTBF's unrestricted undesignated fund available for any of the LDTBF's purposes without restriction.

Designated funds

The designated fund are those funds which have been set aside out of general funds by the Board for a specific purpose over whose use and purpose the Board has discretion.

Pension Fund Reserve

The fund is no longer required to smooth the payments for liabilities arising from the staff pension scheme. The fund was subject to a valuation in 2023 and the fund remains fully funded and in surplus. The Trustees consider it to be unlikely that this fund will be required and agreed to transfer the £158,400 into the General fund in 2023.

22. DESCRIPTION OF FUNDS (continued)

Designated funds (continued)

Building Committee Reserve

The Church Building Committee makes grants to parishes from this fund. Grants are recognised as they are made.

VAT Buffer Fund

Parishes with listed Church Buildings are entitled to claim grants from government agencies equivalent to the VAT on certain repairs. However, the grants can only be claimed after the payments have been made and for large projects the additional cost of VAT creates cash flow problems for parishes. The VAT Buffer Fund is available to provide short term interest free loans to assist parishes with this difficulty.

Other Designated Funds

From time-to-time funds are set aside for future expenditure such as the clergy conference and the Transformation Fund. In 2018, the Trustees designated £1.5m as their contribution to the Strategic Development Fund bid which the diocese was successful in securing in December 2018. A remaining balance of £437k is in place at the end of 2023.

Restricted Funds

Pastoral Fund

The Diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other Diocese
- to transfer funds to the Diocesan stipends fund income or capital accounts
- the costs of closed churches and the proceeds of the sale of closed churches less any related costs

Endowment Funds

The three accounts below were set up when the LDTBF adopted Total Return in 2017.

Trust for Investment Fund

This fund contains the value of the original glebe portfolio based on the value in 1996. This value formed the basis for the total return calculation. This figure is increased each year in line with inflation by using the September inflation figure of the current year. This inflationary retail price index figure is used to increase the value of the fund. The figure for 2023 was 6.7% increasing the value of the fund to £36.5m.

Unapplied Total Return

Unapplied Total Return was adopted by the LDTBF at its board meeting in September 2017. Where the amount identified to be realised was £51m. Details relating to this are in Note 20.

Other Investment Assets

Is the value of the assets which were left after the calculation was carried out to identify the unapplied total return value. This includes Edward King House and the Salthouse properties.

Parsonage property fund (Expendable Funds)

The benefice property fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses.

22. DESCRIPTION OF FUNDS (continued)

Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the LDTBF.

23. CAPITAL COMMITMENTS

At 31 December 2023 the LDBF had capital expenditure commitments authorised but not contracted for in 2023 of £NIL (2022 - £NIL), and no expenditure contracted for but not yet due in 2022 (2021 - £NIL).

24. OPERATING LEASES

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

	2023 £'000	2022 £'000
Other operating leases		
Amounts due:		
Within one year of the balance sheet date	12	14
In the second to fifth years inclusive of the balance sheet date	24	12
	<u>36</u>	<u>26</u>

25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events.

26. PENSIONS

Salaried Staff

Defined Benefits Scheme

LDTBF operates a defined benefits scheme for its salaried employees with 2 (2022: 2) active members. The scheme is closed to new members.

Salaried Staff

Defined Benefits Scheme

The employees contributed £765 in the year (2022: £729) and the charge in the Trust's accounts for the year ended 31 December 2023 amounted to £25,472.52 (2022: £24,259).

The scheme was actuarially valued as at 1st April 2023 the actuarial statement stated that the scheme's assets, which comprised investments with Legal and General, were sufficient to cover the anticipated liabilities as they fall due. The scheme is funded at 148% which corresponds to a surplus of £2.3m.

Stakeholder Pension Provision

Since 2010 new employees have been offered a stakeholder pension. Contributions of £102,646 (2022: £88,127) were made in year on behalf of 28 employees. The contributions relate to unrestricted activities.

LINCOLN DIOCESAN BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

Church of England Funded Pension Scheme

The DBF participates in the Church of England Pensions Board Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

This scheme is considered to be a multi-employer last man standing as described in Section 28 of FRS.102. This means it is not possible to attribute the scheme's assets and liabilities to specific Responsible Body, and this means contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, which were £838k (2022: £1.2m) plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022: £139k).

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

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

Following finalisation of the 31st December 2021 valuation, deficit contributions ceased with effect from 1st January 2023, since the scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31st December were as follows:

Year	% of pensionable stipends
31st December 2021	7.1% payable from January 2021 to December 2022
31st December 2022	Nil
31st December 2023	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2020 is set out in the table below.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

26. PENSIONS (Continued)

A reconciliation of the balance sheet liability is set out below:

	2023 £'000	2022 £'000
Balance sheet liability as at 1 January	-	236
Contributions paid	-	(139)
Interest cost (recognised in the SOFA)	-	-
Re-measurement of the balance sheet liability*(recognised in the SOFA)	-	(97)
	<u>-</u>	<u>(97)</u>
Balance sheet liability as at 31 December	-	-
	<u>=====</u>	<u>=====</u>

*Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between yearends.

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

	December 2023	December 2022	December 2021
Discount rate	n/a	n/a	0.0% pa
Price inflation	n/a	n/a	n/a
Increase to total Pensionable pay	n/a	n/a	-1.5% pa

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

27. RELATED PARTY TRANSACTIONS

The Diocese maintains a register of Trustees interests. Trustees have declared payment arising from their stipendiary ministry, where applicable. There were no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the Trust and are of part of its normal activities.

Edenham Regional House

Edenham Regional House is a separate charity. LDTBF has an interest in the property as well as having some of the same aims and objectives. The parsonage is occupied by a member of the Clergy and the LDTBF have a liability to maintain the property. The LDTBF uses the facilities at commercial rates.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Parochial Church Councils

Parochial Church Councils (PCCs) support LDTBF financially with payments of parish share. Many committee members and trustees are also members of the PCCs within the Diocese. Much of LDTBF's activity is in support of PCCs through practical assistance and advice and in the provision of grants and loans. At the end of the year there were outstanding loans to the following parishes:

	2023	2022
	£	£
Saxby all Saints PCC	3,000	5,000
Aslackby PCC	-	32,000
Silk Willoughby PCC	-	16,500
Wilsford PCC	9,343	-
Total outstanding loans to parishes	12,343	53,500

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDTBF acts as Diocesan Authority or custodian trustee for 823 trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. 718 relate to parochial funds with the remaining 105 being held for educational and non-parochial funds. Assets held in this way are not aggregated in these financial statements as the LDTBF does not control them. The assets are held in separate funds identified by the names of the parishes or the trusts to which they relate. They are operated via a separate trust bank account and all statements are issued to the parishes as and when they are received. The financial assets held in this way may be summarised as follows:

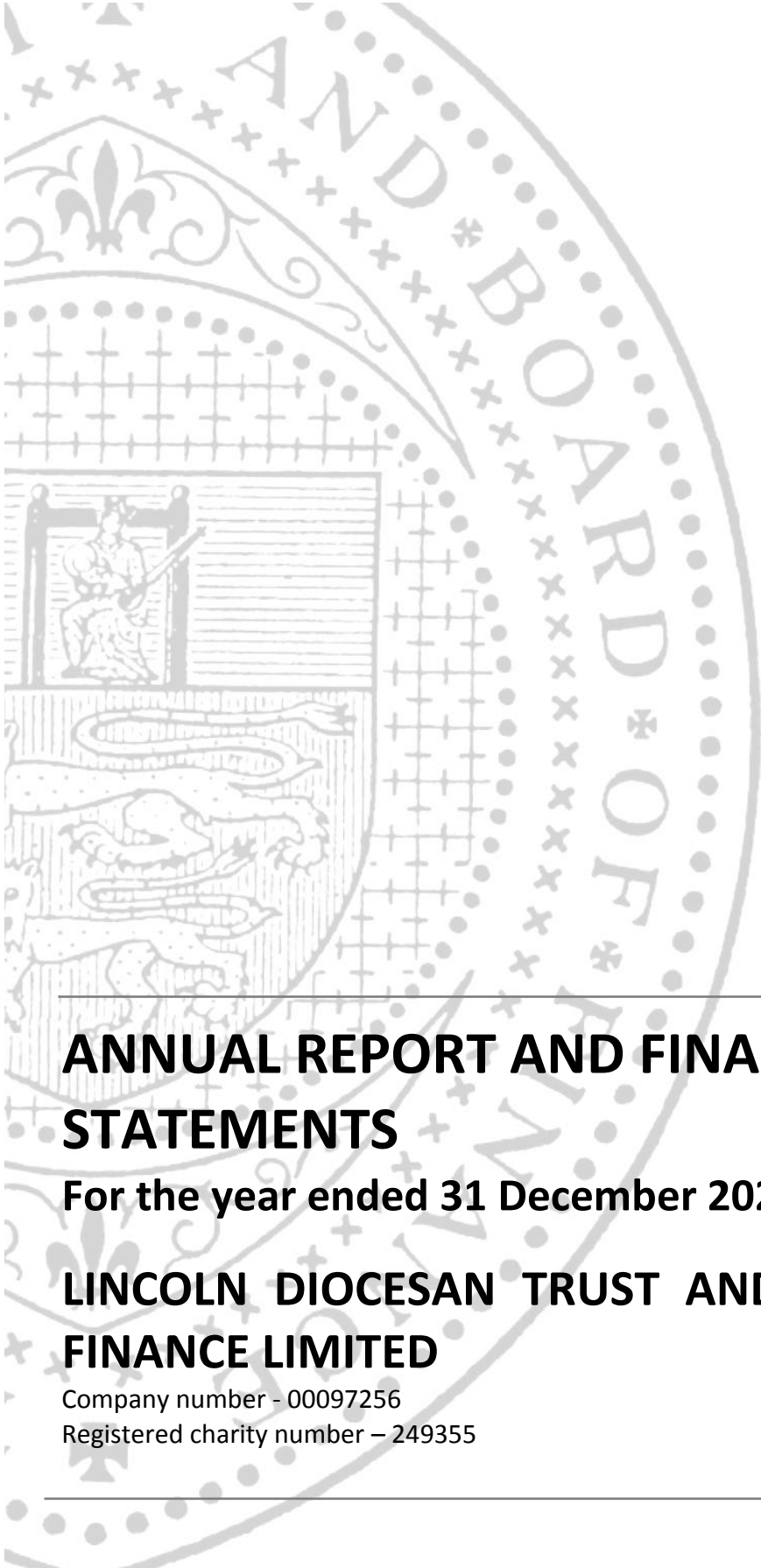
	2023	2022
	£'000	£'000
CBF Church of England Deposit Fund (Capital)	2,483	2,144
CBF Church of England Investment Fund accumulation	2,027	1,856
CBF Church of England Investment Fund	16,001	14,491
CBF Church of England Fixed Interest Securities	56	56
COIF income and accumulation shares	172	157
M & G Charifund	3,097	3,459
M & G Charibond	38	37
Edentree Investment Management	166	161
Miscellaneous Investments	90	90
Total assets held as custodian trustee	24,130	22,451

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2023

29. PRIOR YEAR COMPARATIVE SOFA

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Income and endowments from						
Donations						
Parish contributions	2	3,651	-	-	-	3,651
Archbishop's Council		1,106	-	810	-	1,916
Other donations		703	-	-	-	703
Charitable activities	3	508	-	67	-	575
Other trading activities	4	22	-	427	-	449
Investments	5	16	-	165	2,135	2,316
Other income	6	-	-	1,059	263	1,322
Total income		6,006	-	2,528	2,398	10,932
Expenditure on						
Raising funds	7	-	-	22	225	247
Charitable activities	8	8,794	-	1,753	-	10,547
Total expenditure		8,794	-	1,775	225	10,794
Net income/(expenditure) before investment gains/(losses)		(2,788)	-	753	2,173	138
Loss on disposal of fixed assets	-	-	-	-	(148)	(148)
Net gains/(losses) on investments	15	-	-	(667)	(3,304)	(3,971)
Net income/(expenditure)		(2,788)	-	86	(1,279)	(3,981)
Transfers between funds	13	2,906	21	-	(2,927)	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on pension scheme	26	-	-	-	97	97
Gains/(losses) on revaluation of properties	14,15	-	-	259	6,726	6,985
Net movement in funds		118	21	345	2,617	3,101
Total funds brought forward		1,070	922	23,118	144,405	169,515
Total funds carried forward	19	1,188	943	23,463	147,022	172,616

Accounts



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

Company number - 00097256

Registered charity number – 249355

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Mission Statement

The Diocese of Lincoln is called by God to
faithful worship,
confident discipleship and
joyful service.

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2022.

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

This combined report satisfies the legal requirements for a:

- Directors' Report of a charitable company,
- Strategic Report under the Companies Act 2006 and
- Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The legal objects of the Diocese of Lincoln cover the historic county of Lincolnshire.

The Lincoln Diocesan Trust and Board of Finance Limited ("LDTBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Lincoln by acting as the financial executive of the Lincoln Diocesan Synod.

The LDTBF has the following statutory responsibilities:-

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

The strategic priorities of the LDTBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Lincoln (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally, including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments within the Diocesan Budget.

PUBLIC BENEFIT STATEMENT

The Trustees, having considered section 4 of the Charities Act 2011, have satisfied themselves that they have complied with the duty to have regard to the Public Benefit guidance published by the Charity Commission. The trustees review its work each year and consider outcomes and plans for the future. They take into account the Charity Commission's guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim. Our main activities ensure that we have in place ministry to support the people of greater Lincolnshire which covers the three local authority areas of Lincolnshire County Council, North Lincolnshire Council and North East Lincolnshire Council in the gospel of God. We do this by providing members of Clergy and

lay ministers to work with the parishes and people in greater Lincolnshire.

STRATEGIC REPORT

The charitable objects of the Lincoln Diocesan Trust and Board of Finance are:

- to support the development of a growing, worshipping, celebrating and proclaiming Christian presence in each community of the Diocese
- to support projects and enterprises in harmony with that purpose

STRATEGIC PRIORITIES

The context for the strategy is the diocesan vision – *to be a healthy, vibrant and sustainable church transforming lives in greater Lincolnshire* – and under it the diocesan mission of – *faithful worship, confident discipleship and joyful service*.

In July 2015, the Diocesan Synod agreed the following six strategic priorities. These have been reaffirmed by Synod and taken as the basis for the current strategy *Time to Change Together* (see below):

1. Faithful Worship

Our first purpose is to worship God. Prayer is the foundation of all growth in the Church. God provides the growth and we are called to support and enable it to happen.

2. Confident Discipleship

Our second purpose is to grow the Church in depth of commitment and in numbers of people to uncover and build God's Kingdom in greater Lincolnshire.

3. Joyful Service

Our third purpose is to demonstrate the love of God for his world through the Word and the service that Christians offer to those in their communities.

These three priorities are the basis for change and growth in our churches and communities that will follow from our pastoral and missional activities. In addition, there are three enabling priorities:

4. Ministry

Ordained and lay ministers form the mainstay of the church's presence in communities and provide essential local leadership, witness, care and support. It is a priority to develop a whole-life approach to supporting ministry from vocation, through formation and training, and all the stages of ministerial development to retirement ministry.

5. Resources

The Diocese possesses resources of buildings, money and staff which are to be managed efficiently and effectively now and in the future.

6. Partnerships

It is a priority to achieve closer relationships with the communities that the Diocese serves. Partnerships that enhance the resources and activities of the Diocese will be encouraged.

Progress in the Year

Against the background of the confluence of challenges facing the Diocese (multi-million-pound annual operating deficit, recruitment, aging and declining congregations and, most recently, the pandemic and the pausing of the Vacancy in See process) the Diocese has implemented two strategic initiatives.

- Resourcing Sustainable Church: Time to Change Together
- Resourcing the Urban Church: Church Planting & Revitalisation

Resourcing Sustainable Church: Time to Change Together

A diocese-wide consultation and planning process, begun in 2019 and wrapped in prayer, considered the state of the diocese and the changes needed for its future. There was a challenge for all to think ambitiously about the type of church they belong to and the place they live - how they could do more locally to ensure a thriving, enduring church community by forming partnerships, working collaboratively and allowing parish boundaries to be soft and to become porous. These were and are all things that people in the parishes need to be encouraged to do. It is not about dismantling the parish system; it is about the local being the engine room of mission in the diocese.

This new start for the diocese included key features such as:

- Covenant, mission, growth, and discipleship underpinning the road to transformation. The diocese is determined to be clear minded about the imperatives and committed to achieving the transformation.
- Collaborative working between lay and ordained ministers is essential and needs to be encouraged. New line partnerships within and between deaneries will facilitate the shape of collaboration between parishes. All parishes need to evaluate their prospects for growth, their own expectations about share and the type of church they are.
- The abandonment of the failing, formula-based, parish share system in favour of covenant giving to fund stipendiary parish clergy.

The consultation and planning process concluded with the presentation of the *Resourcing Sustainable Church* report to Diocesan Synod in May 2021. The report included 15 paired recommendations and commitments to be implemented over the next five years. The Synod approved the reports and directed its implementation with over 80% support committing itself to renewal and reform. Implementation is now well underway, viz:

- Church Types
 - All 615 churches prayerfully identified the type of church they felt called to be. Taking in account the needs of their local area over the next five years.
- Vocational Conversations
 - All 224 licensed clergy and readers were invited to a vocational conversation with a member of Bishop's Staff or the Readers' Board last winter, exploring the role they feel called to play. 78% of all invited ministers took part.
- Deanery Partnerships (DP)
 - All DPs have been locally agreed; all boundary issues resolved. Deanery Partnership Steering Groups were established in December 2021 and have met regularly across the year. Partnership Deans and Lay Co-Leads were appointed this summer to 17 out of 18 of the positions, tasked with driving many of the local processes and plans across DPs.

- Local Mission Partnerships (LMP)
 - DPs have identified the likely shape of most LMPs. Local conversations, creative planning and consultation continue.
- The College of St Hugh
 - A Warden of the College was appointed in January. Mission and ministry support are being reframed around a vision for lifelong Christian learning, with several new tools for ministry and mission development in progress. Mission Enabler recruitment is underway. They will work with the College to respond to locally discerned needs for training and support.
- Assets
 - We have succeeded in moving towards higher yielding investments during 2022. We sold 27 houses in 2021 and disposed of 13 in 2022 and looking to sell 34 in 2023.
- Costs
 - For 2022, we achieved savings of 15% in central staffing costs and 20% in central costs over 2019. The number of Full Time Equivalent central staff posts has reduced from 45 to 36 in 2022.
- Evaluation
 - A first questionnaire has been sent to all parishes, inviting all congregation members to give their feedback on Time to Change Together. These surveys will allow us to monitor impact and adapt over the coming years.
- Communications
 - Posters setting out the vision, progress and local importance of Time to Change Together have been sent to every church. 3 pew sheets have been provided for churches to use, covering vision and summary, church types, partnerships. Webinars have run monthly to support local implementation.
- Financial Sustainability
 - We are on a journey to financial sustainability, making steady progress on reducing expenditure and increasing income. This journey will continue over the coming years. At the end of the financial year, parish share is up £164k over December 2021. It is also recognised that moving into 2023 may be challenging. It is hoped that this increase in pledges is not a short-term response to the work carried out by the Covenant Pastors. The pledges were done in good faith before the impact of cost of living pressures and high inflation on people's ability to continue to give generously.
- Team
 - Time to Change Together is led by The Acting Bishop of Lincoln, under the Operational Lead of The Venerable Aly Buxton, who was installed as the Archdeacon of Stow and Lindsey in July 2022. An Implementation Team of seconded and volunteer part-time posts was formed in July 2021, and they continue to meet regularly.

Priorities for 2023 will continue to be:

- Creative planning for and consultation of LMPs, including Archdeaconry Vision Days for all ministers.
- Description and taking note of DPs and LMPs by Deanery Synods and AMPCs by February 2023, confirming church types and available ministry for an area.
- Resourcing the growth agenda through the College of St Hugh, including the appointment of Mission Enablers and the offering of new training and discipleship programmes.
- Support for the submission of final covenant pledges.
- Local appointment of DP administrative support through DBF grant funding.

Resourcing the Urban Church

The Diocese of Lincoln's "Resourcing the Urban Church" Programme, funded in part by the national church's Strategic Development Fund, is a programme to grow the Church, its reach and its impact across the urban centres of the diocese, where attendance is generally lowest but potential for growth is greatest. The programme aims to make a significant difference to the missional and financial strength of the diocese. Using a successful national model, the programme aims to develop a network of three "resource" churches in the diocese which will establish or revitalise a total of nine "plant" churches across our urban centres. A resource church is a church with a mandate to reach beyond its parish, able to grow rapidly to plant other churches, with a culture of giving generously and sending graciously. Our designated diocesan resource churches are St Swithin's Lincoln, St George's Stamford and St Wulfram's Grantham. Our resource churches are training lay and ordained leaders for these "plant" churches, as well as for the diocese more widely. The aim for each plant is to grow by 100-150 people and become self-sustaining within 5 years.

The programme has made good progress over the last year. The major risk of not recruiting planting curates within the programme window has been removed with the recruitment of 6 planting curates for summer 2022. The three plants planned to date (St Faith's Lincoln, St John's Spalding and St Mark's Grimsby) have all launched successfully – their growth is on track, and they receive strong support from the resource churches. The next planned plant (Grantham, September 2023) is also on track.

Although planting and recruitment and growth at plant churches is on track, growth at resource churches is not on track. Even though the overall budget has been adjusted to be slightly in surplus, resource church budgets are struggling and churches face cuts. Over the next year work will need to focus on confirming planting locations for plants 5-9, using monitoring within churches more effectively and consistently to support growth, defining/redefining resourcing aims/targets and developing plans for this and supporting the development of a sustainable funding model at resource churches.

Environmental and Net Zero Carbon action

Our Environment Policy was adapted to align with the Church of England's Net Zero target of 2030. Since then, the national offices have scoped and consulted on a 'Route Map to Net Zero', a process to which Lincoln contributed in January 2022. The Church of England's General Synod adopted the Route Map (July 2022) setting out the vision, scope, principles, levers for change, targets and timeframe for key areas of church life on our journey to Net Zero 2030. The Diocese of Lincoln's Environment Policy includes this Net Zero 2030 target, along with wider ranging goals, recognising that it is through our worship and teaching, our daily discipleship and our service in God's world, within the lordship of Christ that we act to reduce the effects of the climate and ecological crises on creation. Truly excellent and innovative work is underway that embeds the goals of the Diocesan Environment Policy across the churches, communities, committees and offices of the diocese. By embedding the policy goals in our worship, lives and work, the family of the Diocese accept our responsibility to make the changes our shared faith demands, motivated by love towards God and neighbour as we seek to act justly in cherishing God's good creation. Reviewing the policy this year, the Diocese of Lincoln's Environmental Advisory Panel (LDEAP) noted that the vision and goals of the policy continue to serve well to frame our shared direction. However, now, as the policy is being implemented, and with environmental actions being embedded by the churches, communities, committees and offices of the diocese, it is time to move towards a more strategic implementation phase. LDEAP note there is currently no agreed diocesan Environmental Action Plan, as mentioned

in the policy, and so the diocese is without a mechanism with which to set, monitor, cost and review the joint effectiveness of our actions in response to the goals. In order to support the implementation of this huge range of work, the Bishop's Council of Diocesan Trustees (BCDT) approved changes to the Terms of Reference of the environmental panel to focus its work on implementation, an Action Plan and supporting key audit and monitoring work with appropriate buy-in from trustees and other committee members.

Safeguarding

Safeguarding in 2022 saw a number of projects come to an end and some new ones begin. Past Case Review 2 (PCR2) came to an end with the final report published in September and the National PCR2 Report published shortly after on 5th October. The final Operation Redstone case also concluded in Lincoln Crown Court following a custodial sentence. The survivors of this, and other cases, continue to be supported by the Diocese.

The Independent Inquiry into Child Sexual Abuse final report was also published in 2022, however, the recommendations pertaining to the Church of England were already known and 2022 saw the beginning of the Pathfinders Project to implement recommendations 1 and 8 of IICSA. The Diocese of Lincoln are engaged in the development, pilot and evaluation phase.

A new Case Worker and a temporary Administrator were appointed during 2022. A new Chair for the Diocesan Safeguarding Advisory Panel (DSAP) was also appointed. This will enable a Diocesan Safeguarding Strategy to be in place for 2023. This strategy will incorporate a number of new initiatives and systems.

Safeguarding Hubs will soon be available, to assist in compliance with Safer Recruitment. A new Case Work Management System (My Concern) is in pilot phase, which the Diocese of Lincoln plan to buy into it once it is available. Policy review is underway for the Responding to, Assessing and Managing Concerns or Allegations against Church Officers practice guidance.

Training numbers have been positive through 2022 partly due to the ability to carry out face to face training post-Covid restrictions. New training pathways were released namely Raising Awareness of Domestic Abuse, Safer Recruitment and People Management. Uptake of these has been steady however we are still within expected compliance levels. A strategy to push this uptake will produce and signed off by DSAP during the early part of 2023. The core training modules remained the same; updated material for these is due to be released by the National Safeguarding Team later in 2023.

Analysis of case statistics from 2022 shows an increase in instances where harm or an allegation of harm has been caused to a vulnerable adult, with Domestic Abuse cases and instances of Mental Health being prominent. This is reflected in the observations of staff. A particular rise has been seen in cases of self-neglect. It is viewed that this is more as a result of an increase in it being recognised and reported due to positive culture changes and engagement with training resources at a parish level. A decrease in cases has been seen in non-recent cases of child abuse. This is largely down to the efficacy of Operation Redstone and PCR2. Closer adherence to safer recruitment and other preventative and known risk management practices at all levels also attributes significantly to this.

Governance and Leadership

Bishop Christopher Lowson retired as Bishop of Lincoln at the end of 2021. The Archbishop of Canterbury appointed the Rt Revd Stephen Conway, the Bishop of Ely, as Acting Bishop of Lincoln,

dividing his time more or less equally between Lincoln and Ely. Bishop Stephen's wisdom, warm personality, depth of experience and inclusive spirituality have been a reassuring and a firm hand on the tiller, reinforcing and driving *Time to Change Together*, offering support and stability to the leadership of the diocese and holding the diocese with pastoral insight and compassion. On his advice the Vacancy in See process has restarted. The Statement of Needs for the diocese and the diocese's wish list for the new bishop have been finalised, and the six members of the Crown Nominations Commission (CNC) from the diocese elected. The CNC is scheduled to meet finally in February and March 2023 to select a candidate to recommend to the Prime Minister and the King. It is likely that there will be an announcement of the new bishop towards the end of May 2023 with their ministry here starting in the autumn.

In terms of senior appointments, Bishop Stephen appointed Canon Aly Buxton as Archdeacon of Stow and Lindsey. The three archdeacons were delegated particular portfolios alongside their duties in their archdeaconries: education for the Archdeacon of Boston, church buildings for the Archdeacon of Lincoln and leadership of the *Time to Change Together* team for the Archdeacon of Stow and Lindsey. With the appointment of the new Archdeacon, it was necessary to elect a new Chair of the House of Clergy of Diocesan Synod. The Revd Cameron Watt was chosen to work alongside Canon Nigel Bacon as Chair of the House of Laity.

PROVISION OF RESOURCES

In 2022, the LDTBF continued to provide the resources for the above diocesan activities supported by significant financial, governance and HR expertise. In addition:

Church Buildings and Pastoral

During 2022 the Diocesan Advisory Committee for the Care of Churches (DAC) continued to help parishes in the care, repair and maintenance of their church buildings. Members of the DAC, its advisers and officers of the Church Buildings Team continued to make site visits and parishes were grateful for their time, knowledge and support.

The Historic Churches Support Officer (part funded by Historic England) and the Church Development Officer continued to provide Surgery meetings – via Zoom – for church representatives to obtain advice about faculty procedures, support in filling out grant applications and other church building-related matters. With the help and assistance of officers, Marshall's Charity continued to grant aid work on church buildings in the diocese and those who were in receipt of a grant were very grateful for the Charity's support, particularly during this time when other grant opportunities have become much more difficult to access.

The Church Buildings Team has been glad to be an integral part of the work involved in A Time to Change – Together and has been actively engaging with partners such as Historic England, the County Council and Heritage Lincolnshire in seeking ways of making the church buildings of the Diocese more sustainable. A series of webinars seeking to support category 4 churches in particular has been produced and continue to be available on the diocesan website. A bi-monthly Church Building Team Bulletin has also been started which has been sent to all clergy and churchwardens and has been very well received. Where churches have been looking at the possibility of closure the Team has been seeking partnership working with the Church Buildings Council in Westminster and assisting in the preparation of their statutory Church Buildings Reports and has worked with the Archdeacon of Lincoln on the formation of a diocesan trust to support Type 4 and 5 churches.

The Secretary and Assistant Secretary support the work of the Diocesan Mission and Pastoral Committee (one of the functions of the Bishop's Council of Diocesan Trustees) and its three Archidiaconal Mission and Pastoral Committees. During 2022 this has particularly been focused on the formation of local mission and deanery partnerships and how these relate to the wider Time to Change Together programme. The DMPC and AMPCs look forward to seeing the finalised versions of proposals for note during early 2023.

Property Assets & Trusts

Property Assets & Trusts continued with the provision and maintenance of clergy housing with a reduced budget to assist with the financial situation against the backdrop of unprecedented construction inflation, contractor and materials shortages. The focus was on essential repairs and maintenance. A restructured capital programme focussed on energy upgrades, commencing with cavity wall insulation and solar panels with battery back-up. A house was acquired for the Bishop of Grimsby in Grimsby.

Following the re-organisation of the Diocese through Time To Change Together (TTCT) a further 70 houses were identified for possible sale over the next 4 years of which 13 were sold in 2022 raising around £4.1m. A further 34 houses are due to be sold in 2023 (4 of which are already under offer carried forward from sales agreed in 2022), to raise an anticipated £11.8m in that year. So far it is anticipated that TTCT will reduce the clergy housing estate to around 131.

Property Assets and Trusts also managed the 11,380 acre glebe estate through retained agents Savills, raising £0.5m in glebe sales in 2022 and managed the disposal of the Old Palace Lodge. A further £4.5m is anticipated to be raised in 2023.

Sales proceeds in excess of that which is required to cover the ongoing deficit are reinvested into financial investments, the interest from which is put towards the Diocese running costs.

In addition Assets & Trusts continued to administer on behalf of parishes over £20m worth of local trusts with assistance being given to parishes in drawing down funds as required. They also acted as custodian of legal documents such as title deeds and managed the relationship with solicitors in property transactions.

Volunteers

The LDTBF is hugely dependent on the many people involved in church activities both locally and at Diocesan level. The number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis more so now than at any other time.

The LDTBF greatly values the considerable time given by all the committee members across the Diocese in pursuit of the mission, faithful worship, confident discipleship and joyful service. Grateful thanks is given to you all.

Other related parties include

The Archbishop's Council to which LDTBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Church Commissioners from which the LDTBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDTBF pays for clergy stipends through the Church Commissioners.

The Church of England Pensions Board, to which the LDTBF pays retirement benefit contributions for stipendiary clergy. The Pension Board also offers schemes to provide housing for clergy in retirement known as the CHARM scheme.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure, this is given in note 27 and 28 to the financial statements.

FINANCIAL REVIEW

The principal role of the Trustees is to act as custodians of the Diocese's assets. The Diocese saw an increase in the general funds of £118k, as a result of a reduction in the liability around the pension fund of £236k. This reduced the liability in the year to £Nil (2021: £236k). An increase of £21k in the designated fund, an increase in restricted funds of £0.3k and an increase of £2.6m on the endowment funds as a result of the increased values in our glebe holdings (agricultural land).

The principal changes during the year were as follows:

Agricultural Portfolio: The valuation of the agricultural holdings saw an increase in value of £6.7m with sales of £0.5m. The overall value of the glebe holdings increased to £58.7m. (2021: £52.5m) (note 15(a)); an overall increase of 11%. The Property Director with the support of Savills administered the 11,380 acres of glebe estate during the year. We continued with the implementation of the 5-year Agricultural Glebe Estate Strategy developed in 2018. This has set the framework for maximising income from the estate and continues to be annually reviewed by the Assets Committee.

Investment Portfolio: The value of the investment portfolio reduced by £3.9m which is a reflection on the markets and the impact of the budget by the Chancellor mid-way through 2022 (note 15(b)). During the year the Board transferred £2.2m from board property sales into investments to increase the level of income earned. The policy previously adopted whereby surplus property is identified and disposed of continued with the proceeds being re-invested to generate additional income and a corresponding reduction in maintenance costs also being achieved. The value of the investments at the end of the year was £46.8m (2021: £47.7m).

Parsonages Portfolio: The Board disposed of 13 surplus properties raising £4.1m and carried out capital works on 7 properties. Part of the proceeds were re-invested into investments funds through the Diocesan Pastoral Fund and the remaining proceeds were held as cash in hand. The Property department undertook the maintenance and repair of around 193 clergy houses and continued to let those properties across the Diocese that were not required for immediate occupation by Clergy. This produced income of £447k in 2022 (2021 £392k).

Operating Financial Performance

The difference between the Diocese's annual running costs (mainly the cost of paying and housing stipendiary clergy and curates, training and supportive administration) and its annual income (mainly

parish share and investment income) resulted in a deficit for 2022 on the general fund. However, with transfers between funds and the reduction in the pension liability this resulted in positive net income.

The surplus for 2022 (before net gains on investments and other recognised gains/losses) was £138k (2021: £0.3m). This is as a result in the reduction in the pension liability as mentioned above. The operating deficit for 2022 on the general fund was £2.9m (2021: £4.0m.) before the pension adjustment of £139k (2021: £258k). The general fund continues to be funded with the total return transfer from the permanent endowment.

Clergy Recruitment

The table below shows the changes that have occurred in year in our Clergy numbers which saw a reduction in filled posts when compared to 2021 in line with the implementation of Time to Change Together. The table also reflects the number of retirements in year and the changes with movements both within and out of the Diocese. The table uses actual clergy numbers rather than FTEs.

Stipendiary Clergy	2022	2021
Numbers as at 1 st January	114	119
Numbers who left the Diocese in year	(10)	(5)
Numbers that retired in year	(9)	(7)
Posts filled in the year from within the Diocese (Curates)	5	3
Numbers new to the Diocese	1	4
Stipendiary Clergy as at 31st December	101	114

Covenant pledges

2022 was a transition year as we moved across from the old formula parish share system to the new covenant pledge system. The new system now gives the parishes the chance to decide for themselves what they can prayerfully, generously, realistically and purposefully give to contribute to the cost of stipendiary ministry in the diocese. The work of the Covenant Pastors visiting parishes was a significant part of the success of the transition. 2022 has continued to be a challenging year for parishes as they continue to be impacted by the longer term challenges of COVID and the cost of living crisis. Thanks to the change in the share system far more parishes have been able to pay 100% of their pledge and we have seen an increase in giving for 2022 over 2021.

The Trustees are extremely grateful to all the parishes which completed their parish share payments during the year, despite the extremely difficult circumstances that we were faced with during 2022 particularly around the energy crisis and the high cost of inflation. We are especially grateful to those parishes that paid more than they originally pledged. Thank you also to those parishes who made their covenant pledges by monthly instalments. This greatly assisted us with our cash flow. The Trustees are disappointed that more parishes have not joined the Parish Giving Scheme (PGS) and continue to encourage parishes to do so. We currently have over 150 parishes who have signed up to PGS or are in the process of doing so.

Balance sheet position

The value of fixed assets including investments during 2022 increased by £2.8m. The increase in value of our agriculture land was £6.7m, in line with the turbulence in the investment markets we

saw a decrease of £3.9m in value of our investments and an increase in value of our Board properties of £0.2m. We continued with the disposal of our surplus housing which saw a reduction in our holdings of £4m.

The other change concerns how the Diocese accounts for the pension scheme deficit on multi-employer defined benefit pension scheme, and in particular on the clergy pension scheme which saw a large reduction in the pension deficit to £Nil (2021: £236k).

The net impact of the pension changes in 2022 are summarised in the table below:

	2022 £'000	2021 £'000
Pension deficit as at 1 st January	236	529
Pension adjustment	(236)	(293)
Pension deficit as at 31 st December (see note 26)	-	236

This resulted in an adjustment to the pension costs in Note 8 and a reduction in expenditure to the general fund.

Balance Sheet Funds

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Balance Sheet date totalled £172m. (2021: £169m.) It must be remembered that included in this total are properties, mostly in use for ministry, whose value amounted to £63m. (2021: £66m). These are held within fixed assets with the remaining balance relating to other properties which the LDTBF own for example Edward King House. Much of the remainder of the assets shown in the Balance Sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the LDTBF.

Reserves policy

Unrestricted reserves

The Trustees have considered financial risk, liquidity requirements and the timing of cashflows throughout the year. They consider it appropriate to hold a balance of readily realisable assets in the general fund equivalent to three months gross expenditure from unrestricted funds estimated at £3.0m (2021: £3.0m). Free reserves at 31 December 2022, show a positive balance of £1.0m which remains short of the £3.0m. The Trustees recognise that the current balance is not sufficient and this is part of the considerations of Time to Change Together to be able to cover the costs of stipendiary ministry in the diocese. The Trustees are continuing to utilise Total Return in the medium term.

The law governing the use of Diocesan Endowment funds changed in 2016 and the Trustees adopted total return during 2017. The adoption of this enables the Trustees to use a portion of the unapplied total return from the Endowment Stipend Fund to fund the shortfall on stipends and housing. The date used for the initial value of the trust for investment and the initial value of the unapplied total return was 1996 as this was the first year that the SORP was adopted. The value of the investments for the Stipend Endowment Funds as at 1996 has been inflated by RPI up to and including 2016. This

established the baseline as £51m. The Trustees used the guidance issued by the Church Commissioners in the Total Return Guide. The Trustees also took into account the change in legislation to the Diocesan Stipends Funds (amendment) Measure 2016. The Trustees took the advice of the trust auditors and the professional expertise within the Trust body. Please refer to note 20.

Designated funds

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2022 total designated reserves were £943k (2021: £922k).

Restricted and endowment funds

As set out in note 22 LDTBF holds and administers a large number of restricted and endowment funds. As at 31 December 2022 restricted and endowed funds totalled £170m (2021: £168m).

Grant making policy

The Memorandum of Association of the LDTBF explicitly permits the LDTBF to make grants in pursuance of its objects, and the nature of the grants made in 2022 are indicated in note 11.

Investment policy

The LDTBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDTBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDTBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15b summarises the movements in investments during the year.

The Assets Committee continued to monitor its holdings and the fund managers in which these funds are held. The Committee continued to be aware of the risks to the portfolio particularly around the pandemic and our exposure to investments in property. As a result of this the Asset Committee during 2022 disinvested from Sarasin & Partners, Mayfair Capital and the Charities Property Fund. These funds were transferred to LGT Vestra and abrdn during 2022. Regular reviews were carried out with the fund managers and frequent information was available to keep them up to date with developments around the fund performance.

The Trustees' investment policy is to preserve the real value of the investment portfolio and to contribute to financing the activities of the Diocese. Growth was not as planned in 2022 due to the turmoil in the markets and in 2022 generally. The value of the investments reduced by £3.9m and as the Diocese invests for the long term the Trustees are not concerned by these drop in values.

The Trustees reviewed the investment portfolio in 2021 and implemented changes to the holdings in 2022 as recommended by the Asset Committee. The investments are split across a number of fund managers which in turn reduces the level of risk for the LDTBF.

The changes to the funds types and managers are detailed below:

- The Charities Property Fund, managed by Savills Investment Management (disinvested during 2022)
- Alpha Common Investment Fund for Endowments, managed by Sarasin & Partners (disinvested during 2022)
- Property Income Trust for Charities, managed by Mayfair Capital Investment Management (disinvested in 2022)
- CBF Church of England Investment Fund, managed by CCLA Investment Management
- Amity Global Equity Fund for Charities, managed by Edentree Investment Management
- Cazenove Capital, managed by Schroder & Co. Limited
- abrdn Capital Limited
- LGT Vestra Wealth Ltd

The Assets Committee reviews the performance of the funds at each of its meetings and held an annual review with its fund managers during December 2022. These were carried out virtually and face to face with the fund managers producing a recording of their presentation prior to the meeting. They then attended the meeting and were asked questions by the Committee. The Asset Committee makes recommendations to the Trustees on investments and will be looking to review the method in which income is paid to the Trust in 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed which is reviewed by the Risk Management Committee and monitored by the Audit and Governance Committee. This is subject to review by the Trustees with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

During the Annual Risk Review which took place in February 2023, Trustees considered the following risks and mitigations to be most critical to the strategic objectives of the organisation:

Detail	Rating	Control and mitigation	Key management activities	Target rating
A lack of young people in our congregations leading to a danger in continuity and diminishing congregation size.	Critical	The Children and Youth Panel and the Mission and Ministry Committee monitor and discuss the work of the Children and Youth Officer and the newly formed College of St Hugh brings together the different growth strands of Time to Change Together.	Funding is being sought through the Diocesan Transformational Fund Panel and the National Church to put in place 9 Children and Youth Enablers, one for each Deanery Partnership. Their role will be in supporting local workers and parish projects including acting as a repository for good practice and shared learnings.	High

Congregation numbers continue to fall resulting in a drop in parish share and resources.	Critical	The strategic development funding programme has been launched to revitalise our urban areas. Congregation numbers monitored by annual statistics and parish share returns.	Focus being placed on growth of mature and committed discipleship through planning, resources and support. Plans for Mission Enablers in each Deanery Partnership to promote the diocesan priority of intentional discipleship.	High
Current high inflation on goods and services and the impact of the cost of living on staff may impact on the 5-year TTCT budget plan, which may result in the need to draw down on Total Return for the longer term which would shrink our income and lead to an increasing deficit.	Critical	Regular management accounts reviewed by the Financial Reporting Advisory Panel and BCDT. Our auditors have been content with our approach to Total Return following detailed forecasting projections created in 2020 and then updated regularly. Monitoring any reductions in costs where possible.	As of the end of 2022 the deficit was significantly reduced with the benefit of windfalls on disposals. Additional funds from disposals have been successfully reinvested increasing income, and covenant giving has recovered well to £3.6m following a drop earlier in the pandemic. Trustees have approved an additional £2.9m drawdown of Total Return to provide comfort on going concern.	High
That the IT infrastructure of the LDTBF will be damaged by a cyber threat such as malware and viruses meaning that vital data may be lost or ransomed should there be a failure in our cyber security systems. This was discovered to be more urgent with the fact that the operating system our servers use will be made redundant before the end of 2023 and therefore not protected.	Critical	Mansys (our external IT provider) monitor phishing emails and carry out cyber security training with members of staff to avoid human error lapses. Cyber Essentials accreditation has been gained following an internal review of our IT provision over the last 18 months.	A timeline has been set for the migration of our file structure onto cloud storage so that the servers can be removed. This project is considered vital for our continued operations and will be appropriately resourced. A number of recommendations have been made by our audit partners following the first IT controls audit, which will be implemented and reported back to the board as a priority.	High
That the necessary culture change (partnerships, generosity, growth) required under Time To Change Together isn't achieved. That the end-point becomes financial rather than missional and that insufficient energy is put into the culture change required.	High	The Bishop's Operations Group have met regularly throughout the process with regular updates and discussion at both BCDT and Synod. Devoted section of the website provides the necessary high-level vision as well as practical guides.	Three archidiaconal Vision Days on the re-imagining of ministry to be held before the end of Q1 2023, where every lay or ordained licenced minister will be invited to hear the Bishop's charge and discuss in their local teams the future.	Medium

Trustees acknowledge the interrelation between many of their key strategic risks, in that they all relate in some way to the mission objectives of the Diocese and our ability to meet those objectives with an appropriate and sustainable level of resource. The lack of the younger generation represented in our church congregations relates more broadly to shrinking congregations in general, which in turn has an impact on our financial sustainability. The Trustees monitor these principal risks regularly and receive assurance from the Audit and Governance Committee who in turn monitor the work of the operational Risk Management Committee.

Following the 2023 review, Trustees agreed that the current risk control framework is robust enough to provide the necessary assurance that risk is taken seriously at all levels, and that the culture of risk management desired can be seen throughout the organisation.

STRUCTURE AND GOVERNANCE

While the LDTBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDTBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 104 trained stipendiary clergy and 20 training curates in the Diocese is a priority of the LDTBF and represents by far its largest financial commitment. Although the LDTBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review. It also gives clergy access to Employment Tribunals and other useful services.

For many, the clergy house represents the domestic heart of the benefice, serving not only as a home but also as a base for ministry. The LDTBF recognises the importance of a safe, secure and well-maintained house and continued with a programme of refurbishments and improvements.

Summary Information about the structure of the Church of England

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

The Church of England has a General Synod comprised of ex-officio and elected representation from each Diocese and it agrees and lays before Parliament Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as bishop within the Diocesan Synod.

The Lincoln Diocese is itself divided into twenty-two deaneries, each with its own Synod. Each deanery consists of several parishes which may be a member of a benefice, and each parish has a parochial church council which shares with the parish priest responsibility for the mission of the

church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan Synod.

Organisational structure

The Lincoln Diocesan Trust and Board of Finance (LDTBF) is a company limited by guarantee (No. 097256) and a registered charity (No. 249355) governed by its Memorandum and Articles of Association. This means that the trustees of the charity which make up the membership of the Bishop's Council of Diocesan Trustees, are also the company's directors and that the Trust is bound by charity and company law and regulations.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Lincoln. It exists to transact the business of the Diocese of Lincoln and provide financial and administrative support to the Diocese and its associated activities. LDTBF serves as the Diocese's Board of Finance in accordance with Ecclesiastical Law. LDTBF also acts as custodian of certain funds and properties held for the benefit of others (principally parishes of the Diocese).

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also the trustees for the purposes of charity law. In October 2018 the Trustees adopted new Articles of Association which brought the LDTBF, the Bishop's Council and Diocesan Synod Standing Committee and the Diocesan Mission and Pastoral Committee (DMPC) into one coterminous body called the Bishop's Council of Diocesan Trustees. This body fulfils all of the statutory and non-statutory duties of the LDTBF. The Diocesan Bishop appoints, subject to the approval of the Diocesan Synod, the Chair of the LDTBF.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The Synod membership is elected every three years, the last elections having been in July 2021.

The 11 elected members of the Bishop's Council of Diocesan Trustees are elected by Diocesan Synod and from its number. 9 of these positions are spread equally over the three archdeaconries of the Diocese, with the remaining two elected as chairs of the Houses of Laity and Clergy. The Diocesan bishop is an ex-officio member, as are the Suffragan bishops, the Dean of Lincoln, the three archdeacons, the chair of the LDTBF and the chair of the DMPC (if not already the Diocesan bishop). The details of the Trustees who served during the year are set out on page 24.

While the LDTBF is a separate legal entity with clear responsibilities under both company and charity law, as well as a governing memorandum of articles of association, by virtue of the National Institutions Measure 2000 the LDTBF is subject to the direction of Synod in all of its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

Lincoln Diocesan Trust and Board of Finance Limited: monitors management accounts and budgets, the use of assets and investment policies. It also undertakes its responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Corporate priorities and the overall financial strategy for the Diocese are its primary objects to promote, assist and advance the work of the Church of England within the Diocese of Lincoln as set by the Diocesan Synod, and the LDTBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary.

The company membership, which as of October 2018 is the membership of Diocesan Synod, meets once a year in a general meeting to receive and approve the Annual Report and financial statements and to approve the appointment of the auditors. The Bishop's Council of Diocesan Trustees acting as the LDTBF approves these matters in their trustee meeting prior to the general meeting.

The Bishop's Council of Diocesan Trustees acts as the standing committee of diocesan synod, the Diocesan Mission and Pastoral Committee (DMPC) and the Bishop's Council, as well as the board of finance in order to ensure that mission and money are discussed in the same room and by the same key stakeholders.

Diocesan Synod and the Bishop's Council of Diocesan Trustees delegate various responsibilities to committees, in order for the 'heavy lifting' to be done away from the main trustee meeting. These non-statutory committees and working groups are combined with other statutory committees to form the governance structure of the diocese.

Three meetings of Diocesan Synod were held in 2022, including a meeting in April which also acted as the Annual General Meeting of the LDTBF. The Bishop's Council of Diocesan Trustees moved back to meeting entirely in person in 2022, following two years of virtual, and hybrid meetings. Due to the size of the body and the requirement for thorough discussion prior to decision making, the Business Planning Committee decided that BCDT meetings should where possible always be held in person.

The Standing Orders were reviewed and re-approved by Diocesan Synod at the end of the year, after the complete re-write done as part of the governance changes in 2018. The recent changes reflected the lessons learned over the past 5 years, including the need for appropriate flexibility during the pandemic.

Audit and Compliance Committee (Chair David Cowell):

The main purpose of the committee is to monitor and review the integrity of the Diocese's Annual Report and accounting policies; the effectiveness of the Diocese's governance, internal controls and risk management systems including an assessment of the adequacy of resource to support the same. It is also responsible for monitoring the relationship with, and effectiveness of, the external audit function; the nature and quality of financial information used by the LDTBF to discharge its activities as Trustees of the Diocese.

Assets Committee (Chair Jane Powell):

The Assets committee develops and recommends to the LDTBF the strategy for and operational utilisation of, the LDTBF's assets portfolio in a balanced manner, and for the purposes of providing income in support of the stipends fund, balancing revenue requirements with opportunities for maximising capital growth whilst balancing risks.

Trusts Committee (Chair The Revd Elaine Turner):

The Trusts committee supports the LDTBF in fulfilling its function as Custodian Trustee of funds and properties, mainly parochial trusts, and as primary Trustee of funds and properties held by LDTBF within certain specific charitable trusts, excluding Diocesan Glebe and the Diocesan Stipends Fund Capital account.

Clergy Housing Committee (Chair David Wright):

The Clergy Housing committee seeks to provide housing that is appropriate, cost effective, efficient and well maintained. The committee makes recommendations for the purchase and disposal of properties for housing clergy to the Assets Committee who will assist this committee in discharging its responsibilities on behalf of the LDTBF as the Parsonages Board of the Diocese of Lincoln, under the Repair of Benefice Buildings Measure 1972.

Diocesan Advisory Committee (Chair The Revd Elaine Turner):

The function of the Diocesan Advisory committee is to act as an advisory body on matters affecting places of worship in the diocese and to give advice when requested on the granting of faculties, architecture, archaeology, art and the history of places of worship. The DAC will also advise on the use, care, planning, enhancement, design and redundancy of places of worship, as well as their contents and connected churchyards.

Mission and Ministry Committee (Chairs Bishop Nicholas Chamberlain and Bishop David Court):

The committee supports, and works under the direction of, the Bishop's Council of Diocesan Trustees in the specific areas of Mission and Ministry. As such, the committee serves as a forum for formulating and bringing forward strategic proposals for approval; monitors and facilitates the implementation of such proposals following their approval; supports all who work in the Mission and Ministry Teams; and serves as a critical friend to the Mission and Ministry teams.

Search and Nominations Committee (Chair Canon Niccy Fisher):

The committee seeks out, provides scrutiny for and recommends appointed members to boards, committees and working groups of the diocese and our partners. The committee also encourages engagement for elected positions and works towards a greater standard of diversity, representation and skill.

Training for Trustees

Trustees are given an extensive induction at the beginning of their term and training which is tailored to their specific needs. There were 2 newly elected trustees 2022 who went through the trustee induction programme. The triennial residential trustee training session took place in January 2022, with topics including Finance, Risk Management and Trustee Responsibilities. A standing item on all trustee agendas is 'relevant legislative changes', so that Trustees remain abreast of any changes to company, charity or ecclesiastical law of which they should be concerned. Trustees also undertook Unconscious Bias training using an online training tool during the year, which was part of a trustee commitment following the National Church's report and recommendations on diversity and inclusion, "From Lament to Action".

Some staff hold the title of 'Director', namely the Finance Director, Director of Ordinands and the Director of Studies but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of conduct and maintain their entry in the record of declarations of interest and loyalty. They complete an annual declaration of 'fit and proper status', whilst declaring any related party transactions for that year. Trustees are now also required to complete a successful enhanced Disclosure and Barring Service check, in line with Charity Commission best practice.

Remuneration of key management personnel

Salary increases of all staff are paid in line with increases to the clergy stipend. This includes emoluments of higher-paid employees. Please refer to note 12 for further details.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and his/her colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the LDTBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The LDTBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDTBF does not control them, and they are segregated from the LDTBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £22m at 31 December 2021 (2021: £23m), are available from the LDTBF on request, and are summarised in note 28. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

TRUSTEES' RESPONSIBILITIES

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

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

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LDTBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the LDTBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the LDTBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions. To protect the Trustees as both Trustees and Directors

third party indemnity insurance is place.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The re-appointment of Haysmacintyre LLP as auditors to the LDTBF will be proposed at the Annual General Meeting.

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2022. The following Trustees were in post at the date of this report:

Ex-officio:

The Acting Diocesan Bishop	The Rt Revd Stephen Conway
The Bishop of Grimsby	The Rt Revd Dr David Court
The Bishop of Grantham	The Rt Revd Dr Nicholas Chamberlain
The Dean of Lincoln	The Very Revd Christine Wilson
The Archdeacon of Boston	The Venerable Dr Justine Allain Chapman
The Archdeacon of Stow & Lindsey	The Venerable Alyson Buxton (from 15 July 2022)
The Archdeacon of Lincoln	The Venerable Gavin Kirk

Elected by Synod:

Canon Nigel Bacon, Chair of the House of Laity
The Revd Canon Alyson Buxton, Chair of the House of Clergy (until 15 July 2022)
The Revd John Cameron Watt, Chair of the House of Clergy (from 16 July 2022)
The Revd Georgina Machell
The Revd Nicholas Nawrockyi
The Revd Rachel Heskins (from 16 July 2022)
Mrs Susan Slater
Mrs Ruth Brewin
Mr Russell Coulter
Mr Richard Bayes (until 19 November 2022)
Mrs Susan Watt
Mr Paul Davie

Appointed by the Diocesan Bishop:

Canon Prof Muriel Robinson, Chair of the LDTBF (with the approval of Synod)

Miss Jane Powell- Chair of the Assets Committee

Mr David Cowell- Chair of the Audit and Governance Committee

Mr David Wright- Chair of the Clergy Housing Committee

Dr Jaishan Mahan (from 9 January 2022)

Senior staff and advisers

Diocesan Secretary	The Revd David Dadswell
Director of Finance	Ann Treacy FCMA, CGMA

Registered Office: Edward King House, Minister Yard, Lincoln, LN2 1PU

Bankers: National Westminster Bank plc, (Smiths Bank Branch), Lincoln, LN2 1DS

Auditors: Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Solicitors: Lee Bolton Monier-Williams

1 The Sanctuary Westminster London SW1P 3JT

Chattertons Solicitors

Chattertons House, 2 Low Moor Road, Off Doddington Road, Lincoln,
LN6 3JY

Investment advisers: *CCLA Investment Management Ltd*

Senator House, 85 Queen Victoria Street, London, EC4V 4ET

Schroder & Co. Limited

1 London Wall Place, London, EC2Y 5AU

EdenTree Investment Management Ltd

Sunderland, SR43 4AU

Swindon, SN4 4BG

abrdn Capital Limited

1 George Street, Edinburgh, EH2 2LL

LGT Wealth Management UK LLP,

14 Cornhill, London, EC3V 3NR

Glebe Agents: Savills, Olympic House, Doddington Road, Lincoln, LN6 3SE

Parsonage Agents: Mundy's Estate Agent, 29 Silver Street, Lincoln, LN2 1AS

Insurers: PIB Insurance Brokers, Poppleton Grange, Low Poppleton Lane, York,
YO26 6GZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 18 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Muriel Robinson

Chair

30 March 2023

David Dadswell

Secretary

30 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

Independent auditor's report to the Trustees of Lincoln Diocesan Trust and Board of Finance Limited

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If

INDEPENDENT AUDITORS'S REPORT (continued)

we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS'S REPORT (continued)

basis of these financial statements.

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

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

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

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

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

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

Use of our report

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

Adam Halsey
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 30 March 2023

10 Queen Street Place
London EC4R 1AG

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2022

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Income and endowments from							
Donations							
Parish contributions	2	3,651	-	-	-	3,651	3,487
Archbishop's Council		1,106	-	810	-	1,916	1,314
Other donations		703	-	-	-	703	418
Charitable activities	3	508	-	67	-	575	604
Other trading activities	4	22	-	427	-	449	684
Investments	5	16	-	165	2,135	2,316	2,246
Other income	6	-	-	1,059	263	1,322	1,778
Total income		6,006	-	2,528	2,398	10,932	10,531
Expenditure on							
Raising funds	7	-	-	22	225	247	304
Charitable activities	8	8,794	-	1,753	-	10,547	10,511
Total expenditure		8,794	-	1,775	225	10,794	10,815
Net income/(expenditure) before investment gains/(losses)		(2,788)	-	753	2,173	138	(284)
Loss on disposal of fixed assets	-	-	-	-	(148)	(148)	(73)
Net gains/(losses) on investments	15	-	-	(667)	(3,304)	(3,971)	4,380
Net income/(expenditure)		(2,788)	-	86	(1,279)	(3,981)	4,023
Transfers between funds	13	2,906	21	-	(2,927)	-	-
Other recognised gains/(losses)							
Actuarial gains/(losses) on pension scheme	26	-	-	-	97	97	35
Gains/(losses) on revaluation of properties	14,15	-	-	259	6,726	6,985	2,619
Net movement in funds		118	21	345	2,617	3,101	6,677
Total funds brought forward		1,070	922	23,118	144,405	169,515	162,838
Total funds carried forward	19	1,188	943	23,463	147,022	172,616	169,515

All activities derive from continuing activities. The notes on pages 33 to 60 form part of the financial statements. Details of comparative figures by fund are included in note 29.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2022

	Total 2022 £'000	Total 2021 £'000
Total income (excluding endowments)	8,534	8,010
Total expenditure (excluding endowments)	(10,547)	(10,511)
Surplus of income over expenditure in the year before transfers	(2,013)	(2,501)
Net gains/(losses) on investments	(667)	491
Transfers from endowment of total return applied in the year	2,927	4,000
Net income/expenditure for the year	247	1,990
Other comprehensive income:		
Revaluation of fixed assets	259	604
Net (losses) on disposal of fixed assets	(148)	(71)
Transfer of fixed assets to restricted funds	-	6,434
Total comprehensive income	358	8,957

The Income and Expenditure Account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities and includes the amounts which are included in the columns headed Unrestricted Funds, Restricted Funds but does not include the income and expenditure within the Endowment Funds.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
BALANCE SHEET
At 31 December 2022

Company Number –00097256

		2022	2021
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	14	63,282	66,043
Investments	15	105,584	100,256
		<u>168,866</u>	<u>166,299</u>
CURRENT ASSETS			
Debtors	16	949	1,171
Cash on deposit		2,031	2,280
Cash at bank and in hand		1,872	721
		<u>4,852</u>	<u>4,172</u>
CREDITORS: amounts falling due within one year	17	(1,030)	(648)
		<u>3,822</u>	<u>3,524</u>
NET CURRENT ASSETS		<u>3,822</u>	<u>3,524</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>172,688</u>	<u>169,823</u>
CREDITORS: amounts falling due after more than one year			
Pension scheme liabilities		-	(236)
Other creditors		(72)	(72)
		<u>172,616</u>	<u>169,515</u>
NET ASSETS		<u>172,616</u>	<u>169,515</u>
FUNDS			
Endowment funds	19,21	147,022	144,405
Restricted income funds	19	23,463	23,118
Unrestricted income funds:			
General funds	19	1,188	1,070
Designated funds	19	943	922
		<u>172,616</u>	<u>169,515</u>
TOTAL FUNDS		<u>172,616</u>	<u>169,515</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 30 March 2023 and signed on behalf of the Board by:

.....
Muriel Robinson
Chair

.....
The Rt Revd Stephen Conway
Acting Bishop of Lincoln

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2022

		2022	2021
	£'000	£'000	£'000
Net cash inflow / (outflow) from operating activities		(3,027)	(5,715)
Cash flows from investing activities			
Dividends, interest and rent from investments	2,316	2,246	
Proceeds from the sale of tangible fixed assets	3,644	7,186	
Purchase of tangible fixed assets	(826)	(146)	
Disposal of investments	22,830	460	
Repayment of Loan to Church Commissioners	-	(1,312)	
Purchase of investments	(25,403)	(6,443)	
Gain on sale of investments	1,322	1,778	
Net cash provided by / (used in) investing activities		3,883	3,769
Cash flows from financing activities			
Loans repaid to LDTBF	46	36	
Net cash provided by / (used in) financing activities		46	36
Change in cash and cash equivalents in the reporting period		902	(1,910)
Cash and cash equivalents at 1 January		3,001	4,911
Cash and cash equivalents at 31 December		3,903	3,001
Reconciliation of net movements in funds to net cash flow from operating activities			
Net movement in funds for the year ended			
31 December		3,101	(6,677)
Adjustment for:			
Depreciation charges	9	28	
Dividends, interest and rent from investments	(2,316)	(2,246)	
Loss on revaluation of tangible fixed assets	(259)	(604)	
Gains/(Loss) on revaluation of investments	3,971	(4,380)	
Impairment	-	-	
Loss on revaluation – investment properties	(6,726)	(2,015)	
Movement in pension scheme deficit	(236)	(293)	
Loss on disposal of fixed assets	148	73	
Profit on sale of fixed assets	(1,322)	(1,778)	
Decrease in stock	-	-	
Decrease / Increase) in debtors	221	153	
Increase / (Decrease) in creditors	382	(1,330)	
Net cash provided by / (used in) operating activities		(3,027)	5,715
Analysis of cash and cash equivalents			
Cash in hand	1,872	721	
Notice deposits (less than 3 months)	2,031	2,280	
	3,903	3,001	

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2022

ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2022 £	Cashflows £	Other Changes £	At 31 December 2022 £
Cash and cash equivalents				
Cash	721	1,151	-	1,872
Deposit accounts	2,280	(249)	-	2,031
Borrowings	3,001	902	-	3,903
Debt due within one year	-	-	-	-
Debt due within one year	72	-	-	72
	72	-	-	72
Total	2,929	902	-	3,831

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in c), and fixed asset investments, which are included at their fair value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities applicable to charities in the UK and Republic of Ireland (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity is a Public Benefit Entity registered in England and Wales.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

- i) **Parish Share contributions** – The principal source of income comes from voluntary giving in the form of parish contributions which includes amounts received up to 14th January relative to the year, following the year end. Income also includes any arrears received from previous years.
- ii) **Rent and investment income** - Rent and investment income are recognised as income when receivable.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions specified by the donor which have not been met at the year-end are included in creditors and carried forward to the following year.
- v) **Parochial fees** are recognised as income in the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets** for LDTBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income** - The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, satisfied.

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the LDTBF to pay out resources. Expenditure is included on an accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

Costs of raising funds. These are the costs of managing the Endowment, Glebe and Unrestrictive funds' investments, plus the costs associated with letting the vacant parsonages and board houses.

Charitable expenditure. Charitable Expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes plus the costs of supporting the work of the parishes in greater Lincolnshire. This principally includes the cost of clergy stipends, costs of maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDTBF, such grants being recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs consist of central management, administration and governance costs. These are costs which are directly attributable to a specific charitable activity.

Pension costs and other post-retirement benefits. The LDTBF contributes to the Church of England Pension Scheme for Clergy. Clergy are members of the Church of England Funded Pensions Scheme. The pension costs are charged as resources expended which represent the LDTBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities for the pension scheme to which the LDTBF participates is recognised at the present value of contributions payable that arise from the deficit funding agreement. The Liability is recognised in creditors falling due within one year and after more than one year.

In addition to the above scheme the LDTBF also operates the Lincoln Diocesan Trust and Board of Finance Limited scheme for the benefit of office staff. This scheme closed to new members in 2003 and does not form part of these accounts. The LDTBF also contributes to a group stakeholder pension for other employees. This is the Lincoln Diocesan Trust Scheme with Royal London.

c) Tangible fixed assets and depreciation

Freehold properties and parsonages

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. Properties which are identified

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

as Board properties are revalued on a five year annual rolling programme. This valuation is carried out by the Property Director who is a registered member of the Royal Institution of Chartered Surveyors (RICS).

The LDTBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Value linked loans from the Church Commissioners that are administered by the LDTBF and the corresponding equivalent value of the property to which they relate are all included in the balance sheet as an asset and corresponding liability in accordance with the recommendation of the Diocesan Accounts Guide. These properties are revalued on a rolling five-year basis.

Investment properties

In accordance with FRS102, investment properties are carried at their fair value and this is considered by the Trustees annually. The aggregate surplus or deficit is recognised in the Endowment and Glebe Fund. Investment properties are valued on an annual basis by a registered RICS qualified valuer.

Parsonage houses

The LDTBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The LDTBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historic cost values.

d) Non Property fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation

Depreciation of non-property assets is provided in order to write off the cost of other fixed assets over their currently expected useful lives at the following rates:-

Motor vehicles	25% per annum	straight line basis
Computers	25% per annum	straight line basis
Fixtures and fittings	14.30% per annum	straight line basis (i.e. over 7 years)

1. ACCOUNTING POLICIES (continued)

Other investments

All **other** investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when investments are sold. Unrealised gains and losses are accounted for on revaluation of investments at the year end.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods. Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to determining the value of the pension scheme deficit and are discussed above and the revaluation of Board properties and of the glebe agriculture land.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

e) Other accounting policies

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Creditors and provisions

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

1. ACCOUNTING POLICIES (continued)

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

Operating Leases - The LDTBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.

Funds

Funds over which the LDTBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the LDTBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as "unrestricted". Designated funds are unrestricted funds that have been set aside by the LDTBF for purposes designated by the LDTBF policy. Such designations may be set aside from time to time according to policy decisions.

Endowment funds

The Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDTBF (Stipends Fund Capital and Parsonage Houses), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Trust Funds

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the LDTBF acts as trustee and controls the management and use of the funds, are included in the LDTBF's own financial statements as charity branches. Trusts where the LDTBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the relevant note to the financial statements

Reserves Policy

The target free reserves (net of fixed assets and investments) is currently set at an amount equivalent to three months' gross expenditure from unrestricted funds estimated at £3.0m.

f) **Going Concern**

Having reviewed the funding facilities available to the charity together with future projected cash flows, the trustees have an expectation that the charity has adequate resources to continue its activities for the foreseeable future. Trustees are aware of the longer term sustainability of the Diocese and are putting in place measures to ensure that there is a long term financial and operational strategy in place to support the organisation in the future. They do consider that there were no material uncertainties over the charity's financial viability at the date of signing the accounts. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

2. DONATIONS

Parish Contributions

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

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Current year apportionment	4,022	-	-	-	4,022	5,019
Shortfall in contributions	(371)	-	-	-	(371)	(1,532)
	<u>3,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,651</u>	<u>3,487</u>
Receipts for previous years	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Income	<u>3,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,651</u>	<u>3,487</u>

Current year parish share receipts represent 90.7% of the total apportioned (2021 –69%), or, when receipts for previous years are included, 90.7% of the total apportioned (2021 –69%). During 2022 the basis for the collection of parish share changed to a covenant pledge system. This resulted in a reduction in the level of ask from a formula based approach to a level where parishes pledge what they can offer. This resulted in an increased percentage contribution. All parish contributions in the year ended 31 December 2021 were attributable to the general fund.

Archbishop's Council

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Lowest Income Funding	1,106	-	-	-	1,106	1,068
Strategic Development	-	-	363	-	363	246
Energy grant for parishes	-	-	447	-	447	-
	<u>1,106</u>	<u>-</u>	<u>810</u>	<u>-</u>	<u>1,916</u>	<u>1,314</u>

This is the annual grant for the parish mission fund, which may be used for specific parish mission and development projects or for clergy stipends. All Lowest Income Funding received in the year ended 31 December 2021 was attributable to the general fund. The LDTBF were successful with a Strategic Development Fund bid which provides funding for church planting for a period of 5 years. During 2022 an additional grant of £447k was paid by the Archbishop's Council to support parishes with the increase in energy costs.

Other donations

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Benefact Grant	141	-	-	-	141	147
Donations	562	-	-	-	562	271
	<u>703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>703</u>	<u>418</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

2. DONATIONS (continued)

All income from other donations in the year ended 31 December 2021 was attributable to the general fund.

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2022	Total funds 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Statutory fees	501	-	-	-	501	516
Church Commissioners' Guaranteed annuities	-	-	-	-	-	1
Chaplaincy and other	-	-	-	-	-	3
Fees from training	5	-	67	-	72	83
Income recharged for Support to parishes	2	-	-	-	2	1
	<u>508</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>575</u>	<u>604</u>

In the year ended 31 December 2021 fees from training of £82k was attributable to restricted funds. All other income from charitable activities was attributable to the general fund.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2022	Total funds 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Housing income	22	-	427	-	449	409
Income from DBF fundraising	-	-	-	-	-	275
	<u>22</u>	<u>-</u>	<u>427</u>	<u>-</u>	<u>449</u>	<u>684</u>

In the year ended 31 December 2021 £523k was attributable to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment funds	Total funds 2022	Total funds 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Dividends receivable	-	-	165	1,081	1,246	1,255
Interest receivable	16	-	-	-	16	15
Rents receivable	-	-	-	1,054	1,054	976
	<u>16</u>	<u>-</u>	<u>165</u>	<u>2,135</u>	<u>2,316</u>	<u>2,246</u>

In the year ended 31 December 2021 interest receivable of £15k was attributable to the general fund. £54k was attributable to restricted funds All other investment income was attributable to endowment funds.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

6. OTHER INCOME

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Gain/(Loss) on sale of Properties & Glebe	-	-	1,059	263	1,322	1,770
Sale receipts from churches	-	-	-	-	-	8
	<u>-</u>	<u>-</u>	<u>1,059</u>	<u>263</u>	<u>1,322</u>	<u>1,778</u>
	<u>-</u>	<u>-</u>	<u>1,059</u>	<u>263</u>	<u>1,322</u>	<u>1,778</u>

In the year ended 31 December 2021 gains on the sale of Properties & Glebe of £1,575k was attributable to restricted funds, £183k was attributable to endowment funds. All other income was attributable to the general fund.

7. RAISING FUNDS (2022)

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	225	225
Parsonage rental costs	-	-	22	-	22
	<u>-</u>	<u>-</u>	<u>22</u>	<u>225</u>	<u>247</u>
	<u>-</u>	<u>-</u>	<u>22</u>	<u>225</u>	<u>247</u>

RAISING FUNDS (2021)

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	274	274
Parsonage rental costs	-	-	30	-	30
	<u>-</u>	<u>-</u>	<u>30</u>	<u>274</u>	<u>304</u>
	<u>-</u>	<u>-</u>	<u>30</u>	<u>274</u>	<u>304</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES (2022)

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000
Contributions to Archbishops' Council					
Training for Ministry	306	-	-	-	306
National Church Responsibilities	188	-	-	-	188
Grants & Provisions	26	-	-	-	26
Mission agency pension costs	13	-	-	-	13
Retired clergy housing Costs	115	-	-	-	115
Pooling of ordinands maintenance grants	102	-	-	-	102
	<u>750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750</u>
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	3,797	-	-	-	3,797
Pension contributions	1,086	-	-	-	1,086
Housing costs	642	-	824	-	1,466
Removal, resettlement and grants	91	-	-	-	91
Other expenses	269	-	-	-	269
	<u>5,885</u>	<u>-</u>	<u>824</u>	<u>-</u>	<u>6,709</u>
Support for parish ministry	1,149	-	929	-	2,078
Support costs	910	-	-	-	910
	<u>2,059</u>	<u>-</u>	<u>929</u>	<u>-</u>	<u>2,988</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>8,794</u>	<u>-</u>	<u>1,753</u>	<u>-</u>	<u>10,547</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

8. CHARITABLE ACTIVITIES (2021)

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Contributions to					
Archbishops' Council					
Training for Ministry	307	-	-	-	307
National Church Responsibilities	214	-	-	-	214
Grants & Provisions	26	-	-	-	26
Mission agency pension costs	14	-	-	-	14
Retired clergy housing Costs	113	-	-	-	113
Pooling of ordinands maintenance grants	98	-	-	-	98
	<u>772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772</u>
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	4,188				4,188
Pension contributions	1,197	-	-	-	1,197
Housing costs	641	-	873	-	1,514
Removal, resettlement and grants	90	-	-	-	90
Other expenses	18	-	-	-	18
	<u>6,134</u>	<u>-</u>	<u>873</u>	<u>-</u>	<u>7,007</u>
Support for parish ministry					
Support costs	1,384	266	139	-	1,789
	843	-	-	-	843
	<u>2,227</u>	<u>266</u>	<u>139</u>	<u>-</u>	<u>2,632</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>9,233</u>	<u>266</u>	<u>1,012</u>	<u>-</u>	<u>10,511</u>

**9. ANALYSIS OF EXPENDITURE
INCLUDING ALLOCATION OF
SUPPORT COSTS (2022)**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2022 £'000
Raisings funds	247	-	-	247
Charitable activities:				
Contributions to Archbishop's Council		750	-	750
Resourcing parish ministry	8,074	713	910	9,697
Education	-	100	-	100
	<u>8,321</u>	<u>1,563</u>	<u>910</u>	<u>10,794</u>

**ANALYSIS OF EXPENDITURE
INCLUDING ALLOCATION OF
SUPPORT COSTS (2021)**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2021 £'000
Raisings funds	304	-	-	304
Charitable activities:				
Contributions to Archbishop's Council	-	772	-	772
Resourcing parish ministry	8,580	216	843	9,639
Education	-	100	-	100
	<u>8,884</u>	<u>1,088</u>	<u>843</u>	<u>10,815</u>

**10. ANALYSIS OF SUPPORT COSTS
(2022)**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2022 £'000
	General £'000	Designated £'000	£'000	£'000	£'000
Central administration	681	-	-	-	681
Governance:					
External audit	28	-	-	-	28
Registrar and Chancellor	131	-	-	-	131
Synodical costs	70	-	-	-	70
	<u>910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>910</u>

**ANALYSIS OF SUPPORT COSTS
(2021)**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021 £'000
	General £'000	Designated £'000	£'000	£'000	£'000
Central administration	602	-	-	-	602
Governance:					
External audit	25	-	-	-	25
Registrar and Chancellor	143	-	-	-	143
Synodical costs	73	-	-	-	73
	<u>843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>843</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

11. ANALYSIS OF GRANT MADE

	Number	Individuals £'000	Institutions £'000	2022 Total £'000	2021 Total £'000
From unrestricted funds for national					
Church responsibilities:					
Contributions to Archbishop's Council	6	-	750	750	772
From unrestricted funds:					
Support for Board of Education	1	-	100	100	100
PEV Episcopal Visitors	1	-	2	2	2
Churches Together in Lincolnshire	1	-	9	9	8
Lincoln St. Swithins	-	-	-	-	-
Stamford St. George	-	-	-	-	5
Transformation Grants	27	-	79	79	18
Community of St. Francis	-	-	-	-	-
Elloe East Deanery	1	-	8	8	6
Clergy Settlement Grants	13	32	-	32	34
Clergy 1st Appointment Grants	6	16	-	16	29
Miscellaneous grants	8	5	-	5	1
Clergy Robing Grants	1	1	-	1	2
Ordinands in training	4	47	-	47	43
Ministry Division grants	23	21	39	60	61
The Clergy Stipend Fund	14	7	-	7	7
	100	129	237	366	316

In the year ended 31 December 2021 grants of £135k were awarded to individuals, £182k to institutions.

12. STAFF COSTS

	2022 £'000	2021 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,355	1,442
National insurance contributions	135	131
Pension costs	125	139
	1,615	1,712

The average number of persons employed by the charity during the year were:

	2022 Number	2021 Number
Administration and financial management	10	8
Property	5	5
Discipleship & Ministry, Stewardship	17	17
Safeguarding & inclusion	4	4
Total for the Charity	36	34

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

12. STAFF COSTS (Continued)

	2022 Number	2021 Number
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		
£80,001 - £90,000	2	2
Pension payments of £23,881 were made in 2022 in respect of the above individuals (2021: £19,634).		

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2022 they were the Diocesan Secretary, Property Director and the Director of Finance.

Remuneration, pensions and expenses for the three employees amounted to £269,961 (2021 : £264,258).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee (2021 – None). Trustees received travelling and out of pocket expenses, totalling £18,286 (2021– £10,399) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Rt Revd Dr Nicholas Chamberlain	No	Yes
The Rt Revd Dr David Court	No	Yes
The Venerable Alyson Buxton	Yes	Yes (until 11 July 2022) (with effect from 12 July a housing allowance is payable)
The Venerable Dr Justine Allain Chapman	Yes	Yes
The Venerable Gavin Kirk	Yes	Yes
The Revd Georgina Machell	Yes	Yes
The Revd Nicholas Nawrockyi	Yes	Yes
The Revd Cameron Watt	Yes	No (but is in receipt of a housing allowance)
The Revd Rachel Heskins	Yes	Yes

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

The LDTBF paid an average of 129 (2021 – 150) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipends	3,495	3,860
National insurance contributions	302	329
Pension costs - current year	1,225	1,455
- deficit reduction	(139)	(258)
- interest cost	-	35
	<u>4,883</u>	<u>5,421</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

12. STAFF COSTS (continued)

Trustees' emoluments (continued)

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £38,050 - £46,640 (2021 range £37,672-£46,173). The annual rate of stipend, funded by the LDTBF, paid to Archdeacons in 2022 was in the range £37,198-£38,633 (2021 range £36,830- 38,245) and other clergy who were Trustees were paid in the range £25,637 - £29,614 (2021 range £25,384-£28,113). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2022 at £11,261 (2021 at £11,150). The value of housing provided to Diocesan Bishops is £25,000.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
From General Fund to Designated Fund	(21)	21	-	-
From Endowment Funds Unapplied Total Return to the General Fund	2,927	-	-	(2,927)
	<u>2,906</u>	<u>21</u>	<u>-</u>	<u>(2,927)</u>

£21k was transferred from the general fund to the designated fund which related to the unspent element of the Transformation Fund during 2022. This has been transferred to fund future missional projects. The Trustees adopted total return in 2017 and as per the agreed policy £2.9m has been transferred to the General Fund from the Endowment Fund to fund costs of stipends in line with the measure.

14. TANGIBLE FIXED ASSETS – Land & Buildings

	Freehold Land & Buildings £'000	Office Equipment £'000	Total £'000
Cost of valuation			
At 1 January 2022	66,002	167	66,169
Additions	826	12	838
Transfers	-	-	-
Disposals	(3,809)	(29)	(3,838)
Revaluation	259	-	259
At 31 December 2022	<u>63,278</u>	<u>150</u>	<u>63,428</u>
Depreciation			
At 1 January 2022	-	126	126
Disposals	-	11	11
Charge for the year	-	9	9
At 31 December 2022	<u>-</u>	<u>146</u>	<u>146</u>
Net Book Value			
At 31 December 2022	<u>63,278</u>	<u>4</u>	<u>63,282</u>
At 31 December 2021	<u>66,002</u>	<u>41</u>	<u>66,043</u>

14. TANGIBLE FIXED ASSETS – Land & Buildings (continued)

All of the properties in the balance sheet are freehold and are vested in the LDTBF, except for benefice houses which are vested in the incumbent.

Benefice properties were included in the balance sheet at historic cost as at 1st January 2015. The Board does not revalue these properties on an annual basis. The value of these properties at that date was £50,324,698.

Board houses are valued on a rolling programme over five years by the Board taking professional advice from the Property Director who is a qualified RICS surveyor.

The freehold properties included houses with a value for insurance purposes of £102,068,246 as at 31 December 2022 together with redundant churches and the glebe estate insured by the tenants.

During 2022 the LDTBF disposed of The Old Palace, The Old Palace Lodge (previously St. Michael on the Mount). The value which is held in the balance sheet relating to Edward King House is £1,683,756. This is considered to be a fair value.

On 31 December there was a housing stock of 193 properties with a value of £61,075,975 of which 41 were let.

Two Value Linked Loans are outstanding with the Church Commissioners amounting to £72,500 of which £3,203 interest is due within a year (note 17). The Board have no financial interest in the value of these houses.

15. TOTAL INVESTMENT ASSETS

	2022 £'000	2021 £'000
Investment properties - 15 (a)	58,707	52,500
Investments – 15 (b)	46,877	47,756
	<u> </u>	<u> </u>
Total investment assets	105,584	100,256
	<u> </u>	<u> </u>

15(a) INVESTMENT PROPERTIES

	2022 £'000	2021 £'000
Market value at 1 January 2022	52,500	50,945
Disposals	(519)	(460)
(Loss)/Gain on revaluation	6,726	2,015
	<u> </u>	<u> </u>
Market value as at 31 December 2022	58,707	52,500
	<u> </u>	<u> </u>

The investment properties are revalued by Savills by a RICS registered valuer. These were revalued as at 31st December 2022. During 2022 4.94 acres of development land was disposed of. The valuations were undertaken in line with the definition of Market Value as defined in the RICS Red Book, as detailed below:

Market Value (MV) is defined in IVS 104 paragraph 30.1 as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
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For the year ended 31 December 2022

15(a) INVESTMENT PROPERTIES (continued)

The assets have been valued individually based upon the tenancy units by Parish. The portfolio is a mixture of properties of varying size dispersed across most of Lincolnshire, therefore the properties have been valued separately as they are located in differing locations across the County. Desktop research has been undertaken in carrying out this valuation and has relied upon management records to establish land use across the holdings principally between arable and grass as this information was not provided. The let assets have been valued on a combination of comparison or investment bases depending on the letting and type of property. Within these individual asset listings, where appropriate, they have been split further between uses such as arable, pasture, buildings and houses.

15(b). FIXED ASSETS INVESTMENTS

	At 1 January 2022 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2022 £'000
Endowment Funds						
Charities Property Fund	6,015	-	(6,561)	-	546	-
CBF Church of England Fund	9,111	-	-	-	(1,072)	8,039
Sarasin Endowment Fund	14,994	-	(13,499)	-	(1,495)	-
Edentree Amity Global Equity Fund	2,524	-	-	-	(212)	2,312
Property Income Trust for Charities	2,161	-	(2,251)	-	90	-
Cazenove Capital	5,727	3,177	-	-	(715)	8,189
Abrdn	-	10,000	-	-	(27)	9,973
LGT Wealth Management	-	10,000	-	-	(419)	9,581
	<u>40,532</u>	<u>23,177</u>	<u>(22,311)</u>	<u>-</u>	<u>(3,304)</u>	<u>38,094</u>
Diocesan Pastoral Fund						
CBF Church of England Fund	2,137	-	-	-	(251)	1,886
Edentree Amity Global Equity Fund	4,255	750	-	-	(352)	4,653
Cazenove Capital	502	1,476	-	-	(32)	1,946
	<u>6,894</u>	<u>2,226</u>	<u>-</u>	<u>-</u>	<u>(635)</u>	<u>8,485</u>
Trust funds						
M & G Charifund	121	-	-	-	(7)	114
CBF Church of England Fund	209	-	-	-	(25)	184
	<u>330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32)</u>	<u>298</u>
Total	<u>47,756</u>	<u>25,403</u>	<u>(22,311)</u>	<u>-</u>	<u>(3,971)</u>	<u>46,877</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

16. DEBTORS

	2022	2021
Due within one year	£'000	£'000
Debtors	483	554
Old Palace Hotel Loan	-	141
Old Palace debtors	-	25
Other debtors and prepayments	412	444
Interest free loans within the Diocese	54	8
Total debtors	949	1,172

17. CREDITORS: amounts falling due within one year

	2022	2021
	£'000	£'000
Creditors	241	194
Other taxes and social security	157	42
Other creditors and accruals	632	412
Total creditors: amounts falling due within one year	1,030	648

The bank overdraft is secured on West Rasen Farm at a rate of 1.65% above the bank base rate which forms part of the Glebe portfolio.

18. CREDITORS: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Church Commissioners value-linked loans	72	72
Pension deficit	-	236
Total creditors: amounts falling due after more than one year	72	308

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. During the year the valuation of the pension fund administered by the Church England has shown no liability for future years and this is reflected above.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

19. SUMMARY OF FUND MOVEMENTS (2022)

	Balances at 1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2022 £'000
UNRESTRICTED FUNDS						
General	1,070	6,006	(8,794)	2,906	-	1,188
	<u>1,070</u>	<u>6,006</u>	<u>(8,794)</u>	<u>2,906</u>	<u>-</u>	<u>1,188</u>
DESIGNATED FUNDS						
Pension Reserve	159	-	-	-	-	159
Building Committee Reserve	30	-	-	-	-	30
Clergy Conference	9	-	-	-	-	9
Discipleship Donation Fund	3	-	-	(3)	-	-
Vat Buffer Fund	100	-	-	-	-	100
Transformation Fund	184	-	-	24	-	208
Resource Church Funding	437	-	-	-	-	437
	<u>922</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>943</u>
RESTRICTED FUNDS						
Pastoral fund	22,389	2,461	(1,656)	-	(376)	22,818
Pastoral No.2 Account	27	-	-	-	-	27
Other Restricted	702	67	(119)	-	(32)	618
	<u>23,118</u>	<u>2,528</u>	<u>(1,775)</u>	<u>-</u>	<u>(408)</u>	<u>23,463</u>
ENDOWMENT FUNDS						
Permanent						
Trust for Investment	30,950	-	-	3,281	-	34,231
Unapplied Total Return	49,486	2,135	-	(6,208)	(3,452)	41,961
Other Investment Assets	21,039	263	(225)	-	6,823	27,900
Expendable						
Parsonage Fund	42,930	-	-	-	-	42,930
	<u>144,405</u>	<u>2,398</u>	<u>(225)</u>	<u>(2,927)</u>	<u>3,371</u>	<u>147,022</u>
Total funds	<u>169,515</u>	<u>10,932</u>	<u>(10,794)</u>	<u>-</u>	<u>2,963</u>	<u>172,616</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

19. SUMMARY OF FUND MOVEMENTS (2021)

	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2021 £'000
UNRESTRICTED FUNDS						
General	914	5,472	(9,233)	3,917	-	1,070
DESIGNATED FUNDS						
Pension Reserve	159	-	-	-	-	159
Building Committee Reserve	30	-	-	-	-	30
Clergy Conference	9	-	-	-	-	9
Discipleship Donation Fund	3	-	-	-	-	3
VAT Buffer fund	100	-	-	-	-	100
Transformation fund	101	-	-	83	-	184
Resource Churches funding	457	246	(266)	-	-	437
	859	246	(266)	83	-	922
RESTRICTED FUNDS						
Pastoral fund	13,784	2,153	(966)	6,434	984	22,389
Pastoral No.2 Account	27	-	-	-	-	27
Other Restricted	599	139	(76)	-	40	702
	14,410	2,292	(1,042)	6,434	1,024	23,118
ENDOWMENT FUNDS						
Permanent						
Trust for Investments	29,342	-	-	1,608	-	30,950
Unapplied Total Return	48,980	2,225	-	(5,608)	3,889	49,486
Other Investment Assets	18,969	296	(274)	-	2,048	21,039
Expendable						
Parsonage Fund	49,364	-	-	(6,434)	-	42,930
	146,655	2,521	(274)	(10,434)	5,937	144,405
Total funds	162,838	10,531	(10,815)	-	6,961	169,515

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
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20. ENDOWED FUND –TOTAL RETURN (2022)	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
	£'000	£'000	£'000	£'000
At the beginning of the reporting period:	30,950	49,486	21,039	101,475
Income				
Dividends		1,081	-	1,081
Rents	-	1,054	-	1,054
Sale of Glebe - Profit	-	-	263	263
Expenditure				
Stipends Cost	-	-	(225)	(225)
(Loss) on fixed assets	-	(148)	-	(148)
(Loss) on investments	-	(3,304)	-	(3,304)
Transfer to cover stipends	-	(2,927)	-	(2,927)
Indexation	3,281	(3,281)	-	-
Gain on pension	-	-	97	97
Gain on revaluation of property	-	-	6,726	6,726
At end of the reporting period	34,231	41,961	27,900	104,092
20. ENDOWED FUND –TOTAL RETURN (2021)	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
	£'000	£'000	£'000	£'000
At the beginning of the reporting period:	29,342	48,979	18,969	97,290
Income				
DBF Fundraising	-	48	113	161
Dividends	-	1,201	-	1,201
Rents	-	976	-	976
Other Glebe Income	-	-	183	183
Expenditure				
Stipends Cost	-	-	(274)	(274)
(Loss) on fixed assets	-	-	(2)	(2)
Gain on investments	-	3,889	-	3,889
Transfer to cover stipends	-	(4,000)	-	(4,000)
Indexation	1,608	(1,608)	-	-
Gain on pension	-	-	35	35
Gain on revaluation of property	-	-	2,015	2,015
At end of the reporting period	30,950	49,485	21,039	101,474

The Trustees adopted total return during 2017 and £2.3m was released in 2022 (2021 - £4m) from the unapplied total return fund. The Trustees have adopted total return under the Diocesan Stipend Funds (Amendment) Measure 2016.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

21. SUMMARY OF ASSETS BY FUND (2022)	Tangible Fixed		Net Current	Long Term	Net
	Assets £'000	Investments £'000	Assets £'000	Creditors £'000	Assets £'000
Unrestricted funds – General	5	-	1,183	-	1,188
Unrestricted - designated					
Pension Reserve	-	-	159	-	159
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Discipleship Donation Fund	-	-	-	-	-
Vat Buffer Fund	-	-	100	-	100
Transformation Fund	-	-	208	-	208
Resource Churches funding	-	-	437	-	437
	-	-	943	-	943
Restricted					
Pastoral fund	18,081	8,484	(3,428)	-	23,137
Pastoral No.2 Account	-	-	27	-	27
Other Restricted	-	299	-	-	299
	18,081	8,783	(3,401)	-	23,463
Endowment Permanent					
Trust for Investment	-	34,231	-	-	34,231
Unapplied Total Return	-	43,248	(1,287)	-	41,961
Other Investment Assets	2,159	19,322	6,419	-	27,900
Expendable					
Parsonage Fund	43,037	-	(35)	(72)	42,930
	45,239	96,801	5,097	(72)	147,022
Total funds	63,282	105,584	3,822	(72)	172,616

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

21. SUMMARY OF ASSETS BY FUND (2021)

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long Term Creditors £'000	Net Assets £'000
Unrestricted funds – General	41	-	1,029	-	1,070
Unrestricted - designated					
Pension Reserve	-	-	159	-	159
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Discipleship Donation Fund	-	-	3	-	3
Vat Buffer Fund	-	-	100	-	100
Transformation Fund	-	-	184	-	184
Resource Church Funding	-	-	437	-	437
	-	-	922	-	922
Restricted					
Pastoral fund	20,096	6,894	(4,601)	-	22,389
Pastoral No.2 Account	-	-	27	-	27
Closed Churches Fund	43	-	(43)	-	-
Other Restricted	-	330	372	-	702
	20,139	7,224	(4,245)	-	23,118
Endowment Permanent					
Trust for Investment	-	30,950	-	-	30,950
Unapplied Total return	-	49,486	-	-	49,486
Other Investment Assets	2,933	12,596	5,746	(236)	21,039
Expendable					
Parsonage Fund	42,930	-	72	(72)	42,930
	45,863	93,032	5,818	(308)	144,405
Total funds	66,043	100,256	3,524	(308)	169,515

22. DESCRIPTION OF FUNDS

General fund

The general fund is the LDTBF's unrestricted undesignated fund available for any of the LDTBF's purposes without restriction.

Designated funds

The designated fund are those funds which have been set aside out of general funds by the Board for a specific purpose over whose use and purpose the Board has discretion.

Pension Fund Reserve

The fund is available to smooth the payments for liabilities arising from the staff pension scheme. The fund was subject to a valuation in 2020 and the fund remains in surplus. The fund is subject to a valuation in late 2022. The Trustees consider it to be prudent to maintain this fund until the findings of the valuation are known.

22. DESCRIPTION OF FUNDS (continued)

Designated funds (continued)

Building Committee Reserve

The Church Building Committee makes grants to parishes from this fund. Grants are recognised as they are made.

VAT Buffer Fund

Parishes with listed Church Buildings are entitled to claim grants from government agencies equivalent to the VAT on certain repairs. However, the grants can only be claimed after the payments have been made and for large projects the additional cost of VAT creates cash flow problems for parishes. The VAT Buffer Fund is available to provide short term interest free loans to assist parishes with this difficulty.

Other Designated Funds

From time to time funds are set aside for future expenditure such as the clergy conference and the Transformation Fund. In 2018, the Trustees designated £1.5m as their contribution to the Strategic Development Fund bid which the diocese was successful in securing in December 2018. During 2022 the fund was not utilised to support the project. A remaining balance of £437k is in place at the end of 2022.

Restricted Funds

Pastoral Fund

The Diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other Diocese
- to transfer funds to the Diocesan stipends fund income or capital accounts
- the costs of closed churches and the proceeds of the sale of closed churches less any related costs

Endowment Funds

Diocesan stipends fund capital (Permanent Endowment Fund)

The Diocesan stipends capital fund has been created from the Diocesan stipends fund capital assets held under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

Parsonage property fund (Expendable Funds)

The benefice property fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the LDTBF.

23. CAPITAL COMMITMENTS

At 31 December 2022 the LDBF had capital expenditure commitments authorised but not contracted for in 2022 of £NIL (2021 - £NIL), and no expenditure contracted for but not yet due in 2021 (2020 - £NIL).

24. OPERATING LEASES

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

	2022 £'000	2021 £'000
Other operating leases		
Amounts due:		
Within one year of the balance sheet date	14	57
In the second to fifth years inclusive of the balance sheet date	12	46
	<u>26</u>	<u>103</u>

25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events.

26. PENSIONS

Salaried Staff

Defined Benefits Scheme

LDTBF operates a defined benefits scheme for its salaried employees with 2 (2021: 2) active members. The scheme is closed to new members.

Salaried Staff

Defined Benefits Scheme

The employees contributed £729 in the year (2021 : £992) and the charge in the Trust's accounts for the year ended 31 December 2022 amounted to £24,259 (2021 : £33,030).

The scheme was actuarially valued as at 1st April 2020 the actuarial statement stated that the scheme's assets, which comprised investments with Legal and General, were sufficient to cover the anticipated liabilities as they fall due. The scheme is funded at 112% which corresponds to a surplus of £838k.

Stakeholder Pension Provision

Since 2010 new employees have been offered a stakeholder pension. Contributions of £88,127 (2021: £93,402) were made in year on behalf of 28 employees. The contributions relate to unrestricted activities.

Church of England Funded Pension Scheme

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

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

This scheme is considered to be a multi-employer last man standing as described in Section 28 of FRS.102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, (2022: £139k, 2021 £258k) plus any impact on the deficit contributions (see below).

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

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality rates in accordance with 90% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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

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

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

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability is nil. The movement in the balance sheet liability over 2021 and over 2020 is set out in the table below.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

26. PENSIONS (Continued)

A reconciliation of the balance sheet liability is set out below:

	2022	2021
	£'000	£'000
Balance sheet liability as at 1 January	236	529
Contributions paid	(139)	(259)
Interest cost (recognised in the SOFA)	-	1
Re-measurement of the balance sheet liability*(recognised in the SOFA)	(97)	(35)
Balance sheet liability as at 31 December	-	236

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

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

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

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

27. RELATED PARTY TRANSACTIONS

The Diocese maintains a register of Trustees interests. Trustees have declared payment arising from their stipendiary ministry, where applicable. There were no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the Trust and are of part of its normal activities.

Edenham Regional House

Edenham Regional House is a separate charity. LDTBF has an interest in the property as well as having some of the same aims and objectives. The parsonage is occupied by a member of the Clergy and the LDTBF have a liability to maintain the property. The LDTBF uses the facilities at commercial rates.

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Parochial Church Councils

Parochial Church Councils (PCCs) support LDTBF financially with payments of parish share. Many committee members and trustees are also members of the PCCs within the Diocese. Much of LDTBF's activity is in support of PCC's through practical assistance and advice and in the provision of grants and loans. At the end of the year there were outstanding loans to the following parishes:

	2022 £	2021 £
Leadenham PCC	-	700
Saxby all Saints PCC	5,000	7,000
Aslackby PCC	32,000	-
Silk Willoughby PCC	16,500	-
Total outstanding loans to parishes	53,500	7,700

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDTBF acts as Diocesan Authority or custodian trustee for 854 trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. 747 relate to parochial funds with the remaining 107 being held for educational and non-parochial funds. Assets held in this way are not aggregated in these financial statements as the LDTBF does not control them. The assets are held in separate funds identified by the names of the parishes or the trusts to which they relate. They are operated via a separate trust bank account and all statements are issued to the parishes as and when they are received. The financial assets held in this way may be summarised as follows:

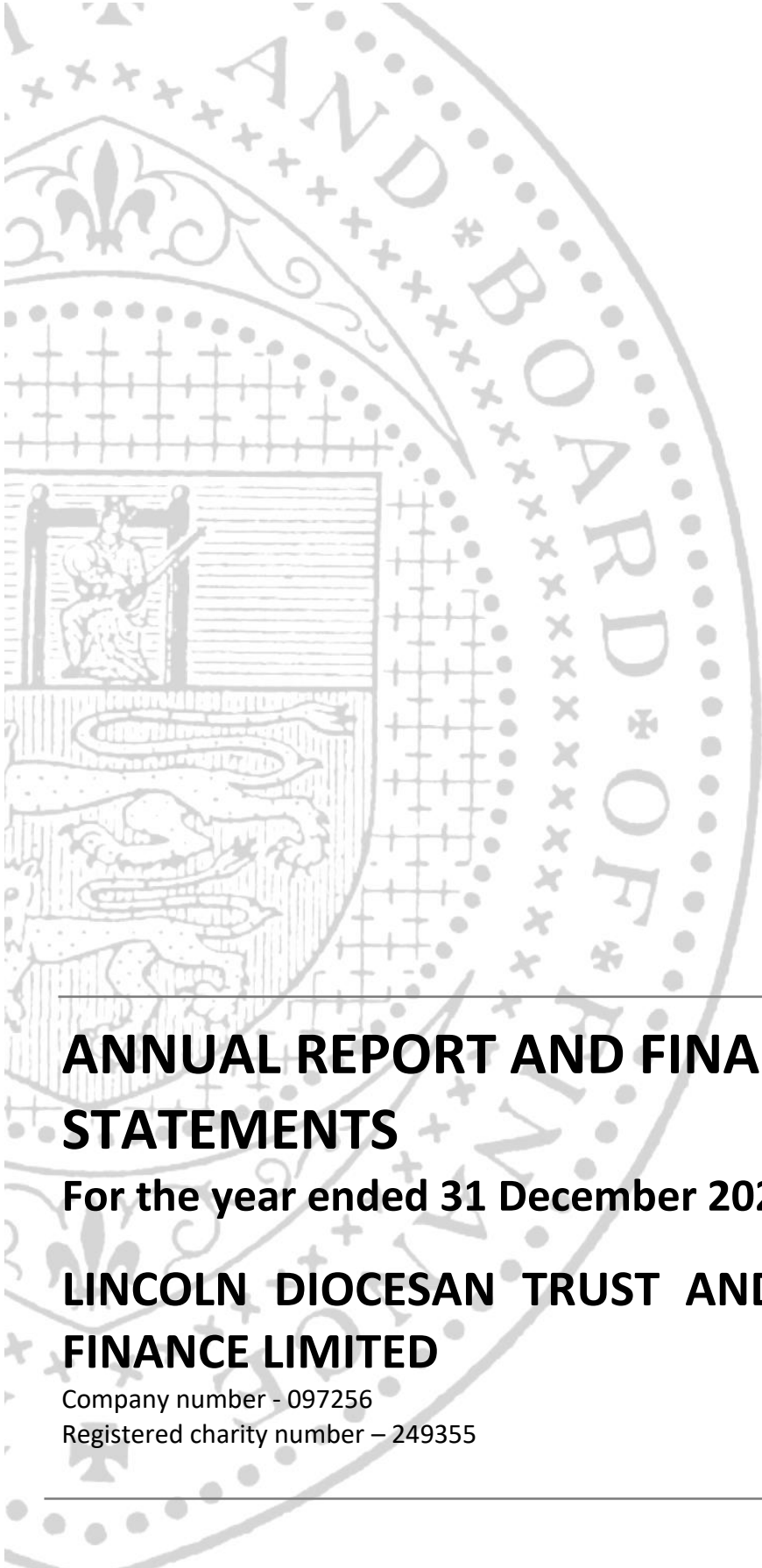
	2022 £'000	2021 £'000
CBF Church of England Deposit Fund (Capital)	2,144	898
CBF Church of England Investment Fund accumulation income	1,856	1,931
CBF Church of England Investment Fund	14,491	16,171
CBF Church of England Fixed Interest Securities	56	64
COIF income and accumulation shares	157	178
M & G Charifund	3,459	3,682
M & G Charibond	37	42
Edentree Investment Management	161	92
Miscellaneous Investments	90	90
Total assets held as custodian trustee	22,451	23,148

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

29. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Income and endowments from					
Donations					
Parish contributions	3,487	-	-	-	3,487
Archbishop's Council	1,068	246	-	-	1,314
Other donations	368	-	50	-	418
Charitable activities	522	-	82	-	604
Other trading activities	-	-	523	161	684
Investments	15	-	54	2,177	2,246
Other income	12	-	1,583	183	1,778
Total income	5,472	246	2,292	2,521	10,531
Expenditure on					
Raising funds	-	-	30	274	304
Charitable activities	9,233	266	1,012	-	10,511
Donation to Diocesan Board of Education					
	9,233	266	1,042	274	10,815
Total expenditure					
Net income/(expenditure) before investment gains/(losses)	(3,761)	(20)	1,250	2,247	(284)
Loss on disposal of fixed assets	-	-	(71)	(2)	(73)
Net gains/(losses) on investments	-	-	491	3,889	4,380
Net income/(expenditure)	(3,761)	(20)	1,670	6,134	4,023
Transfers between funds	3,917	83	6,434	(10,434)	-
Other recognised gains/(losses)					
Actuarial gains/(losses) on pension scheme	-	-	-	35	35
Gains/(losses) on revaluation of properties	-	-	604	2,015	2,619
Net movement in funds	156	63	8,708	(2,250)	6,677
Total funds brought forward	914	859	14,410	146,655	162,838
Total funds carried forward	1,070	922	23,118	144,405	169,515

Accounts



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

**LINCOLN DIOCESAN TRUST AND BOARD OF
FINANCE LIMITED**

Company number - 097256

Registered charity number – 249355

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Mission Statement

The Diocese of Lincoln is called by God to
faithful worship,
confident discipleship and
joyful service.

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2021.

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

This combined report satisfies the legal requirements for a:

- Directors' Report of a charitable company,
- Strategic Report under the Companies Act 2006 and
- Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The legal objects of the Diocese of Lincoln cover the historic county of Lincolnshire.

The Lincoln Diocesan Trust and Board of Finance Limited ("LDTBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Lincoln by acting as the financial executive of the Lincoln Diocesan Synod.

The LDTBF has the following statutory responsibilities:-

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

The strategic priorities of the LDTBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Lincoln (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally, including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments within the Diocesan Budget.

PUBLIC BENEFIT STATEMENT

The Trustees, having considered section 4 of the Charities Act 2006, have satisfied themselves that they have complied with the duty to have regard to the Public Benefit guidance published by the Charity Commission. The trustees review its work each year and consider outcomes and plans for the future. They take into account the Charity Commission's guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim. Our main activities ensure that we have in place ministry to support the people of greater Lincolnshire in the gospel of God. We do this by providing members of Clergy and lay ministers to work with the parishes and people in greater Lincolnshire

STRATEGIC REPORT

The charitable objects of the Lincoln Diocesan Trust and Board of Finance are:

- to support the development of a growing, worshipping, celebrating and proclaiming Christian presence in each community of the Diocese
- to support projects and enterprises in harmony with that purpose

STRATEGIC PRIORITIES

The context for the strategy is the diocesan vision – *to be a healthy, vibrant and sustainable church transforming lives in greater Lincolnshire* – and under it the diocesan mission of – *faithful worship, confident discipleship and joyful service*.

In July 2015, the Diocesan Synod agreed the following six strategic priorities and these were reaffirmed by Synod during 2019 for the following three years:

1. Faithful Worship

Our first purpose is to worship God. Prayer is the foundation of all growth in the Church. God provides the growth and we are called to support and enable it to happen.

2. Confident Discipleship

Our second purpose is to grow the Church in depth of commitment and in numbers of people to uncover and build God's Kingdom in greater Lincolnshire.

3. Joyful Service

Our third purpose is to demonstrate the love of God for his world through the Word and the service that Christians offer to those in their communities.

These three priorities are the basis for change and growth in our churches and communities that will follow from our pastoral and missional activities. In addition, there are three enabling priorities:

4. Ministry

Ordained and lay ministers form the mainstay of the church's presence in communities and provide essential local leadership, witness, care and support. It is a priority to develop a whole-life approach to supporting ministry from vocation, through formation and training, and all the stages of ministerial development to retirement ministry.

5. Resources

The Diocese possesses resources of buildings, money and staff which are to be managed efficiently and effectively now and in the future.

6. Partnerships

It is a priority to achieve closer relationships with the communities that the Diocese serves. Partnerships that enhance the resources and activities of the Diocese will be encouraged.

PROGRESS IN THE YEAR

A Time to Change Together

Major progress has been made over the year in the diocese's response to the challenges of decreasing numbers, financial deficits, ministers' and others' stress and wellbeing, and our large number of church buildings. Our overall strategy changed its name from *Resourcing Sustainable Church* to its subtitle *A Time to Change Together*, to underline the key nature of the changes envisaged. Large numbers of people took part in consultations on Zoom in regional gatherings, at Rural Deans meetings, and at clergy chapters, to name but a few, in order for as widely agreed a plan as possible to be taken to the Bishop's Council of Diocesan Trustees and then to Diocesan Synod. The Synod agreed the plans and proposals with majorities of over 80%.

The Diocesan Strategy

Under the overall strategy of the Diocese laid out above and in previous annual reports the strategic approach which is driving our current activity as a diocese was articulated in the vision offered to Diocesan Synod at the end of 2021:

A Time to Change Together is foundational to the Diocese of Lincoln's vision for our shared future. As a family of churches we are committed to serving our congregations and communities as together we seek to transform lives in Greater Lincolnshire.

We pledge ourselves to collaborative partnerships, relationships of generosity and growth. We are drawing deeply from the wells of God's love, found in every type and size of faithful community.

We know the Church in this Diocese will flourish when the churches flourish and in order to flourish we must work together.

Our whole approach is to resource local churches to be the best they can possibly be as they seek to serve the people of their community with the good news of God's love for them.

Resourcing the Urban Church

This vision has interacted happily with strategic elements already in place. For example, our significant investment on the back of national Strategic Development Funding in our *Resourcing the Urban Church* project is starting to bear fruit with the recruitment of clergy and other staff at all three resourcing churches in Stamford, Grantham and Lincoln and with the establishment of the three church plants or revitalised churches in Grimsby, Lincoln and Spalding. *A Time to Change Together*, as an approach, is not designed to sweep away all that went before but to complement and build upon what is already good and working.

Progress towards the Vision

The careful work led by the Bishops of Grimsby and Grantham meant that the rest of the year was devoted to the hard work of putting the plan into action under the leadership of Revd Canon Aly Buxton and her implementation team. Dozens of covenant pastors were recruited, trained and set to work with local churches on generous giving and realistic pledges for the support of ministry. The task of rebalancing our investments to maximise our revenue and to ensure sufficient cash to pay the bills has continued under the guidance of our Assets Committee and our Director of Finance. Staffing in the Parish Support offices has been reduced by nearly a third to a state which is very lean to enable as much of our resources as possible to go to supporting frontline mission in the local

church.

However, the largest piece of work is to address how the local church operates in terms of our diocese's geography and historic structures and buildings and how people work together and are deployed across the diocese. During 2021 as in the previous year, the likelihood of needing to reduce stipendiary clergy numbers meant that only vacancies with the most pressing missional case were filled. The stress this has led to in some cases was recognised and addressed through the pastoral care of rural deans, archdeacons and bishops. A huge series of discussions with and amongst ministers and church communities began during 2021 (further details below) which is planned to produce a sustainable framework to be adopted from 2022 on. This all involved considerable time, effort and energy and, for some, raised anxieties and concerns. However, overall engagement with the various elements of *A Time to Change Together* has been faithful, courageous, open and supportive, for which we give thanks. We are grateful for the sensible Lincolnshire attitude, expressed repeatedly during this process, of appreciation that 'finally we are grasping the nettle'.

Diocesan Synod approved the 15 recommendations and commitments of *A Time to Change Together* – Resourcing Sustainable Church in May 2021. The recommendations and commitments covered each of the five lever group areas of Growth, Deployment, Parish Share, Central Costs and Assets and set a way forward for us all, together, based on collaborative partnerships, mutual generosity and strategic growth.

The 71-page report, approved by Synod, was the culmination of almost 18-months work and extensive local conversations, including publishing a draft report in February 2021 and consultation with over 600 people in March 2021 alone.

The major focus for the implementation was and will continue to be at the most local level. We know the Church grows when local churches flourish. In 2021, our focus was on discerning local vocations. In doing so, we are building a thorough picture of the local church in the diocese to support future local planning within the agreed framework and strategic discernment of *A Time to Change Together*. In 2021, we asked each church and each minister to consider their vocations, gifts and godly ambitions. There were three main workstreams:

1. **Church Types** - *What role does each church feel called to play going forward?* Churches were asked to prayerfully recommend the type of church they aspire to be within five-years: a Key Mission Church, Local Mission Church, Community Church, Festival Church or a church exploring closure. 95% of the 623 churches in the diocese responded to the Church Types survey in 2021. The process was supported by a series of resources, webinars and much personalised local support.
2. **Vocational Conversations** - *What role does each minister feel called to play going forward?* Just as churches have been encouraged to reflect on their identity and type, in October we invited all licensed clergy and Readers to sign up for a Vocational Conversation as a space to reflect on how they are being called to exercise their ministry now and into the future. By the end of 2021, 70% of vocational conversations had been arranged and 45% held. These conversations continue into early 2022.
3. **Covenant Conversations** - *What financial commitment does each parish feel called to make going forward?* 37 Covenant Pastors - lay and ordained – were appointed and trained in 2021 to walk alongside parishes as they reflect upon their financial giving as part of our call as a church to live and give generously. Working with a Covenant Pastor, by summer 2022 each parish is being

asked to discern prayerfully what they are realistically able to contribute, in the form of a covenant pledge, towards the cost of stipendiary ministry across the Diocese of Lincoln. By the end of 2021, a quarter of parishes had had an initial meeting with a Covenant Pastor and the first pledges were beginning to come in.

The discernment processes of 2021 will provide vital information for future local planning. In November and December 2021, Deanery Partnership Steering Groups, based roughly on the nine local authority areas of Greater Lincolnshire, were established to begin the first steps of local planning by agreeing with parishes the boundaries for their future Deanery Partnerships. Proposing, agreeing and creating the Local Mission Partnerships within these Deanery Partnerships will be the major focus of 2022. Local Mission Partnerships are likely to look very different as we move around the diocese - the focus will be how best to resource each area for the flourishing and growth of God's church.

College of St Hugh

A Time to Change Together is an opportunity to reimagine church and find new ways of being church together. The recommendations and commitments necessitate a significant cultural shift for us all. To support the training needs at every level in this process of culture change, a College of St Hugh is set to be established in 2022. The College of St Hugh is drawing together training for mission and ministry for all the people of the diocese and will be a key element for the effective implementation of A Time to Change Together in the long term. A Warden of the College was appointed in 2021 to begin in January 2022.

A Time to Change Together is not a centrally imposed programme. It is a journey of change for us all, that we will create and discern together. We are so grateful to the thousands of people who have been a part of the journey so far.

At the end of the year it is possible to say that we are on track with the framework, financial targets and schedule which were agreed by the Diocesan Synod.

Covid-19

2021 saw the diocese facing and rising to continued challenges. The first and most pressing was the pandemic. Our people, churches, chaplaincies and schools have been crucial partners in the communities in which they are situated. Over the year they have been important sources of support, lament and creativity. Moving in and out of various levels of lockdown has extended the constraints on our churches' abilities to gather. However, imaginative approaches to online worship and myriad, inventive methods of keeping in touch with and offering support across numbers of constituencies in towns and villages have contributed to the struggle against significant pandemic issues such as isolation, bereavement, mental health, domestic abuse and increasing poverty. As will be seen in the details later in this report, the pandemic has had a significant impact on our financial performance. However, hard work done at a local level and with diocesan support has meant that our financial performance has been better than we initially feared. We have a solid plan, but the challenge remains considerable. As with those in parochial ministry, the Parish Support offices continued to oscillate between working mostly from home and gradually moving back into the office, as the government guidelines changed.

Although, as in the parishes, the experience of Covid has involved serious difficulties and sadness, faster progress has been made towards the expected future of more online work, training, meetings and day to day interactions from remote locations, all of which has been the subject of reflection in order to consolidate advantageous practices. It is not yet clear what impact the pandemic will have on active, worshipping numbers and on the complexion and makeup of our congregations. One

unexpected feature of this period has been an increase in people asking to talk to our vocations advisers and Director of Ordinands about vocations and ministry of various kinds. Much of the redesign of our approach to mission, ministry and how they are supported will need to have sufficient flexibility and adaptability to respond to our growing understanding of how things will be different.

Safeguarding

Safeguarding continues to be a key priority for the diocese. The pandemic has resulted in increased concern regarding certain issues such as domestic abuse. Our churches have provided safe places where numbers of people have found it possible to talk about safeguarding issues that are weighing upon them and, where appropriate, for our local ministers and our diocesan staff to respond. The review of records in what is called PCR2 has continued through the year and was more or less finished by the end of the year. This has been a large piece of work in itself and has raised considerable, if mostly not very serious issues which have been addressed as they have been raised. The report will be submitted early in 2022.

Although the preferred method of training is face to face, it has been possible to deliver large numbers of good quality training sessions, both through online modules which participants undertake on their own and in Zoom sessions in groups. The load of paperwork and necessary training for both licensed ministers, volunteers and officers in our parishes is considerable but it is a credit to the central importance given to safeguarding that compliance to safeguarding standards and national guidance is high across the diocese including in the cathedral which was warmly commended in its SCIE review during the year.

There have been important staff changes in the safeguarding team. Jack Redeyoff started in January as our Diocesan Safeguarding Advisor and has swiftly become a valued and trusted member of the senior leadership of the diocese with a place on the Bishop's Staff. Penny Turner, our Deputy Diocesan Safeguarding Advisor who held the fort in the gap between Debbie Johnson's leaving and Jack's arrival, left in September. We are very grateful for the huge contribution she has made to our safeguarding culture and performance during her years here. We were also sad to see Pat O'Brien, the Independent Chair of the Diocesan Safeguarding Advisory Panel, offer her resignation. She has done much to improve the rigour of the oversight and audit of what we do in safeguarding.

Governance and Leadership

The past few years have been somewhat unstable in terms of leadership in the diocese. 2021 saw considerable movement again in this regard. Bishop Christopher Lowson, who had been suspended for 20 months, returned to ministry in February. He made it clear that he supported the work that had been done under *A Time to Change Together* and thanked the bishops of Grimsby and Grantham for their good work during his suspension. Later in the Spring he announced that he would be retiring at the end of the year. In preparation for this and in order to foster morale across the diocese he engaged in a series of meetings in the deaneries where he listened to people's experience of the Covid period around the diocese. Farewell events were held in November including evensong and a party in the cathedral before his official retirement on 31st December. Although the last years of his leadership here proved difficult, the diocese is grateful for ten years of thoughtful, prayerful ministry tackling some huge issues and bringing the diocese up to date in many areas.

As is normal when an episcopal vacancy is announced, the Diocese's Vacancy in See committee started its work in preparing our statement of needs so the national Crown Nominations Commission could find the most suitable candidate for the diocese's and the national church's needs. After much research and consultation, the committee had nearly completed its task when the Archbishop of Canterbury told the Bishop's senior team that he was suspending the process and was appointing

the Bishop of Ely, the Rt Revd Stephen Conway as Acting Bishop of Lincoln from 1st January 2022, the role to be held in conjunction with his current role in Ely. This appointment was initially to be for a year during which time Bishop Stephen would advise the Archbishop when he thought the diocese was ready to receive their new bishop, at which point the Vacancy in See process would resume.

Because the pandemic had led to the postponement of elections for General Synod, 2021 unusually saw both General and Diocesan Synod elections. In line with the work the diocese is doing to increase diversity and inclusion, these elections and associated appointments have delivered more representative bodies. Such concerns contributed to continuing discussion, planning and implementation at the local and diocesan level in response to a range of issues via from *Lament to Action* in which the Revd Sonia Barron was a central mover, identity, sexuality and gender via *Living in Love and Faith* in which the Bishop of Grantham was a national adviser, and climate crisis issues via the Church of England's Net Zero target and our own environmental policy which, with the leadership of Sarah Spencer, our Discipleship in the World Officer, has seen considerable work done to head us in the direction of 2030.

The Ven Mark Steadman left the diocese to take up the post of Chief of Staff to the Archbishop of York. Mark has served the diocese faithfully as Archdeacon of Stow and Lindsey bringing his sharp mind, pastoral heart and sense of fun to all his work.

PROVISION OF RESOURCES

In 2021, the LDTBF continued to provide the resources for the above diocesan activities supported by significant financial, governance and HR expertise. In addition:

Church Buildings and Pastoral

Due to Covid 19, 2021 was another difficult year. However, the Diocesan Advisory Committee for the Care of Churches (DAC) continued to help parishes in the care, repair and maintenance of their church buildings. Members of the DAC, its advisers and officers of the Church Buildings Team continued to make visits where that was both possible and legal and parishes were grateful for their time and knowledge.

The Historic Churches Support Officer (part funded by Historic England) and the Church Development Officer continued to provide Surgery meetings – via Zoom – for church representatives to obtain advice about faculty procedures, support in filling out grant applications and other church building-related matters. If anything, these virtual surgery meetings have proven even more popular. With the help and assistance of officers, Marshall's Charity continued to grant aid work on church buildings in the diocese and those who were in receipt of a grant were very grateful for the Charity's support.

A large amount of time had been spent over the last couple of years advising parishes on the prevention of lead theft and, where it has happened, on advising on remedial works of protection and grant aid for replacement roof coverings. Such thefts left a repair bill just in excess of £1m. During the year, and as a result of the partnership between the Historic Churches Support Officer and Lincolnshire Police, a gang of lead thieves was apprehended and given custodial sentences.

The Church Buildings Team has been glad to be an integral part of the work involved in A Time to Change – Together and has been actively engaging with partners such as Historic England, the County Council and Heritage Lincolnshire in seeking ways of making the church buildings of the Diocese more sustainable. Where churches have been looking at the possibility of closure the

Team has been seeking partnership working with the Church Buildings Council in Westminster and assisting in the preparation of their statutory Church Buildings Reports.

Property Assets & Trusts

Property Assets and Trusts continued with the provision and maintenance of around 211 clergy houses and oversaw the management of the glebe estate through retained agents Savills.

2021 was an active year for property sales raising around £7.7m from the sale of 27 houses and £0.6m from the sale of surplus glebe land, over £6.4m of which was reinvested into investments to help address the financial situation.

A further 20 houses have been identified as being surplus for 2022 to raise £5.4m in sales and a number of development sites on glebe land are due to come to fruition this year, potentially raising a further £4.0m. Again, much of these proceeds are to be reinvested.

To help address the financial situation the maintenance budgets for 2022 are reduced and focused on essential repairs and maintenance. Capital expenditure has been restructured to address energy efficiency upgrades to clergy housing as a step towards the Church of England's aspiration to achieve net zero by 2030.

In addition, the team continued to administer on behalf of parishes over £20m worth of local trusts with assistance continuing to be given to parishes in drawing down funds, if required. Property Assets & Trusts also acted as custodian of legal documents such as title deeds and managed the relationship with solicitors in property transactions.

Volunteers

The LDTBF is hugely dependent on the many people involved in church activities both locally and at Diocesan level. The number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis more so now than at any other time.

The LDTBF greatly values the considerable time given by all the committee members across the Diocese in pursuit of the mission; faithful worship, confident discipleship and joyful service. Grateful thanks is given to you all.

Other related parties include

The Archbishop's Council to which LDTBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Church Commissioners from which the LDTBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDTBF pays for clergy stipends through the Church Commissioners.

The Church of England Pensions Board, to which the LDTBF pays retirement benefit contributions for stipendiary clergy. It also offers schemes to provide housing for clergy in retirement.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure, this is given in notes 27 and 28 to the financial statements.

FINANCIAL REVIEW

The principal role of the Trustees is to act as custodians of the Diocese's assets. The Diocese saw an increase in the general funds of £156k, as a result of a reduction in the liability around the pension fund of £258k. This reduced the liability in the year to £236k (2020: £529k). An increase of £63k in the designated fund, an increase in restricted funds of £8.7m. and a reduction of £2.3m on the endowment funds.

The principal changes during the year were as follows:

Agricultural Portfolio: The valuation of the agricultural holdings saw an increase in value of £2.0m with sales of £0.5m. The overall value of the glebe holdings increased to £52.5m. (2020: £50.9m) (note 15(a)); an overall increase of 3.05%. The Property Director with the support of Savills administered the 11,385 acres of glebe estate during the year. We continued with the implementation of the 5-year Agricultural Glebe Estate Strategy developed in 2018. This has set the framework for maximising income from the estate and continues to be annually reviewed by the Assets Committee.

Investment Portfolio: The value of the investment portfolio increased in the year by £4.4m (note 15(b)). During the year the Board transferred £6.4m. from board property sales into investments and these increased in value by £0.4k. This will continue to be the policy. Where surplus property is identified this is disposed of, the proceeds re-invested to generate additional income and maintenance costs reduced. The value of the investments at the end of the year was £47.7m (2020: £36.9m).

Parsonages Portfolio: The Board disposed of 27 surplus properties raising £7.7m and carried out capital works on 4 properties. These funds were re-invested into investments funds through the Diocesan Pastoral Fund. During the year a property was purchased from the Church Commissioners which was subject to a Value Link Loan. This is now fully owned by the LDTBF. The Property department undertook the maintenance and repair of around 211 clergy houses and continued to let those properties across the Diocese that were not required for immediate occupation by Clergy. This produced income of £392k in 2021 (2020: £348k).

Operating Financial Performance

The difference between the Diocese's annual running costs (mainly the cost of paying and housing stipendiary clergy and curates, training and supportive administration) and its annual income (mainly parish share and investment income) resulted in a deficit for 2021.

The deficit for 2021 (before net gains on investments and other recognised gains/losses) was £0.3m (2020: £2.8m). The operating deficit for 2021 on the general fund was £4.0m (2020: £4.2m.) before the pension adjustment of £258k (2020: £448k). The general fund continues to be funded with the total return transfer from the permanent endowment.

Clergy Recruitment

The table below shows the changes that have occurred in year in our Clergy numbers which saw a reduction in filled posts when compared to 2020. The table also reflects the number of retirements in year and the changes with movements both within and out of the Diocese. The table uses actual clergy numbers rather than fte's.

Stipendiary Clergy	2021	2020
Numbers as at 1 st January	119	134
Numbers who left the Diocese in year	(5)	(24)
Numbers that retired in year	(7)	(1)
Posts filled in the year from within the Diocese (Curates)	3	4
Numbers new to the Diocese	4	6
Stipendiary Clergy as at 31st December	114	119

Parish Share

Parish Share, the money given by Parishes to the Diocese to fund its mission and ministry, is the main source of income for the Diocese and amounted to 33% (2020 - 36%) of its total income. 2021 continued to be a difficult year for parishes with churches being closed for part of the year and parishes not being able to carry out the great variety of community based fundraising which would normally have taken place. Despite this the level of share collected increased over 2020. Detailed below is a table, which illustrates the amount of share requested and the amount paid.

	2021 £'000	2020 £'000
Total Payments	3,487	3,315
Total Request	5,019	5,731
Shortfall	(1,532)	(2,416)

The Trustees are extremely grateful to all the parishes which completed their parish share payments during the year, despite the extremely difficult circumstances that we were faced with during 2021. We are especially grateful to those parishes that paid more than the original ask. Thank you also to those parishes who made their parish share payments by monthly instalments. This greatly assisted us with our cashflow. The Trustees are disappointed that more parishes have not joined the Parish Giving Scheme and continue to encourage parishes to do so. The trend in the amount of share which is paid by parishes is worrying and continues to impact on our ability to operate with a balanced budget. This has formed the basis of 'A Time to Change Together' and the adoption of a Covenant pledge system for parishes as we move into 2022.

Balance sheet position

The value of fixed assets including investments during 2021 increased by £6.8m. The increase in value of our agriculture land was £1.6m, the increase in value of our investments was £10.8m. we continued with the disposal of surplus housing which saw a reduction in our holdings of £5.6m.

The other change concerns how the Diocese accounts for the pension scheme deficit on multi-

employer defined benefit pension scheme, and in particular on the clergy pension scheme which saw a large reduction in the pension deficit to £236k (2019: £529k). This continued to significantly reduce our liability.

The net impact of the pension changes in 2021 are summarised in the table below:

	2021 £'000	2020 £'000
Pension deficit as at 1 st January	529	984
Pension adjustment	(293)	(455)
Pension deficit as at 31 st December (see note 26)	236	529

This resulted in an adjustment to the pension costs in Note 8 and a reduction in expenditure to the general fund.

Balance Sheet Funds

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Balance Sheet date totalled £169m. (2020: £163m.) it must be remembered that included in this total are properties, mostly in use for ministry, whose value amounted to £63m. (2020: £68.5million). These are held within fixed assets with the remaining balance relating to other properties which the LDTBF own for example Edward King House. Much of the remainder of the assets shown in the Balance Sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the LDTBF.

Reserves policy

Unrestricted reserves

The Trustees have considered financial risk, liquidity requirements and the timing of cashflows throughout the year. They consider it appropriate to hold a balance of readily realisable assets in the general fund equivalent to three months gross expenditure from unrestricted funds estimated at £3.0m (2019: £3.0m). Free reserves at 31 December 2021, show a positive balance of £1.0m which is significantly short of the £3.0m. The Trustees recognise that the current balance is not sufficient and this is part of the considerations of the A Time to Change Together to be able to cover the costs of stipendiary ministry in the diocese. The Trustees are continuing to utilise Total Return in the medium term.

The law governing the use of Diocesan Endowment funds changed in 2016 and the Trustees adopted total return during 2017. The adoption of this enables the Trustees to use a portion of the unapplied total return from the Endowment Stipend Fund to fund the shortfall on stipends and housing. The date used for the initial value of the trust for investment and the initial value of the unapplied total return was 1996 as this was the first year that the SORP was adopted. The value of the investments for the Stipend Endowment Funds as at 1996 has been inflated by RPI up to and including 2016. This established the baseline as £51m. The Trustees used the guidance issued by the Church Commissioners in the Total Return Guide. The Trustees also took into account the change in legislation to the Diocesan Stipends Funds (amendment) Measure 2016. The Trustees took the

advice of the trust auditors and the professional expertise within the Trust body. Please refer to note 20.

Designated funds

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2021 total designated reserves were £922k (2020: £859k).

Restricted and endowment funds

As set out in note 22 LDTBF holds and administers a large number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £23.1m (2020: £14.4m). The large increase is due to the transfer of houses identified as Glebe/Board houses which have been transferred from the Parsonages Fund to the Diocesan Pastoral Fund. These have been transferred to the Board in line with the appropriate measure as they are not invested in the Incumbent or considered to be Benefice houses. This amounted to £6.4m. and is set out in Note 13.

Grant making policy

The Memorandum of Association of the LDTBF explicitly permits the LDTBF to make grants in pursuance of its objects, and the nature of the grants made in 2021, are indicated in note 11.

Investment policy

The LDTBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDTBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDTBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15b summarises the movements in investments during the year.

The Assets Committee, continued to monitor its holdings and the fund managers in which these funds are held. The Committee continued to be aware of the risks to the portfolio particularly around the pandemic and as a result regular reviews were carried out with the fund managers and frequent information was available to keep them up to date with developments around the fund performance.

The Trustees' investment policy is to preserve the real value of the investment portfolio and to contribute to financing the activities of the Diocese. Growth was strong during 2021 and the value of the investments grew by over £4.3m. The Trustees reviewed the investment portfolio in 2021 and are proposing changes in 2022 to be agreed by the Board at its March meeting. The investments are split across a number of fund managers which in turn reduces the level of risk exposure.

The funds types and managers are detailed below:

- The Charities Property Fund, managed by Savills Investment Management
- CBF Church of England Investment Fund, managed by CCLA Investment Management
- Alpha Common Investment Fund for Endowments, managed by Sarasin & Partners
- Amity Global Equity Fund for Charities, managed by Edentree Investment Management

- Property Income Trust for Charities, managed by Mayfair Capital Investment Management
- Cazenove Capital, managed by Schroder & Co. Limited

The Assets Committee reviews the performance of the funds at each of its meetings and holds an annual review with the relevant fund managers. For 2021 these were carried out virtually with the fund managers producing a recording of their presentation prior to the meeting. They then attended the meeting and were asked questions by the Committee. The Asset Committee makes recommendations to the Trustees on investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed which is reviewed by the Risk Management Committee and monitored by the Audit and Governance Committee. This is subject to review by the Trustees with the responsibility for delivery of the mitigation strategies identified by it, being delegated to the Diocesan Secretary.

During the Annual Risk Review which took place in January 2021, Trustees considered the following risks and mitigations to be most critical to the strategic objectives of the organisation:

Detail	Rating	Control and mitigation	Key management activities
A lack of young people in our congregations leading to a danger in continuity and diminishing congregation size.	Critical	The Mission and Ministry Committee monitor and discuss the work of the Children and Youth Officer and the newly formed College of St Hugh brings together the different growth strands of 'Time to Change Together'.	The Time to Change Together programme includes a focus on growth with work being done by the college of St Hugh and the Children and Youth Officer to identify where good Children and Youth work is taking place and encouraging links between church, schools and families.
Congregation numbers continue to fall resulting in a drop in parish share and resources.	Critical	The strategic development funding programme has been launched to revitalise our urban areas. The Time to Change Together programme has a focused strand on growth, with key deliverables being monitored by an Oversight Group. Congregation numbers are monitored by annual statistics and parish share returns.	Focus is being placed on growth of mature and committed discipleship through planning, resources and support. There are plans for Mission Enablers in each Deanery Partnership to promote the diocesan priority of intentional discipleship.
Our inability to sufficiently reduce our operating deficit, resulting in the need to draw down on Total Return for the longer term which would shrink our income and lead to an increasing deficit.	Critical	Regular management accounts reviewed by the Financial Reporting Advisory Panel and BCDT. Our auditors have been content with our approach to Total Return following detailed forecasting projections created for 2020, which are being updated for each annual report.	As of the end of 2021 the operating deficit has been successfully reduced to £2.3m (£542k including windfalls on disposals). Additional funds from these disposals have been successfully reinvested increasing income, and parish share has recovered well to £3.5m following a drop earlier in the pandemic. Due to ongoing costs, the likelihood of having to continue utilising Total Return is still high.

Low levels of stewardship in congregations leading to parishes being unable to cover their own expenses and pay their parish share contributions, leading to eventual closure.	High	Covenant Pastors have been trained and are meeting with parishes to consider their giving and assist with local issues. Updates on stewardship and the number of parishes undergoing reviews and joining the Parish Giving Scheme are provided at every trustee meeting.	Covenant Pledges from parishes are starting to be received and follow-up conversations are taking place with Covenant Pastors where visits have been held but pledges are yet to be made.
A rapid increase in requests for church closures, following a difficult time for many small parish churches who have lost funds and volunteers to keep their doors open. This will have a negative financial impact on the LDTBF who will become responsible for the buildings.	High	The Church type survey has been completed by over 90% of churches giving the team a good indication of which churches are in trouble. Time to Change Together Oversight Group monitor responses.	Webinars have been offered to talk parishes through the process for each church type and meetings have taken place with churches considering closure to investigate all options. The LDTBF may need to consider self-insuring some closed church buildings should the numbers continue to increase.

Trustees acknowledge the interrelation between many of their key strategic risks, in that they all relate in some way to the mission objectives of the Diocese and our ability to meet those objectives with an appropriate and sustainable level of resource. The lack of the younger generation represented in our church congregations relates more broadly to shrinking congregations in general, which in turn has an impact on our financial sustainability. The Trustees monitor these principal risks regularly and receive assurance from the Audit and Governance Committee who in turn monitor the work of the operational Risk Management Committee.

Following the 2021 review, Trustees agreed that the current risk control framework is robust enough to provide the necessary assurance that risk is taken seriously at all levels, and that the culture of risk management desired can be seen throughout the organisation.

STRUCTURE AND GOVERNANCE

While the LDTBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDTBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 114 trained stipendiary clergy and 20 training curates in the Diocese is a priority of the LDTBF and represents by far its largest financial commitment. Although the LDTBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review. It also gives clergy access to Employment Tribunals and other useful services.

For many, the clergy house represents the domestic heart of the benefice, serving not only as a home but also as a base for ministry. The LDTBF recognises the importance of a safe, secure and well-maintained house and continued a programme of refurbishments and improvements.

Summary Information about the structure of the Church of England

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

The Church of England has a General Synod comprised of ex-officio and elected representation from each Diocese and it agrees and lays before Parliament Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as bishop within the Diocesan Synod.

The Lincoln Diocese is itself divided into twenty-two deaneries, each with its own Synod. Each deanery consists of several parishes which may be a member of a benefice, and each parish has a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan Synod.

Organisational structure

The Lincoln Diocesan Trust and Board of Finance (LDTBF) is a company limited by guarantee (No. 097256) and a registered charity (No. 249355) governed by its Memorandum and Articles of Association. This means that the trustees of the charity which make up the membership of the Bishop's Council of Diocesan Trustees, are also the company's directors and that the Trust is bound by charity and company law and regulations.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Lincoln. It exists to transact the business of the Diocese of Lincoln and provide financial and administrative support to the Diocese and its associated activities. LDTBF serves as the Diocese's Board of Finance in accordance with Ecclesiastical Law. LDTBF also acts as custodian of certain funds and properties held for the benefit of others (principally parishes of the Diocese).

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also the trustees for the purposes of charity law. In October 2018 the Trustees adopted new Articles of Association which brought the LDTBF, the Bishop's Council and Diocesan Synod Standing Committee and the Diocesan Mission and Pastoral Committee (DMPC) into one coterminous body called the Bishop's Council of Diocesan Trustees. This body fulfils all of the statutory and non-statutory duties of the LDTBF. The Diocesan Bishop appoints, subject to the approval of the Diocesan Synod, the Chair of the LDTBF.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The Synod membership is elected every three years, the last elections having been in July 2021.

The 11 elected members of the Bishop's Council of Diocesan Trustees are elected by Diocesan Synod and from its number. These positions are spread equally over the three archdeaconries of the Diocese. The Diocesan bishop is an ex-officio member, as are the Suffragan bishops, the Dean of Lincoln, the three archdeacons, the chair of the LDTBF and the chair of the DMPC (if not already the Diocesan bishop). The details of the Trustees who served during the year are set out on page 24.

While the LDTBF is a separate legal entity with clear responsibilities under both company and charity law, as well as a governing memorandum of articles of association, by virtue of the National Institutions Measure 2000 the LDTBF is subject to the direction of Synod in all of its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

Lincoln Diocesan Trust and Board of Finance Limited: monitors management accounts and budgets, the use of assets and investment policies. It also undertakes its responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Corporate priorities and the overall financial strategy for the Diocese are its primary objects to promote, assist and advance the work of the Church of England within the Diocese of Lincoln as set by the Diocesan Synod, and the LDTBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary.

The company membership, which as of October 2018 is the membership of Diocesan Synod, meets once a year in a general meeting to receive and approve the Annual Report and financial statements and to approve the appointment of the auditors. The Bishop's Council of Diocesan Trustees acting as the LDTBF approves these matters in their trustee meeting prior to the general meeting.

The Bishop's Council of Diocesan Trustees acts as the standing committee of diocesan synod, the Diocesan Mission and Pastoral Committee (DMPC) and the Bishop's Council, as well as the board of finance in order to ensure that mission and money are discussed in the same room and by the same key stakeholders.

Diocesan Synod and the Bishop's Council of Diocesan Trustees delegate various responsibilities to committees, in order for the 'heavy lifting' to be done away from the main trustee meeting. These non-statutory committees and working groups are combined with other statutory committees to form the governance structure of the diocese.

Due to the fluctuating nature of the pandemic, two meetings of Diocesan Synod were held virtually in 2021 and two were held in person with Covid secure measures in place. The Bishop's Council of Diocesan Trustees issued guidance during the year about the benefits of virtual meetings where possible for committees, and agreed to hold (where possible) every other meeting of BCDT in person and that for all Synod meetings (government guidance allowing) should be held in person. Throughout the year, all business has been transacted in accordance with our governing documents, the Insolvency and Governance Act 2020 and the additional statutory instruments issued by the Diocesan Bishop to enable both company and synodical strands of our governance to continue.

Audit and Compliance Committee (Chair David Cowell):

The main purpose of the committee is to monitor and review the integrity of the Diocese's Annual

Report and accounting policies; the effectiveness of the Diocese's governance, internal controls and risk management systems including an assessment of the adequacy of resource to support the same. It is also responsible for monitoring the relationship with, and effectiveness of, the external audit function; the nature and quality of financial information used by the LDTBF to discharge its activities as Trustees of the Diocese.

Assets Committee (Chair Jane Powell):

The Assets committee develops and recommends to the LDTBF the strategy for and operational utilisation of, the LDTBF's assets portfolio in a balanced manner, and for the purposes of providing income in support of the stipends fund, balancing revenue requirements with opportunities for maximising capital growth whilst balancing risks.

Trusts Committee (Chair The Revd Elaine Turner):

The Trusts committee supports the LDTBF in fulfilling its function as Custodian Trustee of funds and properties, mainly parochial trusts, and as primary Trustee of funds and properties held by LDTBF within certain specific charitable trusts, excluding Diocesan Glebe and the Diocesan Stipends Fund Capital account.

Clergy Housing Committee (Chair David Wright):

The Clergy Housing committee seeks to provide housing that is appropriate, cost effective, efficient and well maintained. The committee makes recommendations for the purchase and disposal of properties for housing clergy to the Assets Committee who will assist this committee in discharging its responsibilities on behalf of the LDTBF as the Parsonages Board of the Diocese of Lincoln, under the Repair of Benefice Buildings Measure 1972.

Diocesan Advisory Committee (Chair The Revd Elaine Turner):

The function of the Diocesan Advisory committee is to act as an advisory body on matters affecting places of worship in the diocese and to give advice when requested on the granting of faculties, architecture, archaeology, art and the history of places of worship. The DAC will also advise on the use, care, planning, enhancement, design and redundancy of places of worship, as well as their contents and connected churchyards.

Mission and Ministry Committee (Chairs Bishop Nicholas Chamberlain and Bishop David Court):

The committee supports, and work under the direction of, the Bishop's Council of Diocesan Trustees in the specific areas of Mission and Ministry. As such, the committee serves as a forum for formulating and bringing forward strategic proposals for approval; monitors and facilitates the implementation of such proposals following their approval; supports all who work in the Mission and Ministry Teams; and serves as a critical friend to the Mission and Ministry teams.

Search and Nominations Committee (Chair Canon Niccy Fisher):

The committee seeks out, provides scrutiny for and recommends appointed members to boards, committees and working groups of the diocese and our partners. The committee also encourages engagement for elected positions and works towards a greater standard of diversity, representation and skill.

Training for Trustees

Trustees are given an extensive induction at the beginning of their term and training which is tailored to their specific needs. The new induction program created in 2020 has been further utilised in 2021 with 3 newly elected trustees. The triennial residential trustee training session took place in January 2022, as well as the additional training session held virtually for trustees to attend in May 2021.

Topics included Finance, Risk Management and Trustee Responsibilities. A standing item on all trustee agendas is 'relevant legislative changes', so that Trustees remain abreast of any changes to company, charity or ecclesiastical law of which they should be concerned.

Some staff hold the title of 'Director', namely the Finance Director, Director of Ordinands and the Director of Studies but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of conduct and maintain their entry in the record of declarations of interest and loyalty. They complete an annual declaration of 'fit and proper status', whilst declaring any related party transactions for that year. Trustees are now also required to complete a successful enhanced Disclosure and Barring Service check, in line with Charity Commission best practice.

Remuneration of key management personnel

Salary increases of all staff are paid in line with increases to the clergy stipend. This includes emoluments of higher-paid employees. Please refer to note 12 for further details.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and his/her colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the LDTBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The LDTBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDTBF does not control them, and they are segregated from the LDTBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £23m at 31 December 2021 (2020: £21m), are available from the LDTBF on request, and are summarised in note 28. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

TRUSTEES' RESPONSIBILITIES

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

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

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP

- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LDTBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the LDTBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the LDTBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions. To protect the Trustees as both Trustees and Directors third party indemnity insurance is place.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The re-appointment of Haysmacintyre LLP as auditors to the LDTBF will be proposed at the Annual General Meeting.

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2021. The following Trustees were in post at the date of this report:

Ex-officio:

The Diocesan Bishop

The Rt Revd Christopher Lowson (from 1st Feb 2021 to 31st December 2021)

The Acting Diocesan Bishop

The Rt Revd Stephen Conway (from 1st January 2022

The Rt Revd Dr David Court until 1st February 2021

The Bishop of Grimsby

The Rt Revd Dr David Court from 2nd February 2021

The Bishop of Grantham

The Rt Revd Dr Nicholas Chamberlain

The Dean of Lincoln

The Very Revd Christine Wilson

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

ANNUAL REPORT

For the year ended 31 December 2021

The Archdeacon of Boston

The Archdeacon of Stow & Lindsey

The Archdeacon of Lincoln

The Venerable Dr Justine Allain Chapman

The Venerable Mark Steadman (until 15th September 2021)

The Venerable Gavin Kirk

Elected by Synod:

Canon Nigel Bacon, Chair of the House of Laity

The Revd Canon Alyson Buxton, Chair of the House of Clergy

Mr Paul Arnold (until 20th November 2021)

Mrs Susan Slater

Mrs Ruth Brewin (from 18th September 2021)

The Revd Georgina Machell

Mr Russ Coulter

Mr Richard Bayes

The Revd Nicholas Brown (until 20th November 2021)

Mrs Sue Watt (from 14th May 2021)

The Revd Nicholas Nawrockyi

Mr Paul Davie (from 20th November 2021)

Appointed by the Diocesan Bishop:

Canon Prof Muriel Robinson, Chair of the LDTBF (with the approval of Synod)

Miss Jane Powell- Chair of the Assets Committee

Mr David Cowell- Chair of the Audit and Governance Committee

Mr David Wright- Chair of the Clergy Housing Committee

Senior staff and advisers

Diocesan Secretary

David Dadswell

Director of Finance

Ann Treacy FCMA, CGMA

Registered Office:

Edward King House, Minister Yard, Lincoln, LN2 1PU

Bankers:

National Westminster Bank plc, (Smiths Bank Branch), Lincoln, LN2 1DS

Auditors:

Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Solicitors:

Lee Bolton Monier-Williams

1 The Sanctuary Westminster London SW1P 3JT

Chattertons Solicitors

Chattertons House, 2 Low Moor Road, Off Doddington Road, Lincoln,
LN6 3JY

Investment advisers:

CCLA Investment Management Ltd

Senator House, 85 Queen Victoria Street, London, EC4V 4ET

Schroder & Co. Limited

1 London Wall Place, London, EC2Y 5AU

Savills Investment Management (UK) Limited

33 Margaret Street,

London, W1G 0JP

Sarasin & Partners LLP

Juxon House

100 St. Paul's Churchyard

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

ANNUAL REPORT

For the year ended 31 December 2021

	London EC4M 8BU
	<i>EdenTree Investment Management Ltd</i>
	Sunderland, SR43 4AU
	Swindon, SN4 4BG
	<i>Mayfair Capital Investment Management Ltd</i>
	55 Wells Street, London, W1T 3PT
Glebe Agents:	Savills, Olympic House, Doddington Road, Lincoln, LN6 3SE
Parsonage Agents:	Mundy's Estate Agent, 29 Silver Street, Lincoln, LN2 1AS
Insurers:	EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 18 within their capacity as company directors.

BY ORDER OF THE TRUSTEES



Muriel Robinson
Chair
24th March 2022



David Dadswell
Secretary
24th March 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

Independent auditor's report to the Trustees of Lincoln Diocesan Trust and Board of Finance Limited

Opinion

We have audited the financial statements of Lincoln Diocesan Trust and Board of Finance Limited for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If

INDEPENDENT AUDITORS'S REPORT (continued)

we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS'S REPORT (continued)

basis of these financial statements.

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

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

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

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

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

Use of our report

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



Adam Halsey

(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors

Date: 24th March 2022

10 Queen Street Place

London EC4R 1AG

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2021

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
Income and endowments from							
Donations							
Parish contributions	2	3,487	-	-	-	3,487	3,315
Archbishop's Council		1,068	246	-	-	1,314	1,364
Other donations		368	-	50	-	418	566
Charitable activities	3	522	-	82	-	604	653
Other trading activities	4	-	-	523	161	684	583
Investments	5	15	-	54	2,177	2,246	2,283
Other income	6	12	-	1,583	183	1,778	436
Total income		5,472	246	2,292	2,521	10,531	9,200
Expenditure on							
Raising funds	7	-	-	30	274	304	220
Charitable activities	8	9,233	266	1,012	-	10,511	11,800
Total expenditure		9,233	266	1,042	274	10,815	12,020
Net income/(expenditure) before investment gains/(losses)		(3,761)	(20)	1,250	2,247	(284)	(2,820)
Loss on disposal of fixed assets	-	-	-	(71)	(2)	(73)	(94)
Net gains/(losses) on investments	15	-	-	491	3,889	4,380	1,358
Net income/(expenditure)		(3,761)	(20)	1,670	6,134	4,023	(1,556)
Transfers between funds	13	3,917	83	6,434	(10,434)	-	-
Other recognised gains/(losses)							
Actuarial gains/(losses) on pension scheme	26	-	-	-	35	35	7
Gains/(losses) on revaluation of properties	14,15	-	-	604	2,015	2,619	(2,158)
Net movement in funds		156	63	8,708	(2,250)	6,677	(3,707)
Total funds brought forward		914	859	14,410	146,655	162,838	166,545
Total funds carried forward	19	1,070	922	23,118	144,405	169,515	162,838

All activities derive from continuing activities. The notes on pages 33 to 60 form part of the financial statements. Details of comparative figures by fund are included in note 29.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2021

	Total 2021 £'000	Total 2020 £'000
Total income (excluding endowments)	8,010	6,709
Total expenditure (excluding endowments)	(10,511)	(11,809)
Surplus of income over expenditure in the year before transfers	(2,501)	(5,100)
Net gains/(losses) on investments	491	(10)
Transfers from endowment of total return applied in the year	4,000	4,000
Net income/expenditure for the year	1,990	(1,110)
Other comprehensive income:		
Revaluation of fixed assets	604	797
Net (losses) on disposal of fixed assets	(71)	-
Transfer of fixed assets to restricted funds	6,434	
Total comprehensive income	8,957	(313)

The Income and Expenditure Account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities and includes the amounts which are included in the columns headed Unrestricted Funds, Restricted Funds but does not include the income and expenditure within the Endowment Funds.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
BALANCE SHEET
At 31 December 2021

Company Number – 097256

		2021	2020
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	14	66,043	71,617
Investments	15	100,256	87,877
		<u>166,299</u>	<u>159,494</u>
CURRENT ASSETS			
Debtors	16	1,171	1,017
Cash on deposit		2,280	2,974
Cash at bank and in hand		721	1,937
		<u>4,172</u>	<u>5,928</u>
CREDITORS: amounts falling due within one year	17	(648)	(1,840)
		<u>3,524</u>	<u>4,088</u>
NET CURRENT ASSETS			
		<u>3,524</u>	<u>4,088</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>169,823</u>	<u>163,582</u>
CREDITORS: amounts falling due after more than one year			
Pension scheme liabilities		(236)	(529)
Other creditors		(72)	(215)
		<u>(308)</u>	<u>(744)</u>
NET ASSETS		<u>169,515</u>	<u>162,838</u>
FUNDS			
Endowment funds		144,405	146,655
Restricted income funds		23,118	14,410
Unrestricted income funds:			
General funds		1,070	914
Designated funds		922	859
		<u>1,992</u>	<u>1,773</u>
TOTAL FUNDS		<u>169,515</u>	<u>162,838</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 24th March 2022 and signed on behalf of the Board by:



.....
Muriel Robinson
Chair



.....
The Rt Revd Stephen Conway
Acting Bishop of Lincoln

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2021

		2021	2020
	£'000	£'000	£'000
Net cash inflow / (outflow) from operating activities		(5,715)	(4,621)
Cash flows from investing activities			
Dividends, interest and rent from investments	2,246	2,283	
Proceeds from the sale of tangible fixed assets	7,186	856	
Purchase of tangible fixed assets	(146)	(887)	
Disposal of investment property	460	1,209	
Repayment of Loan to Church Commissioners	(1,312)	-	
Purchase of investments	(6,443)	-	
Gain on sale of investments	1,778	436	
Net cash provided by / (used in) investing activities		3,769	3,897
Cash flows from financing activities			
Loans repaid to LDTBF	36	-	
Net cash provided by / (used in) financing activities		36	-
Change in cash and cash equivalents in the reporting period		(1,910)	(724)
Cash and cash equivalents at 1 January		4,911	5,635
Cash and cash equivalents at 31 December		3,001	4,911
Reconciliation of net movements in funds to net cash flow from operating activities			
Net movement in funds for the year ended			
31 December		(6,677)	(3,707)
Adjustment for:			
Depreciation charges	28	34	
Dividends, interest and rent from investments	(2,246)	(2,283)	
Gains on revaluation of tangible fixed assets	(604)	(797)	
(Loss) / Gains on revaluation of investments	(4,380)	(1,358)	
Impairment	-	-	
(Gain) / Loss on revaluation – investment properties	(2,015)	2,955	
Movement in pension scheme deficit	(293)	(454)	
Loss on disposal of fixed assets	73	94	
Profit on sale of fixed assets	(1,778)	(436)	
Decrease in stock	-	-	
Decrease / (increase) in debtors	153	723	
Increase / (Decrease) in creditors	(1,330)	608	
Net cash provided by / (used in) operating activities		5,715	4,621
Analysis of cash and cash equivalents			
Cash in hand	721	2,974	
Notice deposits (less than 3 months)	2,280	1,937	
	3,001	4,911	

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2021

ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2021 £	Cashflows £	Other Changes £	At 31 December 2021 £
Cash and cash equivalents				
Cash	1,937	(1,216)	-	721
Deposit accounts	2,974	(694)	-	2,280
Borrowings	4,911	(1,910)	-	3,001
Debt due within one year	1,312	(1,312)	-	-
Debt due within one year	215	(143)	-	72
	1,527	(1,455)	-	72
Total	3,384	(455)	-	2,929

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in c), and fixed asset investments, which are included at their fair value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities applicable to charities in the UK and Republic of Ireland (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity is a Public Benefit Entity registered in England and Wales.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

- i) **Parish Share contributions** – The principal source of income comes from voluntary giving in the form of parish contributions which includes amounts received up to 21st January relative to the year, following the year end. Income also includes any arrears received from previous years.
- ii) **Rent and investment income** - Rent and investment income are recognised as income when receivable.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions specified by the donor which have not been met at the year-end are included in creditors and carried forward to the following year. Income relating to the Government's Coronavirus Job Retention Grant (CJRG) is recognised under the accruals basis in line with staff costs.
- v) **Parochial fees** are recognised as income in the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets** for LDTBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income** - The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, satisfied.

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the LDTBF to pay out resources. Expenditure is included on an accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

Costs of raising funds. These are the costs of managing the Endowment, Glebe and Unrestrictive funds' investments, plus the costs associated with letting the vacant parsonages and board houses.

Charitable expenditure. Charitable Expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes plus the costs of supporting the work of the parishes in greater Lincolnshire. This principally includes the cost of clergy stipends, costs of maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDTBF, such grants being recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs consist of central management, administration and governance costs. These are costs which are directly attributable to a specific charitable activity.

Pension costs and other post-retirement benefits. The LDTBF contributes to the Church of England Pension Scheme for Clergy. Clergy are members of the Church of England Funded Pensions Scheme. The pension costs are charged as resources expended which represent the LDTBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities for the pension scheme to which the LDTBF participates is recognised at the present value of contributions payable that arise from the deficit funding agreement. The Liability is recognised in creditors falling due within one year and after more than one year.

In addition to the above scheme the LDTBF also operates the Lincoln Diocesan Trust and Board of Finance Limited scheme for the benefit of office staff. This scheme closed to new members in 2003 and does not form part of these accounts. The LDTBF also contributes to a group stakeholder pension for other employees. This is the Lincoln Diocesan Trust Scheme with Royal London.

c) Tangible fixed assets and depreciation

Freehold properties and parsonages

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. Properties which are identified as Board properties are revalued on a five year annual rolling programme. This valuation is carried

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

out by the Property Director who is a registered member of the Royal Institution of Chartered Surveyors (RICS).

The LDTBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Value linked loans from the Church Commissioners that are administered by the LDTBF and the corresponding equivalent value of the property to which they relate are all included in the balance sheet as an asset and corresponding liability in accordance with the recommendation of the Diocesan Accounts Guide. These properties are revalued on a rolling five-year basis.

Investment properties

In accordance with FRS102, investment properties are carried at their fair value and this is considered by the Trustees annually. The aggregate surplus or deficit is recognised in the Endowment and Glebe Fund. Investment properties are valued on an annual basis by a registered RICS qualified valuer.

Parsonage houses

The LDTBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The LDTBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historic cost values.

d) Non Property fixed assets

Tangible fixed assets costing more than £400 are capitalised and included at cost.

Depreciation

Depreciation of non-property assets is provided in order to write off the cost of other fixed assets over their currently expected useful lives at the following rates:-

Motor vehicles	25% per annum	straight line basis
Computers	25% per annum	straight line basis
Fixtures and fittings	14.30% per annum	straight line basis (i.e. over 7 years)

1. ACCOUNTING POLICIES (continued)

Other investments

All **other** investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when investments are sold. Unrealised gains and losses are accounted for on revaluation of investments at the year end.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods. Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to determining the value of the pension scheme deficit and are discussed above and the revaluation of Board properties and of the glebe agriculture land.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

e) Other accounting policies

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Creditors and provisions

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

1. ACCOUNTING POLICIES (continued)

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

Operating Leases - The LDTBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.

Funds

Funds over which the LDTBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the LDTBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as "unrestricted". Designated funds are unrestricted funds that have been set aside by the LDTBF for purposes designated by the LDTBF policy. Such designations may be set aside from time to time according to policy decisions.

Endowment funds

The Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDTBF (Stipends Fund Capital and Parsonage Houses), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Trust Funds

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the LDTBF acts as trustee and controls the management and use of the funds, are included in the LDTBF's own financial statements as charity branches. Trusts where the LDTBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the relevant note to the financial statements

Reserves Policy

The target free reserves (net of fixed assets and investments) is currently set at an amount equivalent to three months' gross expenditure from unrestricted funds estimated at £3.0m.

f) **Going Concern**

Having reviewed the funding facilities available to the charity together with future projected cash flows, the trustees have an expectation that the charity has adequate resources to continue its activities for the foreseeable future. Trustees are aware of the longer term sustainability of the Diocese and are putting in place measures to ensure that there is a long term financial and operational strategy in place to support the organisation in the future. They do consider that there were no material uncertainties over the charity's financial viability at the date of signing the accounts. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

2. DONATIONS

Parish Contributions

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

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Current year apportionment	5,019	-	-	-	5,019	5,731
Shortfall in contributions	(1,532)	-	-	-	(1,532)	(2,420)
	<u>3,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,487</u>	<u>3,311</u>
Receipts for previous years	-	-	-	-	-	4
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Total Income	<u>3,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,487</u>	<u>3,315</u>

Current year parish share receipts represent 69% of the total apportioned (2020 –57.7%), or, when receipts for previous years are included, 69% of the total apportioned (2020 – 57.8%). All parish contributions in the year ended 31 December 2020 were attributable to the general fund.

Archbishop's Council

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Lowest Income Funding	1,068	-	-	-	1,068	1,056
Strategic Development	-	246	-	-	246	308
	<u>1,068</u>	<u>246</u>	<u>-</u>	<u>-</u>	<u>1,314</u>	<u>1,364</u>

This is the annual grant for the parish mission fund, which may be used for specific parish mission and development projects or for clergy stipends. All Lowest Income Funding received in the year ended 31 December 2020 was attributable to the general fund. The LDTBF were successful with a Strategic Development Fund bid and this is the grant received in 2021.

Other donations

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust						
Grant	147	-	-	-	147	154
Donations	221	-	50	-	271	412
	<u>368</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>418</u>	<u>566</u>

All income from other donations in the year ended 31 December 2020 was attributable to the general fund.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Statutory fees	516	-	-	-	516	485
Church Commissioners' Guaranteed annuities	1	-	-	-	1	1
Chaplaincy and other	3	-	-	-	3	-
Fees from training	1	-	82	-	83	166
Income recharged for Support to parishes	1	-	-	-	1	1
	<u>522</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>604</u>	<u>653</u>

In the year ended 31 December 2020 fees from training of £132k was attributable to restricted funds. All other income from charitable activities was attributable to the general fund.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021	Total funds 2020
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Housing income	-	-	409	-	409	468
Income from DBF fundraising	-	-	114	161	275	115
	<u>-</u>	<u>-</u>	<u>523</u>	<u>161</u>	<u>684</u>	<u>583</u>

In the year ended 31 December 2020 £468k attributable to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment funds	Total funds 2021	Total funds 2020
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Dividends receivable	-	-	54	1,201	1,255	1,186
Interest receivable	15	-	-	-	15	30
Rents receivable	-	-	-	976	976	1,067
	<u>15</u>	<u>-</u>	<u>54</u>	<u>2,177</u>	<u>2,246</u>	<u>2,283</u>

In the year ended 31 December 2020 interest receivable of £30k was attributable to the general fund. All other investment income was attributable to endowment funds.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

6. OTHER INCOME

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Gain/(Loss) on sale of Properties & Glebe	12	-	1,575	183	1,770	436
Sale receipts from churches	-	-	8	-	8	-
	<u>12</u>	<u>-</u>	<u>1,583</u>	<u>183</u>	<u>1,778</u>	<u>436</u>
	<u><u>12</u></u>	<u><u>-</u></u>	<u><u>1,583</u></u>	<u><u>183</u></u>	<u><u>1,778</u></u>	<u><u>436</u></u>

In the year ended 31 December 2020 gains on the sale of Properties & Glebe of £323k was attributable to restricted funds, £113k was attributable to endowment funds. All other income was attributable to the general fund.

7. RAISING FUNDS (2021)

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	274	274
Parsonage rental costs	-	-	30	-	30
	<u>-</u>	<u>-</u>	<u>30</u>	<u>274</u>	<u>304</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>30</u></u>	<u><u>274</u></u>	<u><u>304</u></u>

RAISING FUNDS (2020)

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	211	211
Parsonage rental costs	-	-	9	-	9
	<u>-</u>	<u>-</u>	<u>9</u>	<u>211</u>	<u>220</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>9</u></u>	<u><u>211</u></u>	<u><u>220</u></u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

8. CHARITABLE ACTIVITIES (2021)

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Contributions to Archbishops' Council					
Training for Ministry	307	-	-	-	307
National Church Responsibilities	214	-	-	-	214
Grants & Provisions	26	-	-	-	26
Mission agency pension costs	14	-	-	-	14
Retired clergy housing Costs	113	-	-	-	113
Pooling of ordinands maintenance grants	98	-	-	-	98
	<u>772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772</u>
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	4,188	-	-	-	4,188
Pension contributions	1,197	-	-	-	1,197
Housing costs	641	-	873	-	1,514
Removal, resettlement and grants	90	-	-	-	90
Other expenses	18	-	-	-	18
	<u>6,134</u>	<u>-</u>	<u>873</u>	<u>-</u>	<u>7,007</u>
Support for parish ministry	1,384	266	139	-	1,789
Support costs	843	-	-	-	843
	<u>2,227</u>	<u>266</u>	<u>139</u>	<u>-</u>	<u>2,632</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>9,233</u>	<u>266</u>	<u>1,012</u>	<u>-</u>	<u>10,511</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

8. CHARITABLE ACTIVITIES (2020)

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Contributions to					
Archbishops' Council					
Training for Ministry	307	-	-	-	307
National Church Responsibilities	230	-	-	-	230
Grants & Provisions	26	-	-	-	26
Mission agency pension costs	11	-	-	-	11
Retired clergy housing Costs	110	-	-	-	110
Pooling of ordinands maintenance grants	123	-	-	-	123
	<u>807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>807</u>
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	4,492	-	-	-	4,492
Pension contributions	1,079	-	-	-	1,079
Housing costs	244	-	1,560	-	1,804
Removal, resettlement and grants	176	-	-	-	176
Other expenses	53	-	-	-	53
	<u>6,044</u>	<u>-</u>	<u>1,560</u>	<u>-</u>	<u>7,604</u>
Support for parish ministry					
Support costs	1,513	771	192	-	2,476
	<u>813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>813</u>
	<u>2,326</u>	<u>771</u>	<u>192</u>	<u>-</u>	<u>3,289</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>9,277</u>	<u>771</u>	<u>1,752</u>	<u>-</u>	<u>11,800</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

**9. ANALYSIS OF EXPENDITURE
INCLUDING ALLOCATION OF
SUPPORT COSTS (2021)**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2021 £'000
Raisings funds				
Charitable activities:	304	-	-	304
Contributions to Archbishop's Council		772	-	772
Resourcing parish ministry	8,580	216	843	9,639
Education	-	100	-	100
	<u>8,884</u>	<u>1,088</u>	<u>843</u>	<u>10,815</u>

**ANALYSIS OF EXPENDITURE
INCLUDING ALLOCATION OF
SUPPORT COSTS (2020)**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2020 £'000
Raisings funds	220	-	-	220
Charitable activities:		807	-	807
Contributions to Archbishop's Council	9,611	249	813	10,673
Resourcing parish ministry	-	100	-	100
Education				
	<u>9,831</u>	<u>1,156</u>	<u>813</u>	<u>11,800</u>

10. ANALYSIS OF SUPPORT COSTS (2021)

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2021 £'000
Central administration	602	-	-	-	602
Governance:					
External audit	25	-	-	-	25
Registrar and Chancellor	143	-	-	-	143
Synodical costs	73	-	-	-	73
	<u>843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>843</u>

ANALYSIS OF SUPPORT COSTS (2020)

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Central administration	625	-	-	-	625
Governance:					
External audit	23	-	-	-	23
Registrar and Chancellor	116	-	-	-	116
Synodical costs	49	-	-	-	49
	<u>813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>813</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

11. ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	2021 Total £'000	2020 Total £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishop's Council	6	-	772	772	807
From unrestricted funds:					
Support for Board of Education	1	-	100	100	100
PEV Episcopal Visitors	1	-	2	2	2
Churches Together in Lincolnshire	1	-	8	8	11
Lincoln St. Swithins	-	-	-	-	8
Stamford St. George	1	-	5	5	-
Transformation Grants	15	-	18	18	24
Community of St. Francis	-	-	-	-	1
Elloe East Deanery	1	-	6	6	-
Clergy Settlement Grants	13	34	-	34	44
Clergy 1st Appointment Grants	10	29	-	29	34
Miscellaneous grants	2	2	-	1	-
Clergy Robing Grants	2	2	-	2	4
Ordinands in training	5	43	-	43	41
Ministry Division grants	9	18	43	61	73
The Clergy Stipend Fund	14	7	-	7	7
	75	135	182	316	349

In the year ended 31 December 2020 grants of £146k were awarded to individuals, £203k to institutions.

12. STAFF COSTS

	2021 £'000	2020 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,442	1,677
National insurance contributions	131	149
Pension costs	139	167
	1,712	1,993

Included in the above are termination payments of £5,851.

The average number of persons employed by the charity during the year were:

	2021 Number	2020 Number
Administration and financial management	8	11
Property	5	5
Discipleship & Ministry, Stewardship	17	23
Safeguarding & inclusion	4	4
Total for the Charity	34	43

12. STAFF COSTS (Continued)

	2021 Number	2020 Number
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
	<u>1</u>	<u>1</u>
Pension payments of £19,634 were made in 2021 in respect of the above individuals (2020: £23,644).		

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2021 they were the Diocesan Secretary, Property Director and the Director of Finance.

Remuneration, pensions and expenses for the three employees amounted to £264,258 (2020 : £265,278).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee (2020 – None). Trustees received travelling and out of pocket expenses, totalling £10,399 (2020 - £897) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Rt Revd Dr Nicholas Chamberlain	No	Yes
The Rt Revd Dr David Court	No	Yes
Revd Nicholas James Brown (until 20 th November 2021)	Yes	Yes
The Venerable Mark Steadman (until 14 th September 2021)	Yes	Yes
The Venerable Dr Justine Allain Chapman	Yes	Yes
The Venerable Gavin Kirk	Yes	Yes
The Revd Canon Alyson Buxton	Yes	Yes
The Revd Georgina Machell	Yes	Yes
The Revd Nicholas Nawrockyi	Yes	Yes

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

The LDTBF paid an average of 150 (2020 – 153) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2021 £'000	2020 £'000
Stipends	3,860	4,139
National insurance contributions	329	353
Pension costs - current year	1,455	1,527
- deficit reduction	(258)	(456)
- interest cost	35	8
	<u>5,421</u>	<u>5,571</u>

12. STAFF COSTS (continued)

Trustees' emoluments (continued)

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £37,672 - £46,173 (2020 range £37,672 - £46,173). The annual rate of stipend, funded by the LDTBF, paid to Archdeacons in 2021 was in the range £36,830 - £38,245 (2020 range £36,830 - £38,245) and other clergy who were Trustees were paid in the range £25,384 - £28,113 (2020 range £25,384 - £28,113). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2021 at £11,150 (2020 at £11,150). The value of housing provided to Diocesan Bishops is £25,000.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restrict ed	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
From General Fund to Designated Fund	(83)	83	-	-
From Parsonage Fund to Diocesan Pastoral Fund	-	-	6,434	(6,434)
From Endowment Funds Unapplied Total Return to the General Fund	4,000	-	-	(4,000)
	<u>3,917</u>	<u>83</u>	<u>6,434</u>	<u>(10,434)</u>

£83k was transferred from the general fund to the designated fund which related to the unspent element of the Transformation Fund during 2021. This has been transferred to fund future missional projects. The Trustees adopted total return in 2017 and as per the agreed policy £4.0m has been transferred to the General Fund from the Endowment Funds to fund costs of stipends in line with the measure. A review took place in year of historical allocation of Glebe houses where they had been identified as Parsonages these have been transferred in year to the Diocesan Pastoral Fund in line with the treatment of Board houses.

14. TANGIBLE FIXED ASSETS – Land & Buildings

	Freehold Land & Buildings £'000	Office Equipment £'000	Total £'000
Cost of valuation			
At 1 January 2021	71,571	155	71,726
Additions	134	12	146
Transfers	-	-	-
Disposals	(6,307)	-	(6,307)
Revaluation	604	-	604
At 31 December 2021	<u>66,002</u>	<u>167</u>	<u>66,169</u>
Depreciation			
At 1 January 2021	-	98	98
Disposals	-	-	-
Charge for the year	-	28	28
At 31 December 2021	<u>-</u>	<u>126</u>	<u>126</u>
Net Book Value			
At 31 December 2021	<u>66,002</u>	<u>41</u>	<u>66,043</u>
At 31 December 2020	<u>71,571</u>	<u>46</u>	<u>71,617</u>

14. TANGIBLE FIXED ASSETS – Land & Buildings (continued)

All of the properties in the balance sheet are freehold and are vested in the LDTBF, except for benefice houses which are vested in the incumbent.

Benefice properties were included in the balance sheet at historic cost as at 1st January 2015. The Board does not revalue these properties on an annual basis. The value of these properties at that date was £50,324,698.

Board houses are valued on a rolling programme over five years by the Board taking professional advice from the Property Director who is a qualified RICS surveyor.

The freehold properties included houses with a value for insurance purposes of £102,068,246 at 31st December 2021 together with redundant churches and the glebe estate insured by the tenants.

The Old Palace, The Old Palace Lodge (previously St. Michael on the Mount) together with Edward King House were valued by Christie and Co as at the end of 2015. The building was subject to an impairment review and is included in the balance sheet at realisable value.

On 31st December there was a housing stock of 211 properties with a value of £63,025,348 of which 48 were let.

Two Value Linked Loans are outstanding with the Church Commissioners amounting to £72,500 of which £3,203 interest is due within a year (note 17). The Board have no financial interest in the value of these houses.

15. TOTAL INVESTMENT ASSETS

	2021 £'000	2020 £'000
Investment properties - 15 (a)	52,500	50,945
Investments – 15 (b)	47,756	36,932
	<u> </u>	<u> </u>
Total investment assets	100,256	87,877
	<u> </u>	<u> </u>

15(a) INVESTMENT PROPERTIES

	2021 £'000	2020 £'000
Market value at 1 st January 2021	50,945	55,109
Disposals	(460)	(1,209)
(Loss)/Gain on revaluation	2,015	(2,955)
	<u> </u>	<u> </u>
Market value as at 31 st December 2021	52,500	50,945
	<u> </u>	<u> </u>

The investment properties are revalued by Savills by a RICS registered valuer. These were revalued as at 31 December 2021. During 2021 56.76 acres were disposed of. The valuations were undertaken in line with the definition of Market Value as defined in the RICS Red Book, as detailed below:

Market Value (MV) is defined in IVS 104 paragraph 30.1 as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

15(a) INVESTMENT PROPERTIES (continued)

The assets have been valued individually based upon the tenancy units by Parish. The portfolio is a mixture of properties of varying size dispersed across most of Lincolnshire, therefore the properties have been valued separately as they are located in differing locations across the County. Desktop research has been undertaken and in carry out this valuation have relied upon management records to establish land use across the holdings principally between arable and grass as this information was not provided. The let assets have been valued on a combination of comparison or investment bases depending on the letting and type of property. Within these individual asset listings, where appropriate, they have been split further between uses such as arable, pasture, buildings and houses.

15(b). FIXED ASSETS INVESTMENTS

	At 1 January 2021 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2021 £'000
Endowment Funds						
Charities Property Fund	5,444	-	-	-	571	6,015
CBF Church of England Fund	7,971	-	-	-	1,140	9,111
Sarasin Endowment Fund	13,994	-	-	-	1,000	14,994
Edentree Amity Global Equity Fund	2,195	-	-	-	329	2,524
Property Income Trust for Charities	1,841	-	-	-	320	2,161
Cazenove Capital	5,198	-	-	-	529	5,727
	<u>36,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,889</u>	<u>40,532</u>
Diocesan Pastoral Fund						
CBF Church of England Fund	-	1,943	-	-	194	2,137
Edentree Amity Global Equity Fund	-	4,000	-	-	255	4,255
Cazenove Capital	-	500	-	-	2	502
	<u>-</u>	<u>6,443</u>	<u>-</u>	<u>-</u>	<u>451</u>	<u>6,894</u>
Trust funds						
M & G Charifund	107	-	-	-	14	121
CBF Church of England Fund	182	-	-	-	27	209
	<u>289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>330</u>
Total	<u>36,932</u>	<u>6,443</u>	<u>-</u>	<u>-</u>	<u>4,381</u>	<u>47,756</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

16. DEBTORS

	2021	2020
Due within one year	£'000	£'000
Debtors	554	318
Old Palace Hotel Loan	141	141
Old Palace debtors	25	25
Other debtors and prepayments	444	489
Interest free loans within the Diocese	8	44
Total debtors	1,172	1,017

17. CREDITORS: amounts falling due within one year

	2021	2020
	£'000	£'000
Creditors	194	197
Church Commissioners loans	-	1,319
Other taxes and social security	42	69
Other creditors and accruals	412	255
Total creditors: amounts falling due within one year	648	1,840

The bank overdraft is secured on West Rasen Farm at a rate of 1.65% above the bank base rate which forms part of the Glebe portfolio.

18. CREDITORS: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Church Commissioners value-linked loans	72	215
Pension deficit	236	529
Total creditors: amounts falling due after more than one year	308	744

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. During 2021 the Board disposed of one of the properties and purchased one of the remaining properties and intends to keep the remaining properties funded via value linked loans.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

19. SUMMARY OF FUND MOVEMENTS (2021)

	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2021 £'000
UNRESTRICTED FUNDS						
General	914	5,472	(9,233)	3,917	-	1,070
DESIGNATED FUNDS						
Pension Reserve	159	-	-	-	-	159
Building Committee Reserve	30	-	-	-	-	30
Clergy Conference	9	-	-	-	-	9
Discipleship Donation Fund	3	-	-	-	-	3
VAT Buffer fund	100	-	-	-	-	100
Transformation fund	101	-	-	83	-	184
Resource Church Funding	457	246	(266)	-	-	437
	859	246	(266)	83	-	922
RESTRICTED FUNDS						
Pastoral fund	13,784	2,153	(966)	6,434	984	22,389
Pastoral No.2 Account	27	-	-	-	-	27
Other Restricted	599	139	(76)	-	40	702
	14,410	2,292	(1,042)	6,434	1,024	23,118
ENDOWMENT FUNDS						
Permanent						
Trust for Investment	29,342	-	-	1,608	-	30,950
Unapplied Total Return	48,980	2,225	-	(5,608)	3,889	49,486
Other Investment Assets	18,969	296	(274)	-	2,048	21,039
Expendable						
Parsonage Fund	49,364	-	-	(6,434)	-	42,930
	146,655	2,521	(274)	(10,434)	5,937	144,405
Total funds	162,838	10,531	(10,815)	-	6,961	169,515

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

19. SUMMARY OF FUND MOVEMENTS (2020)

	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2020 £'000
UNRESTRICTED FUNDS						
General	809	5,458	(9,277)	3,924	-	914
DESIGNATED FUNDS						
Pension Reserve	159	-	-	-	-	159
Building Committee Reserve	30	-	-	-	-	30
Clergy Conference	9	-	-	-	-	9
Discipleship Donation Fund	3	-	-	-	-	3
VAT Buffer fund	100	-	-	-	-	100
Mission fund	2	-	(2)	-	-	-
Transformation fund	25	-	-	76	-	101
Resource Churches funding	918	308	(769)	-	-	457
	1,246	308	(771)	76	-	859
RESTRICTED FUNDS						
Pastoral fund	13,864	791	(1,628)	(40)	797	13,784
Pastoral No.2 Account	27	-	-	-	-	27
Closed Churches Fund	(40)	-	-	40	-	-
Other Restricted	590	152	(133)	-	(10)	599
	14,441	943	(1,761)	-	787	14,410
ENDOWMENT FUNDS						
Permanent						
Trust for Investment	29,109	-	-	233	-	29,342
Unapplied Total Return	49,467	2,378	-	(4,233)	1,368	48,980
Other Investment Assets	22,109	113	(211)	-	(3,042)	18,969
Expendable	49,364	-	-	-	-	49,364
Parsonage Fund	150,049	2,491	(211)	(4,000)	(1,674)	146,655
Total funds	166,545	9,200	(12,020)	-	(887)	162,838

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

20. ENDOWED FUND –TOTAL RETURN (2021)	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
	£'000	£'000	£'000	£'000
At the beginning of the reporting period:	29,342	48,979	18,969	97,290
Income				
DBF Fundraising	-	48	113	161
Dividends	-	1,201	-	1,201
Interest	-	-	-	-
Rents	-	976	-	976
Other Glebe Income	-	-	183	183
Sale of Glebe – Profit	-	-	-	-
Expenditure				
Stipends Cost	-	-	(274)	(274)
(Loss) on fixed assets	-	-	(2)	(2)
Gain on investments	-	3,889	-	3,889
Transfer to cover stipends	-	(4,000)	-	(4,000)
Indexation	1,608	(1,608)	-	-
Gain on pension	-	-	35	35
Loss on revaluation of property	-	-	2,015	2,015
At end of the reporting period	30,950	49,485	21,039	101,474
20. ENDOWED FUND –TOTAL RETURN (2020)	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
	£'000	£'000	£'000	£'000
At the beginning of the reporting period:	29,109	49,467	22,109	100,685
Income				
Dividends	-	1,185	-	1,185
Interest	-	-	-	-
Rents	-	1,067	-	1,067
Other Glebe Income	-	125	-	125
Sale of Glebe – Profit	-	-	113	113
Expenditure				
Stipends Cost	-	-	(211)	(211)
(Loss) on fixed assets	-	-	(94)	(94)
Gain on investments	-	1,368	-	1,368
Transfer to cover stipends	-	(4,000)	-	(4,000)
Indexation	233	(233)	-	-
Gain on pension	-	-	7	7
Loss on revaluation of property	-	-	(2,955)	(2,955)
At end of the reporting period	29,342	48,979	18,969	97,290

The Trustees adopted total return during 2017 and £4m was released in 2021 (2020 - £4m) from the unapplied total return fund. The Trustees have adopted total return under the Diocesan Stipend Funds (Amendment) Measure 2016.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

21. SUMMARY OF ASSETS BY FUND (2021)	Tangible Fixed		Net Current	Long Term	Net
	Assets £'000	Investments £'000	Assets £'000	Creditors £'000	Assets £'000
Unrestricted funds – General	41	-	1,029	-	1,070
Unrestricted - designated					
Pension Reserve	-	-	159	-	159
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Discipleship Donation Fund	-	-	3	-	3
Vat Buffer Fund	-	-	100	-	100
Mission Fund	-	-	-	-	-
Transformation Fund	-	-	184	-	184
Resource Churches funding	-	-	437	-	437
	-	-	922	-	922
Restricted					
Pastoral fund	20,096	6,894	(4,601)	-	22,389
Pastoral No.2 Account	-	-	27	-	27
Closed Churches Fund	43	-	(43)	-	-
Other Restricted	-	330	372	-	702
	20,139	7,224	(4,245)	-	23,118
Endowment Permanent					
Trust for Investment	-	30,950	-	-	30,950
Unapplied Total Return	-	49,486	-	-	49,486
Other Investment Assets	2,933	12,596	5,746	(236)	21,039
Expendable					
Parsonage Fund	42,930	-	72	(72)	42,930
	45,863	93,032	5,818	(308)	144,405
Total funds	66,043	100,256	3,524	(308)	169,515

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

21. SUMMARY OF ASSETS BY FUND (2020)

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long Term Creditors £'000	Net Assets £'000
Unrestricted funds – General	45	-	869	-	914
Unrestricted - designated					
Pension Reserve	-	-	159	-	159
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	10	-	10
Discipleship Donation Fund	-	-	3	-	3
Vat Buffer Fund	-	-	100	-	100
Mission Fund	-	-	-	-	-
Transformation Fund	-	-	101	-	101
Resource Church Funding	-	-	456	-	456
	-	-	859	-	859
Restricted					
Pastoral fund	19,232	-	(5,448)	-	13,784
Pastoral No.2 Account	-	-	27	-	27
Closed Churches Fund	43	-	(43)	-	-
Other Restricted	-	289	310	-	599
	19,275	289	(5,154)	-	14,410
Endowment Permanent					
Trust for Investment	-	29,342	-	-	29,342
Unapplied Total return	-	48,979	-	-	49,979
Other Investment Assets	2,933	9,267	7,299	(529)	18,970
Expendable					
Parsonage Fund	49,364	-	215	(215)	49,364
	52,297	87,588	7,514	(744)	146,655
Total funds	71,617	87,877	4,088	(744)	162,838

22. DESCRIPTION OF FUNDS

General fund

The general fund is the LDTBF's unrestricted undesignated fund available for any of the LDTBF's purposes without restriction.

Designated funds

The designated fund are those funds which have been set aside out of general funds by the Board for a specific purpose over whose use and purpose the Board has discretion.

Pension Fund Reserve

The fund is available to smooth the payments for liabilities arising from the staff pension scheme. The fund was subject to a valuation in 2020 and the fund remains in surplus. The fund is subject to a valuation in 2022. The Trustees consider it to be prudent to maintain this fund.

22. DESCRIPTION OF FUNDS (continued)

Designated funds (continued)

Building Committee Reserve

The Church Building Committee makes grants to parishes from this fund. Grants are recognised as they are made.

VAT Buffer Fund

Parishes with listed Church Buildings are entitled to claim grants from government agencies equivalent to the VAT on certain repairs. However, the grants can only be claimed after the payments have been made and for large projects the additional cost of VAT creates cash flow problems for parishes. The VAT Buffer Fund is available to provide short term interest free loans to assist parishes with this difficulty.

Other Designated Funds

From time to time funds are set aside for future expenditure such as the clergy conference and the Transformation Fund. In 2018, the Trustees designated £1.5m as their contribution to the Strategic Development Fund bid which the diocese was successful in securing in December 2018. During 2021 the fund was utilised to support the project with a remaining balance of £437k at the end of 2021.

Restricted Funds

Pastoral Fund

The Diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other Diocese
- to transfer funds to the Diocesan stipends fund income or capital accounts
- the costs of closed churches and the proceeds of the sale of closed churches less any related costs

Endowment Funds

Diocesan stipends fund capital (Permanent Endowment Fund)

The Diocesan stipends capital fund has been created from the Diocesan stipends fund capital assets held under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit

Parsonage property fund (Expendable Funds)

The benefice property fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the LDTBF.

23. CAPITAL COMMITMENTS

At 31 December 2021 the LDBF had capital expenditure commitments authorised but not contracted for in 2021 of £NIL (2020 - £NIL), and no expenditure contracted for but not yet due in 2021 (2020 - £NIL).

24. OPERATING LEASES

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

	2021 £'000	2020 £'000
Other operating leases		
Amounts due:		
Within one year of the balance sheet date	57	64
In the second to fifth years inclusive of the balance sheet date	46	95
	<u>103</u>	<u>159</u>

25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events.

26. PENSIONS

Salaried Staff

Defined Benefits Scheme

LDBF operates a defined benefits scheme for its salaried employees with 2 (4: 2020) active members. The scheme is closed to new members.

Salaried Staff

Defined Benefits Scheme

The employees contributed £992 in the year (2020 : £1,740) and the charge in the Trust's accounts for the year ended 31st December 2021 amounted to £33,030 (2020 : £48,485).

The scheme was actuarially valued as at 1st April 2020 the actuarial statement stated that the scheme's assets, which comprised investments with Legal and General, were sufficient to cover the anticipated liabilities as they fall due. The scheme is funded at 112% which corresponds to a surplus of £838k.

Stakeholder Pension Provision

From 2010 new employees have been offered a stakeholder pension. Contributions of £93,402 (2020: £107,505) were made in year on behalf of 29 employees. The contributions relate to unrestricted activities.

Church of England Funded Pension Scheme

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

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

This scheme is considered to be a multi-employer last man standing as described in Section 28 of FRS.102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, (2021: £258k, 2020 £448k) plus any impact on the deficit contributions (see below).

A valuation of the scheme is carried out every three years. The most recent scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

An average discount rate of 3.2% p.a.;

RPI inflation of 3.4% p.a. (Pension increases consistent with this);

increase in pensionable stipends of 3.4% p.a.;

Mortality rates in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5%.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are set out in the table below.

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

As at 31 December 2019 and 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in a calculation by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

26. PENSIONS (Continued)

A reconciliation of the balance sheet liability is set out below:

	2021 £'000	2020 £'000
Balance sheet liability as at 1 January	529	984
Contributions paid	(259)	(456)
Interest cost (recognised in the SOFA)	1	8
Re-measurement of the balance sheet liability*(recognised in the SOFA)	(35)	(7)
Balance sheet liability as at 31 December	236	529

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments. In general, these are set by references to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules and payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2% pa	1.1% pa
Price inflation	n/a	3.1% pa	2.8% pa
Increase to total Pensionable pay	1.5%	1.6% pa	1.3% pa

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

27. RELATED PARTY TRANSACTIONS

The Diocese maintains a register of Trustees interests. Trustees have declared payment arising from their stipendiary ministry, where applicable. There were no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the Trust and are of part of its normal activities.

Edenham Regional House

Edenham Regional House is a separate charity. LDTBF has an interest in the property as well as having some of the same aims and objectives. The parsonage is occupied by a member of the Clergy and the LDTBF have a liability to maintain the property. The LDTBF uses the facilities at commercial rates.

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Parochial Church Councils

Parochial Church Councils (PCCs) support LDTBF financially with payments of parish share. Many committee members and trustees are also members of the PCCs within the Diocese. Much of LDTBF's activity is in support of PCC's through practical assistance and advice and in the provision of grants and loans. At the end of the year there were outstanding loans to the following parishes:

	2021 £	2020 £
Leadenham PCC	700	1,900
Saxby all Saints PCC	7,000	9,000
Algarkirk PCC	-	3,300
Halton Holegate PCC	-	20,000
Burton le Coggles PCC	-	10,000
Total outstanding loans to parishes	7,700	44,200

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDTBF acts as Diocesan Authority or custodian trustee for 884 trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. 771 relate to parochial funds with the remaining 113 being held for educational and non-parochial funds. Assets held in this way are not aggregated in these financial statements as the LDTBF does not control them. The assets are held in separate funds identified by the names of the parishes or the trusts to which they relate. They are operated via a separate trust bank account and all statements are issued to the parishes as and when they are received. The financial assets held in this way may be summarised as follows:

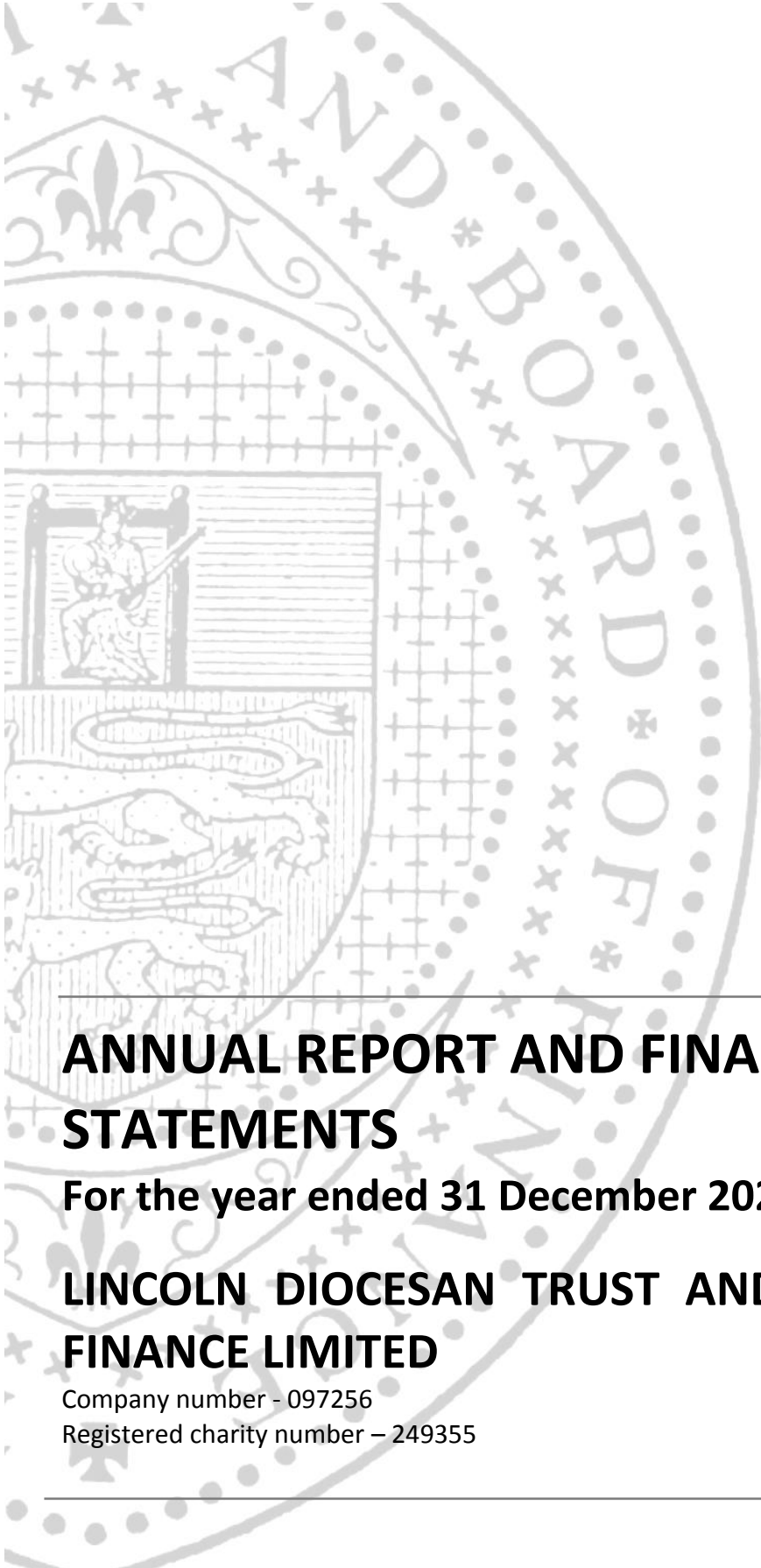
	2021 £'000	2020 £'000
CBF Church of England Deposit Fund (Capital)	898	1,079
CBF Church of England Investment Fund accumulation income	1,931	2,059
CBF Church of England Investment Fund	16,171	13,983
CBF Church of England Fixed Interest Securities	64	69
COIF income and accumulation shares	178	156
M & G Charifund	3,682	3,458
M & G Charibond	42	43
Edentree Investment Management	92	-
Miscellaneous Investments	90	91
Total assets held as custodian trustee	23,148	20,938

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2021

29. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2020
	£'000	£'000	£'000	£'000	£'000
Income and endowments from					
Donations					
Parish contributions	3,315	-	-	-	3,315
Archbishop's Council	1,056	308	-	-	1,364
Other donations	536	-	20	10	566
Charitable activities	521	-	132	-	653
Other trading activities	-	-	468	115	583
Investments	30	-	-	2,253	2,283
Other income	-	-	323	113	436
Total income	5,458	308	943	2,491	9,200
Expenditure on					
Raising funds	-	-	9	211	220
Charitable activities	9,277	771	1,752	-	11,800
Donation to Diocesan Board of Education					
	9,277	771	1,761	211	12,020
Total expenditure					
Net income/(expenditure) before investment gains/(losses)	(3,819)	(463)	(818)	2,280	(2,820)
Loss on disposal of fixed assets	-	-	-	(94)	(94)
Net gains/(losses) on investments	-	-	(10)	1,368	1,358
Net income/(expenditure)	(3,819)	(463)	(828)	3,554	(1,556)
Transfers between funds	3,924	76	-	(4,000)	-
Other recognised gains/(losses)					
Actuarial gains/(losses) on pension scheme	-	-	-	7	7
Gains/(losses) on revaluation of properties	-	-	797	(2,955)	(2,158)
Net movement in funds	105	(387)	(31)	(3,394)	(3,707)
Total funds brought forward	809	1,246	14,441	150,049	166,545
Total funds carried forward	914	859	14,410	146,655	162,838

Accounts



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

Company number - 097256

Registered charity number – 249355

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Mission Statement

The Diocese of Lincoln is called by God to
faithful worship,
confident discipleship and
joyful service.

The Trustees, who are also Directors for the purposes of company law, present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

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

This combined report satisfies the legal requirements for a:

- Directors' Report of a charitable company,
- Strategic Report under the Companies Act 2006 and
- Trustees' Annual Report under the Charities Act 2011

LEGAL OBJECTS

The legal objects of the Diocese of Lincoln cover the historic county of Lincolnshire.

The Lincoln Diocesan Trust and Board of Finance Limited ("LDTBF")'s principal object is to promote, assist and advance the work of the Church of England in the Diocese of Lincoln by acting as the financial executive of the Lincoln Diocesan Synod.

The LDTBF has the following statutory responsibilities:-

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

The strategic priorities of the LDTBF are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Lincoln (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally, including an annual series of consultations on specific matters relating to the priorities for the forthcoming year, taking forward the commitments within the Diocesan Budget.

PUBLIC BENEFIT STATEMENT

The trustees reviews its work each year and considers outcomes and plans for the future. They take into account the Charity Commission's general guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim. Our main activities ensure that we have in place ministry to support the people of greater Lincolnshire in the gospel of God. We do this by providing members of Clergy and lay ministers to work with the parishes and people in greater Lincolnshire

STRATEGIC REPORT

The charitable objects of the Lincoln Diocesan Trust and Board of Finance are:

- to support the development of a growing, worshipping, celebrating and proclaiming Christian presence in each community of the Diocese
- to support projects and enterprises in harmony with that purpose

STRATEGIC PRIORITIES

The context for the strategy is the diocesan vision – *to be a healthy, vibrant and sustainable church transforming lives in greater Lincolnshire* – and under it the diocesan mission of – *faithful worship, confident discipleship and joyful service*.

In July 2015, the Diocesan Synod agreed the following six strategic priorities and these were reaffirmed by Synod during 2019 for the following three years:

1. Faithful Worship

Our first purpose is to worship God. Prayer is the foundation of all growth in the Church. God provides the growth and we are called to support and enable it to happen.

2. Confident Discipleship

Our second purpose is to grow the Church in depth of commitment and in numbers of people to uncover and build God's Kingdom in greater Lincolnshire.

3. Joyful Service

Our third purpose is to demonstrate the love of God for his world through the Word and the service that Christians offer to those in their communities.

These three priorities are the basis for change and growth in our churches and communities that will follow from our pastoral and missional activities. In addition, there are three enabling priorities:

4. Ministry

Ordained and lay ministers form the mainstay of the church's presence in communities and provide essential local leadership, witness, care and support. It is a priority to develop a whole-life approach to supporting ministry from vocation, through formation and training, and all the stages of ministerial development to retirement ministry.

5. Resources

The Diocese possesses resources of buildings, money and staff which are to be managed efficiently and effectively now and in the future.

6. Partnerships

It is a priority to achieve closer relationships with the communities that the Diocese serves. Partnerships that enhance the resources and activities of the Diocese will be encouraged.

STRATEGIC PRIORITIES PROGRESS IN 2020

Although considerable work has been done in 2020 to develop a new strategic response to the missional, financial and resource situation the Diocese finds itself in, the vision, mission and strategic priorities outlined above remained the same. Given the constraints and challenges caused by the pandemic during 2020, the work building on the strategic priorities has both continued and, in some areas, taken different forms from what could have been expected, including:

- Responding to the challenges of deficit, poor growth and ageing volunteer and officer base through the design of a major organisational change programme, *Resourcing Sustainable Church (RSC)*, involving direct work by some 60 working group members, consultations with some 500 clergy and parish representatives and discussion with specific groups such as rural deans and lay chairs
- Concrete progress on the *Resourcing the Urban Church (SDF)* programme to establish the expectation of growth more effectively across the diocese
- Offering constantly updated advice and guidance on matters of worship, pastoral practice, buildings management, and risk, health and safety as the Covid situation progressed through the year
- Re-balancing our financial profile by reducing costs and increasing income in a way that supports the direction proposed by and increasingly implemented by *Resourcing Sustainable Church* by:
 - Filling only those clergy vacancies which could be justified against a clear missional and financial case in line with the intended direction of RSC
 - Supporting local fundraising, particularly through the promotion of the Parish Giving Scheme, and providing expert advice on church building repair maintenance and development, especially roof lead theft
 - Freezing appointments in the LDTBF workforce, unless demanded by measure (such as the Diocesan Safeguarding Adviser), offering voluntary redundancies and furloughing staff under the Covid provisions
 - Reducing the level of maintenance or repairs and refurbishments of parsonages
 - Bearing down on surplus housing stock and other property both to support cash flow and the deficit and to balance the investment portfolio further to where the yield on investment is higher
- Investing in clergy and staff wellbeing by
 - Initiating a confidential, self-referral counselling provision for all licensed ministers and staff with the possibility of more intense support if necessary
 - Maintaining the cycle of ministerial development reviews by bishops and archdeacons even through Covid-19
 - Enhancing the quality of ordination and Reader training, curate training and continuing ministerial education, including repeating the success of the Clergy Gathering in June
 - Senior leaders in the diocese increasing the level of communication and pastoral support to respond to the stress caused by the Covid pandemic through more regular use of ad clerums and concise emails from the Bishops office seeking to give clear timely appropriate advice to support parish ministry

The governance arrangements, particularly in the merging of the Bishop's Council, the Diocesan Board of Finance and the Diocesan Mission and Pastoral Committee, introduced in 2018, are delivering increasing alignment between financial policy and diocesan vision and mission. Under the

auspices of the Audit and Governance Committee the Board and the committee structures are undergoing an effectiveness review.

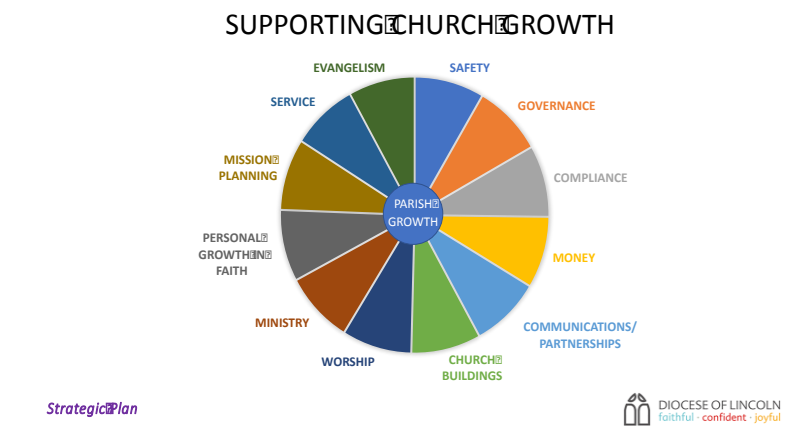
The Diocesan Strategy

The context for the strategy is the diocesan vision – a healthy, vibrant and sustainable church transforming lives in greater Lincolnshire – and the diocesan mission – faithful worship, confident discipleship and joyful service: three priorities for the diocese supported by three enabling priorities of ministry, resources and partnerships. Central to the strategy are three principles:

- that the parish and parish growth is at the centre of all we do
- that there is a constant dialogue between the parishes and the diocese so that the local determines the agenda
- progress towards a healthy, vibrant and sustainable church transforming lives in greater Lincolnshire is the task of us all, and will be made through mutual commitment to the developing proposals from the five levers of Resourcing Sustainable Church: deployment, share, growth, costs and assets

THE STRATEGY WHEEL

The strategy offers a methodology to support the development of action plans, at whichever level planning is happening. This is expressed in the wheel below. The sections of the wheel show the twelve areas which the planning will take into consideration. This offers a rigour to ensure that all the necessary areas are covered; an affirmation that all areas are contributing in their diversity to mission and a challenge to any person or group that is not addressing a sufficient range of factors.



The vision, mission and priorities above give an overall framework. The wheel encourages the plan to consider all the aspects needed that will make it likely to succeed. Together they encourage a reflective cycle that ensures that realism, good theory, action, risk management and review are held in balance. The wheel is being increasingly used, for example, in episcopal visitations to encourage reflection and action on effectiveness and improvement.

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The suspension of Bishop Christopher Lowson for the whole of 2020 has meant that the Diocese has been led by Dr David Court, bishop of Grimsby, as Acting Bishop of Lincoln. With strong support from the bishop of Grantham, the rest of the Bishop's Staff and the Bishop's Council of Diocesan Trustees,

Bishop David has guided the diocese through both the Resourcing Sustainable Church process and through the challenges raised by the Covid-19 pandemic. Evidence from statistical returns for 2019 released in 2020 showed that the diocese had been having some success in slowing the decline in numbers attending and involved in our churches. However, the Covid crisis, the closure of churches and the constraints on offering services mean that it is very difficult to predict what that means for the future.

Resourcing Sustainable Church

The ongoing inability of the Diocese to balance its books continued to be a major focus of attention under **Resourcing Sustainable Church (RSC)**. Five groups gathered from across the diocese and worked on the areas of Growth, Deployment, Assets, Costs, and Parish Share as the five factors through which an integrated, radical approach will provide a sustainable future for transforming mission across the diocese. The Steering Group produced material which was taken to BCDT and Diocesan Synod in July and received overwhelming support for the direction of travel. The recommendations proposed a vision of the diocese offering ministry and mission in large, mixed, inclusive teams to ensure cover of the cure of souls, the unleashing of lay discipleship, a flexible approach to levels of belonging and support for clergy where there is a danger of isolation. They also included recommendations to change the approach to parish share to a system of covenant agreements, to support a more positive involvement of discipleship growth, attention to and review of central costs and staffing, and maximisation of income from assets and investments. A major consultation exercise was undertaken through nine Zoom meetings which attracted over 500 people to conversations with the bishops and lever group leaders. After ratification by the December Diocesan Synod, the Steering group and the individual groups turned to the work of creating detailed plans for further consultation and agreement by April 2021.

The impact of RSC has started to be felt in, for example, the freeze on recruitment in the central offices and in a tighter approach to recruitment to clergy posts in benefices. While the final decisions and plans are awaited, some work and roles are being covered by interim arrangements, which, although delivering what is necessary, have put some strain on people and the organisation as a whole.

Covid-19

The main feature of 2020 has been the impact of the Covid-19 pandemic. Ever changing regulations, laws and caution around contracting and spreading the virus have led to parishes, churches, church schools and their leaders responding in many imaginative, novel, alternative ways of offering worship, discipleship and pastoral support, and service in local communities. Across the diocese online services, Zoom study, prayer and support groups and phone contact networks for those on their own have maintained and in many cases increased Gospel fellowship, care and reach. The leaders of our church schools have managed magnificently to continue to provide quality education against a constantly shifting background of rules and governmental expectations and often with little chance to take any holiday. The stress and anxiety the pandemic is putting on our workforce of clergy has meant that new diocesan provision for counselling and pastoral support has come at a very good time.

In order for good governance to continue it has been necessary to introduce legal measures that permit meetings online. Although, in many ways, the quality of such meetings is less satisfactory, there have been some advantages in terms of accessibility, saving time in travel and a reduction in the environmental cost. There will be lessons and potential, future ways of working which we will need to reflect on carefully. Although 2020 has been an awful year in terms of personal bereavement, and damage to our communities, our businesses and individual prospects and livelihoods, it still

remains to give thanks for the cheerful, persistent commitment to Kingdom values of service, love and hope amongst the body of Christians in Greater Lincolnshire.

The constraint on meeting for worship and other activities has had considerable impact in a range of areas. As is evident from the accounts later in this report, parish and therefore diocesan income has been hit hard. All of our churches have closed for worship at one time or another and this has raised questions for some local communities about whether to re-open. Events which would normally be great, celebratory gatherings have taken on a very different character – a whole series of individual ordinations of curates as priests and deacons in the autumn with tiny congregations, online licensings and a Chrism Eucharist led by the bishops from their homes rather than the cathedral. Permission was given for local annual church meetings to happen as late as the autumn rather than by the end of May, with the result that the swearing in of churchwardens happened by delegated authority in parishes in November and December.

After 2019's very successful Clergy Gathering it was decided to continue with 2020's, only online. Although there was inevitably a slight loss of camaraderie and networking, the range of teaching, discussion, information exchange, fellowship in prayer and feeling of support was highly valued. It was one of the many opportunities taken over the year to express gratitude for how well our clergy and lay leaders have responded to the pandemic in their contexts.

Many of our diocesan operations have moved online successfully. The Lincoln School of Theology has continued to form candidates for various ministries via Moodle and Zoom. Both the central offices and parishes and projects across the diocese have taken advantage of various government support schemes such as the furlough scheme. Sadly, the impact of reduced income has led to some cases of redundancy, including a LDTBF voluntary redundancy scheme of which a number of diocesan staff took advantage.

As has been said elsewhere, the impact of the pandemic may not, in general, be something new, but rather to accelerate or deepen the challenges we were already facing. From this angle the work that was already underway under Resourcing Sustainable Church was timely. Careful financial management in the diocese has managed to reduce some of the impact of the pandemic, even if only to a certain extent. The Church of England nationally has been monitoring the situation closely over the year and initiated a number of schemes to support dioceses. For example, we took advantage of a stipend holiday offer to deal with potential cash flow issues during the year.

Safeguarding

Safeguarding continued to be a major focus for the diocese. Although the Covid situation often closed down worship and other activities, attention shifted to those who are locked in with their abusers or with the temptations of online interactions. Constraints on travelling to work have impeded the progress of the Past Cases Review 2 (PCR2) but considerable progress has been made, nonetheless. Having to deliver training online and the design of the new safeguarding leadership courses has added to the pressure the Safeguarding team experienced this year. The level of case work continued to be demanding. Debbie Johnson, the Diocesan Safeguarding Adviser for over half a decade, has left the diocese to return to the local authority. We need to express our gratitude for all she has done over those years in establishing a strong team and high-quality safeguarding policy, procedures, practice and culture across the diocese at all levels. Jack Redeyoff, our new Diocesan Safeguarding Advisor was appointed in December to start in January 2021.

SIGNIFICANT EVENTS AND DEVELOPMENTS

Our Strategic Development Fund (SDF) project continues with the prospect of at least three plants in urban settings within the year. The Salt House, St Swithin's new building, finally opened to great rejoicing, even amongst the Covid restrictions. St Wulfram's in Grantham was confirmed as the centre for formation in catholic ministry as part of the SDF project.

Imaginative examples of our local congregations serving their areas included

- The 'Spreading Kindness' initiative being launched by Fr Aran Beasley in the Uffington Group, to provide support and assistance to people during the pandemic
- Andrew Jackson-Parr from All Saints in Bracebridge leading a group of volunteers delivering medicines to the vulnerable from a local pharmacy, and personally running over 200 miles in a 4-week period.
- Boston Stump launching 'Boston Connected', a series of projects spreading hope to the local area through prayer, light and flowers.
- Debbie Clark- Parish Safeguarding Officer for All Saints in Cadney, being named BBC Radio Humberside's 'Hero of the Week' for her #poshfrocks sponsored walks to raise money for the church.
- St Mary Magdalene, Lincoln, putting their annual Advent wreath festival online.
- Food banks being opened to help the vulnerable in Cleethorpes St Francis (in ecumenical partnership with the 'We are One' foundation), and at St Peter and St Paul in Gosberton.
- The Scouts and Guides St George's Day parade at St Wulfram's, Grantham, being turned into an online celebration

In impact outside the diocese, Archdeacon Justine Allain Chapman produced her 'A-Z of Resilience' which was published during Lent in the Church Times and the book launch of 'A Rite on the Edge' (about baptism in today's society) by the Revd Dr Sarah Lawrence was celebrated at Edward King House. 2020 also saw the publication of 'Science, Faith and the Climate Crisis', edited by the Revd Dr Sally Myers, Dr Sarah Hemstock and Professor Edward Hanna, which came out of the Moana conference the diocese ran with the two local universities in 2019, offering a vision of hope for communities against the backdrop of climate change. The Revd Sonia Barron, our Director of Ordinands, was named co-chair of the Archbishops' anti-racism taskforce. St Hugh's in Old Brumby was awarded Bronze Eco Church Award and the Haven (Scunthorpe Centre of Mission and formerly known as Westcliffe) received the Silver Award

On the airwaves Archdeacon Justine has also been delivering regular Pause for Thought slots on Radio 2; Sarah Spencer led an online/YouTube Church of England national Sunday service from Lincoln St Giles Community Garden, with a range of Lincolnshire people, praying for those involved in farming and the care of land; and the Gosberton Clough church roof 'Angels' were restored on the BBC TV's 'Repair Shop'.

PROVISION OF RESOURCES

In 2020, the LDTBF continued to provide the resources for the above diocesan activities supported by significant financial, governance and HR expertise. In addition:

Church Buildings and Pastoral

Even during this difficult year, the Diocesan Advisory Committee for the Care of Churches (DAC) has continued to help parishes in the care, repair and maintenance of their church buildings. In 2020

members of the DAC, its advisers and officers of the Church Buildings Team made 8 formal delegation visits while a large number of informal visits were also made by individual members and advisers.

The Historic Churches Support Officer (part funded by Historic England) and Church Development Officer provided comprehensive information to help parishes care for and sustain their church buildings. 15 surgery meetings were held for church representatives to obtain advice about faculty procedures, support in filling out grant applications and other church building-related matters.

A large amount of time was spent in advising parishes on the prevention of lead theft and, where it has happened, on advising on remedial works of protection and grant aid for replacement roof coverings. Such thefts left a repair bill just in excess of £1m. Partnership working has continued with Historic England, the Church Buildings Council and the University of Lincoln. The amount of lead theft has resulted in a much closer working partnership with Lincolnshire Police and their Crime Reduction Tactical Adviser in particular. With the help and assistance of officers from the Church Buildings Team, Marshall's Charity continued to grant aid work on church buildings in the diocese and offered grants of almost £25,000 during the year.

Property and Assets & Trusts

Property Assets and Trusts continued with the provision and maintenance of around 234 clergy houses together with the management of the 11,417 acre glebe estate. In doing so it helped identify properties for sale for 2020/21 to help address the financial situation. This includes 20 houses that were identified for sale in 2021 with a total of potentially 80 houses which will form part of the work with senior clergy to identify where these houses may become surplus to requirements as the Diocese looks to do ministry in a different way.

Over £20m-worth of local trusts are administered and assistance given to parishes in drawing down the funds required. Land purchases and sales involving the LDTBF are supported through the provision of associated legal advice and custodianship of legal documents.

During 2020 we said goodbye to two colleagues within the Property and Trust departments. Nicholas Turner who gave over 30 years of loyal service managing the property for our clergy and Mickey Wardlaw who worked alongside the Asset and Trusts Manager. We wish them well for the future and thank them for all that they have done over the many years of service that they gave the Diocese.

Communications

Communications continued to play a key role in 2020, as despite the lockdown and many diocesan staff being on furlough, there remained a pressing need to share information from the bishop's office on the diocesan website and social media channels regarding the various Government policies relating to places of worship and giving support to clergy on the front line.

The communications office also continued to support the parishes through the year sharing good news stories with others around the diocese which detailed their dedication and commitment to their local communities through their outreach work. This included reports of members of the clergy and other church officers stepping up and supporting their local communities with shopping, collecting prescriptions, food banks, summer clubs and other activities. These acts of kindness were written up and shared on the various communication channels and are consistently some of the most popular stories that are published across all media.

Two editions of CrossLincs were produced prior to the pandemic and this has since been put on hold. The magazine was designed to showcase the good work of people around the diocese and every

edition is filled with positive news stories. One such compelling story gave details of how a grant from the Bishop's Social Justice Fund to the Riverside Access and Training Centre in Gainsborough made a difference to those who were in crisis or despair through its coaching and counselling sessions and another front-page story shared details of how St Swithun's church in Long Bennington has created an ultra-modern heritage visitor experience.

Volunteers

The LDTBF is hugely dependent on the many people involved in church activities both locally and at Diocesan level. The number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church particularly at times of crisis more so now than at any other time.

The LDTBF greatly values the considerable time given by all the committee members across the Diocese in pursuit of the mission; faithful worship, confident discipleship and joyful service. Grateful thanks to you all.

Other related parties include

The Archbishop's Council to which LDTBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Church Commissioners from which the LDTBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The LDTBF pays for clergy stipends through the Church Commissioners.

The Church of England Pensions Board, to which the LDTBF pays retirement benefit contributions for stipendiary clergy. It also offers schemes to provide housing for clergy in retirement.

Transactions with the main categories of related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure, this is given in notes 27 and 28 to the financial statements.

FUTURE PLANS

In the coming year, the focus of LDTBF activities will continue to promote growth in parishes so that the mission of the church can be extended, enriched and developed in each community in the Diocese. We will continue to adapt to the changing way we do things virtually and hopefully face to face in 2021.

In order for this to be possible, a significant focus of time and energy will be given to the Resourcing Sustainable Church programme with a presentation of the overall plan being presented for wide consultation in March 2021 and to Synod in April 2021.

Our resourcing church programme for urban church revitalisation, co-funded with the national church's Strategic Implementation Board, will continue and start to deliver local church plants in three urban centres across the diocese.

The Church Buildings Team will continue to offer a range of services to support parishes in the care of their buildings. Partnerships on the issue of lead theft with insurers, police and parishes will continue to be strengthened further.

Embedding Safeguarding as a central part of the mission and ministry of the church will continue to be a priority. As the safeguarding workload is unlikely to diminish in the short term, the diocese will continue to review its provision to ensure that an appropriate, and sufficient range of resource and staffing is in place.

FINANCIAL REVIEW

The principal role of the Trustees is to act as custodians of the Diocese's assets. The Diocese saw an increase in the general funds of £105k, a reduction of £387k in the designated fund, a reduction in restricted funds of £31k and a reduction of £3.4m on the endowment funds. £448k of the increase on the general fund related to the reduced pension liability to £529k (2019: £984k).

The principal changes during the year were as follows:

Agricultural Portfolio: The valuation of the agricultural holdings saw a decrease in value of £2.9m with sales of £1.2m. The overall value of the glebe holdings reduced to £50.9m. (2019: £55.1m) (note 15(a)). An overall reduction of (7.56%). The Property Director with the support of Savills administered the 11,417 acres of glebe estate during the year. We continued with the implementation of the 5-year Agricultural Glebe Estate Strategy developed in 2018. This has set the framework for maximising income from the estate and continues to be regularly reviewed by the Asset Committee.

Investment Portfolio: The value of the investment portfolio increased in the year by £1.3m (note 15(b)). During the year the Board finalised the restructuring of some of the investments and transferred the remainder of their holding with M&G Charifund to Schroder & Co. Limited and invested in the Cazenove capital fund. The value of the investments at the end of the year was £36.9m. (2019 : £35.6m.).

Parsonages Portfolio: The Board disposed of 4 surplus properties raising £1.2m and carried out capital works on 17 properties. The Property department undertook the maintenance and repair of around 234 clergy houses and continued to let those properties across the Diocese that were not required for immediate occupation by Clergy. This produced income of £348k in 2020 (2019: £417k).

Operating Financial Performance

The difference between the Diocese's annual running costs (mainly the cost of paying and housing stipendiary clergy and curates, training and supportive administration) and its annual income (mainly parish share and investment income) resulted in a deficit for 2020.

The deficit for 2020 (before net gains on investments and other recognised gains/losses) was £2.8m (2019: £1.6m). The operating deficit for 2020 on the general fund is £4.2m (2019: £3.7m.) before the pension adjustment of £448k (2019: £390k). The general fund continues to be funded with the total return transfer from the permanent endowment.

Clergy Recruitment

The table below shows the changes that have occurred in year, in our Clergy numbers which saw, a reduction in filed posts when compared to 2019. The table also reflects the number of retirements

in year and the changes with movements both within and out of the Diocese.

Stipendiary Clergy	2019	2020
Numbers as at 1 st January	129	134
Numbers who left the Diocese in year	(5)	(24)
Numbers that retired in year	(6)	(1)
Posts filled in the year from within the Diocese	8	4
Numbers new to the Diocese	8	6
Stipendiary Clergy as at 31st December	134	119

Parish Share

Parish Share, the money given by Parishes to the Diocese to fund its mission and ministry, is the main source of income for the Diocese and amounted to 36% (2019 - 37%) of its total income. 2020 was a difficult year for parishes with churches being closed and parishes not being open for worship and unable to carry out the great variety of community based fundraising which would normally take place. This resulted in a low level of share being collected when compared to what was asked. Detailed below is a table, which illustrates the amount of share requested and the amount paid.

	2020 £'000	2019 £'000
Total Payments	3,315	3,970
Total Request	5,731	5,006
Shortfall	(2,416)	(1,036)

The Trustees are extremely grateful to all the parishes which completed their parish share payments during the year, despite the extremely difficult circumstances that we were faced with in 2020. We are especially grateful to those parishes that paid more than the original ask. Thank you also to those parishes who made their parish share payments by monthly instalments. This greatly assisted us with our cashflow. The Trustees are disappointed that more parishes have not joined the Parish Giving Scheme and continue to encourage parishes to do so. We continue to see a downward trend in the amount of share which is paid by parishes. This is a worrying trend and continues to impact on our ability to operate with a balanced budget. This is being considered by the Parish Share group who are reviewing how we calculate share as part of the Resourcing Sustainable Church discussions.

Balance sheet position

The value of fixed assets including investments during 2020 reduced by £2.1m. due to the reduction in the value of agriculture land and the continued disposal of our fixed assets. The overall value of funds reduced by £3.7m. which included the drawdown of £4m. from total return.

The other change concerns how the Diocese accounts for the pension scheme deficit on multi-employer defined benefit pension scheme, and in particular on the clergy pension scheme which saw a large reduction in the pension deficit to £529k (2019: £984k). This continues to significantly reduce our liability.

The net impact of the pension changes in 2020 are summarised in the table below:

	2020 £'000	2019 £'000
Pension deficit as at 1 st January	984	3,047
Pension adjustment	(455)	(2,063)
Pension deficit as at 31 st December (see note 26)	529	984

This resulted in an adjustment to the pension costs in Note 8 and a reduction in expenditure to the general fund.

Balance Sheet Funds

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Balance Sheet date totalled £163m. (2019: £166m.) it must be remembered that included in this total are properties, mostly in use for ministry, whose value amounted to £68.5m. (2019: £67.8million). These are held within fixed assets with the remaining balance relating to other properties which the LDTBF own for example Edward King House. Much of the remainder of the assets shown in the Balance Sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the LDTBF.

Reserves policy

Unrestricted reserves

The Trustees having considered financial risk, liquidity requirements and the timing of cashflows throughout the year, consider it appropriate to hold a balance of readily realisable assets in the general fund equivalent to three months gross expenditure from unrestricted funds estimated at £3.0m (2019: £3.0m). Free reserves at 31 December 2020, show a positive balance of £914k which is significantly short of the £3.0m. The Trustees recognise that the current balance is not sufficient and this is part of the considerations of the Resourcing Sustainable Church project. The Trustees continue to be aware, particularly in light of the Covid-19 pandemic, that levels of parish contributions may reduce in future years and that there could be a deficit against the level of free reserves in the future. The Trustees are continuing to utilise Total Return in the medium term. The ultimate impact of the Covid-19 crisis on asset values, income levels and ultimately on free reserves is clear for 2020 but is likely to continue beyond 2021.

The law governing the use of Diocesan Endowment funds changed in 2016 and the Trustees adopted total return during 2017. The adoption of this enables the Trustees to use a portion of the unapplied total return from the Endowment Stipend Fund to fund the shortfall on stipends and housing. The date used for the initial value of the trust for investment and the initial value of the unapplied total return was 1996 as this was the first year that the SORP was adopted. The value of the investments for the Stipend Endowment Funds as at 1996 has been inflated by RPI up to and including 2016. This established the baseline as £51m. The Trustees used the guidance issued by the Church Commissioners in the Total Return Guide. The Trustees also took into account the change in legislation to the Diocesan Stipends Funds (amendment) Measure 2016. The Trustees took the advice of the trust auditors and the professional expertise within the Trust body. Please refer to note 20.

Designated funds

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2020 total designated reserves were £859k (2019: £1.2m).

Restricted and endowment funds

As set out in note 22 LDTBF holds and administers a large number of restricted and endowment funds. As at 31 December 2020 restricted funds totalled £14.4m (2019: £14.4m).

Grant making policy

The Memorandum of Association of the LDTBF explicitly permits the LDTBF to make grants in pursuance of its objects, and the nature of the grants made in 2020, are indicated in note 11.

Investment policy

The LDTBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDTBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts. The LDTBF's policy is to review regularly the assets of each fund for which it is responsible, in relation to the purposes of each fund, and to identify appropriate investment vehicles. Note 21 provides details of the assets of each fund, together with the related purposes, and note 15b summarises the movements in investments during the year.

The Asset Committee, continued to monitor its holdings and the fund managers in which these funds were held. The Committee continued to be aware of the risks to the portfolio particularly around Brexit and the pandemic and as a result regular reviews were carried out with the fund managers and frequent information was available to keep them up to date with developments around the fund performance.

The Trustees' investment policy is to preserve the real value of the Investment Portfolio and to contribute to financing the activities of the Diocese. Whilst dividends reduced during 2020 as a result of Covid-19 the capital growth remained strong. The policy was reviewed during the year. The Trustees reviewed the investment portfolio in 2019 and finalised those changes in 2020 with the transfer of investments from M&G Charifund to Schroder & Co. The investments are split across a number of Fund Managers which in turn reduces the level of risk exposure.

The funds types and Investment Managers are detailed below:

- The Charities Property Fund, managed by Savills Investment Management
- The Equities Investment Fund for Charities (Charifund), managed by M&G Investments
- CBF Church of England Investment Fund, managed by CCLA Investment Management
- Alpha Common Investment Fund for Endowments, managed by Sarasin & Partners
- Amity Global Equity Fund for Charities, managed by Edentree Investment Management
- Property Income Trust for Charities, managed by Mayfair Capital Investment Management
- Cazenove Capital, managed by Schroder & Co. Limited

The Asset Committee reviews the performance of the funds at each of their meetings and holds an annual review with the relevant Fund Managers. The Asset Committee makes recommendations to the Trustees on investments.

PRINCIPAL RISKS AND UNCERTAINTIES

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

At the annual review of the risk register the Trustees considered the following risks to be 'critical' or 'high'. These areas and the associated mitigation strategies are:

Risk Detail	Rating	Control and mitigation	Key management activities
A lack on young people in our congregations leading to a danger in continuity and diminishing congregation size.	Critical	The Children and Youth Team pilot has finished partly due to the impact of Covid-19 and the Children and Youth advisory panel are not currently meeting due to a lack of staff support.	The Resourcing Sustainable Church project is focusing on growth as one of its 5 'levers'. The Strategic Development Funding programme is also aimed at growth, including youth and children, in our urban areas.
Congregation numbers continue to fall resulting in a drop in parish share and resources.	Critical	The strategic development funding programme has been launched to revitalise our urban areas. The Resourcing Sustainable Church project is underway with a specific group focused on growth. Congregation numbers monitored by annual statistics and parish share returns.	Focus being placed on growth of mature and committed discipleship through planning, resources and support. The RSC Steering Group's full working plan, including roadmap for deployment changes to enable growth, due in April 2021.
Our inability to sufficiently reduce our operating deficit, resulting in the need to draw down on Total Return for the longer term which would shrink our income and lead to an increasing deficit.	Critical	Regular management accounts reviewed by the Financial Reporting Advisory Panel and BCDT. Our auditors have been content with our approach to Total Return following detailed forecasting projections created in 2020, which have assisted the direction of the Resourcing Sustainable Church project.	The Resourcing Sustainable Church project is well underway, with actions coming from the steering group being considered at BCDT and Synod as individual proposals relating to growth, deployment, share, assets and costs. Future roadmap to breakeven position by 2025 is expected for April meeting of Diocesan Synod.

There is a lack of clarity between the diocese and partnership institutions that employ chaplains, in terms of proper process in relation to allegations of abuse. There is a risk that safeguarding allegations are being dealt with internally by institutions without the safeguarding team being informed, as formal agreements are not in place.	Critical	Discussions are in process to develop a joint Service Level Agreement, policy and procedures but due to the institution's internal investigation into their own policies, this will be delayed.	Examination of the dioceses range of chaplaincy activities will be undertaken so that appropriate agreements can be put in place with all institutions.
That the historic resources of the diocese will be shared with other dioceses under the principle of the 'mutuality of finances'. Losing these resources will impact significantly on both the regular annual income to the diocese, as well as the ability to invest through the total return process.	Critical	Interactions with other dioceses, the NCIs and others to ensure that any decisions taken are ones which reflect not just the amount of historic resources, but also the realities of parish share income and when/how those resources were donated.	Work through the Inter Diocesan Finance Forum, General Synod, the House of Bishops and the Diocesan Secretaries Network to help to work through all of the issues, and the complexities, not just the headline figures about historic resources.

Covid-19 and HM Government's attempts to contain, control and suppress the pandemic are having a major impact on the lives and livelihoods of everyone in the Diocese and will do so for a considerable while. In financial terms, we expect that Parish Share payments in 2021 and beyond to be lower than they would otherwise have been. To inform our assessment of the impact, our Finance Team are monitoring cashflow closely. As a mitigant, expenditure has been curtailed, examples being: the "furloughing" of a number of Diocesan staff; delaying recruitment; and, constraining expenditure on our properties.

The work of the Resourcing Sustainable Church group has been given additional impetus by Covid-19. It is clear that we cannot continue to spend more than our income. The use of Total Return gives us breathing space whilst a new strategy for mission and finance is developed for review by Diocesan Synod.

STRUCTURE AND GOVERNANCE

While the LDTBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDTBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 121 trained stipendiary clergy and 24 training curates in the Diocese is a priority of the LDTBF and represents by far its largest financial commitment. Although the LDTBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review. It also gives clergy access to Employment Tribunals and other useful services.

For many, the clergy house represents the domestic heart of the benefice, serving not only as a home but also as a base for ministry. The LDTBF recognises the importance of a safe, secure and well-maintained house and continued a programme of refurbishments and improvements during 2020 and spent £0.6m on ensuring these homes are well maintained.

Summary Information about the structure of the Church of England

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

The Church of England has a General Synod comprised of ex-officio and elected representation from each Diocese and it agrees and lays before Parliament Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as bishop within the Diocesan Synod.

The Lincoln Diocese is itself divided into twenty-two deaneries, each with its own Synod. Each deanery consists of several parishes which may be a member of a benefice, and each parish has a parochial church council which shares with the parish priest responsibility for the mission of the church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan Synod.

Organisational structure

The Lincoln Diocesan Trust and Board of Finance (LDTBF) is a company limited by guarantee (No. 097256) and a registered charity (No. 249355) governed by its Memorandum and Articles of Association. This means that the trustees of the charity which make up the membership of the Bishop's Council of Diocesan Trustees, are also the company's directors and that the Trust is bound by charity and company law and regulations.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Lincoln. It exists to transact the business of the Diocese of Lincoln and provide financial and administrative support to the Diocese and its associated activities. LDTBF serves as the Diocese's Board of Finance in accordance with Ecclesiastical Law. LDTBF also acts as custodian of certain funds and properties held for the benefit of others (principally parishes of the Diocese).

Governance and policy of the Diocesan Board of Finance is the responsibility of the Trustees, who are also the trustees for the purposes of charity law. In October 2018 the Trustees adopted new Articles of Association which brought the LDTBF, the Bishops Council and Diocesan Synod Standing Committee and the Diocesan Mission and Pastoral Committee (DMPC) into one coterminous body called the Bishop's Council of Diocesan Trustees. This body fulfils all of the statutory and non-statutory duties of the LDTBF. The Diocesan Bishop appoints, subject to the approval of the Diocesan Synod, the Chair of the LDTBF.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese, guided by the bishop's staff team. The Synod membership is elected every three years, the last elections having been in July 2018.

The 11 elected members of the Bishop's Council of Diocesan Trustees are elected by Diocesan Synod and from its number. These positions are spread equally over the three archdeaconries of the Diocese. The Diocesan bishop is an ex-officio member, as are the Suffragan bishops, the Dean of Lincoln, the three archdeacons, the chair of the LDTBF and the chair of the DMPC (if not already the Diocesan bishop). The details of the Trustees who served during the year are set out on page 24.

While the LDTBF is a separate legal entity with clear responsibilities under both company and charity law, as well as a governing memorandum of articles of association, by virtue of the National Institutions Measure 2000 the LDTBF is subject to the direction of Synod in all of its activities, unless such direction is not in accordance with the governing documents or statutory regulations.

Decision making structure

Lincoln Diocesan Trust and Board of Finance Limited: monitors management accounts and budgets, the use of assets and investment policies. It also undertakes its responsibilities under the Parsonages Measure; the Repair of Benefice Building Measure 1972; the PCC (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Pastoral Measure 1983 (with regard to redundant churches).

Corporate priorities and the overall financial strategy for the Diocese are its primary objects to promote, assist and advance the work of the Church of England within the Diocese of Lincoln as set by the Diocesan Synod, and the LDTBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary.

The company membership, which as of October 2018 is the membership of Diocesan Synod, meets once a year in a general meeting to receive and approve the Annual Report and financial statements and to approve the appointment of the auditors. The Bishop's Council of Diocesan Trustees acting as the LDTBF approves these matters in their trustee meeting prior to the general meeting.

The Bishop's Council of Diocesan Trustees acts as the standing committee of diocesan synod, the Diocesan Mission and Pastoral Committee (DMPC) and the Bishop's Council, as well as the board of finance in order to ensure that mission and money are discussed in the same room and by the same key stakeholders.

Diocesan Synod and the Bishop's Council of Diocesan Trustees delegate various responsibilities to committees, in order for the 'heavy lifting' to be done away from the main trustee meeting. These non-statutory committees and working groups are combined with other statutory committees to form the governance structure of the diocese.

Due to the pandemic, all meetings of Diocesan Synod, the Bishop's Council of Diocesan Trustees and their committees have been held virtually or by written resolution. This was in accordance with our governing documents, the Insolvency and Governance Act 2020 and the additional statutory instruments issued by the Diocesan Bishop to enable both company and synodical strands of our governance to continue.

Audit and Compliance Committee (Chair Rick Clegg until 20 August 2020, succeeded by David Cowell from 22nd October 2020):

The main purpose of the committee is to monitor and review the integrity of the Diocese's Annual Report and accounting policies; the effectiveness of the Diocese's governance, internal controls and risk management systems including an assessment of the adequacy of resource to support the same. It is also responsible for monitoring the relationship with, and effectiveness of, the external audit function; the nature and quality of financial information used by the LDTBF to discharge its activities as Trustees of the Diocese.

Assets Committee (Chair Jane Powell):

The Assets committee develops and recommends to the LDTBF the strategy for and operational utilisation of, the LDTBF's assets portfolio in a balanced manner, and for the purposes of providing income in support of the stipends fund, balancing revenue requirements with opportunities for maximising capital growth whilst balancing risks.

Trusts Committee (Chair The Revd Elaine Turner):

The Trusts committee supports the LDTBF in fulfilling its function as Custodian Trustee of funds and properties, mainly parochial trusts, and as primary Trustee of funds and properties held by LDTBF within certain specific charitable trusts, excluding Diocesan Glebe and the Diocesan Stipends Fund Capital account.

Clergy Housing Committee (Chair David Wright):

The Clergy Housing committee seeks to provide housing that is appropriate, cost effective, efficient and well maintained. The committee makes recommendations for the purchase and disposal of properties for housing clergy to the Assets Committee who will assist this committee in discharging its responsibilities on behalf of the LDTBF as the Parsonages Board of the Diocese of Lincoln, under the Repair of Benefice Buildings Measure 1972.

Diocesan Advisory Committee (Chair The Revd Elaine Turner):

The function of the Diocesan Advisory committee is to act as an advisory body on matters affecting places of worship in the diocese and to give advice when requested on the granting of faculties, architecture, archaeology, art and the history of places of worship. The DAC will also advise on the use, care, planning, enhancement, design and redundancy of places of worship, as well as their contents and connected churchyards.

Mission and Ministry Committee (Chairs Bishop Nicholas Chamberlain and Bishop David Court):

The committee supports, and work under the direction of, the Bishop's Council of Diocesan Trustees in the specific areas of Mission and Ministry. As such, the committee serves as a forum for formulating and bringing forward strategic proposals for approval; monitors and facilitates the implementation of such proposals following their approval; supports all who work in the Mission and Ministry Teams; and serves as a critical friend to the Mission and Ministry teams.

Search and Nominations Committee (Chair Niccy Fisher):

The committee seeks out, provides scrutiny for and recommends appointed members to boards, committees and working groups of the diocese and our partners. The committee also encourages engagement for elected positions and works towards a greater standard of diversity, representation and skill.

Training for Trustees

Trustees are given an extensive induction at the beginning of their term and training which is tailored

to their specific needs. Further work on making an induction program that is fit for our needs has been carried out during 2020, due to the changes made in 2018 that mean we have a rolling rotation of trustees instead of a completely new board at the beginning of each triennium. Trustees are committed to receiving regular training, which is completed in a full session at least annually with smaller updates given throughout the year. Trustees are also informed before seeking membership and, at all other relevant times, of the role and function of the Bishop's Council of Diocesan Trustees and the committees they serve on. A standing item on all trustee agendas is 'relevant legislative changes', so that trustees remain abreast of any changes to company, charity or ecclesiastical law of which they should be concerned.

Some staff hold the title of 'Director', namely the Finance Director, Director of Ordinands and the Director of Education but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the code of conduct and maintain their entry in the record of declarations of interest and loyalty. They complete an annual declaration of 'fit and proper status', whilst declaring any related party transactions for that year. Trustees are now also required to complete a successful enhanced Disclosure and Barring Service check, in line with Charity Commission best practice.

Remuneration of key management personnel

Salary increases of all staff are paid in line with increases to the clergy stipend. This includes emoluments of higher-paid employees. Please refer to note 12 for further details.

Delegation of day to day delivery

The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and his/her colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the LDTBF in accordance with the policies framed by the Trustees.

Funds held as Custodian Trustee

The LDTBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDTBF does not control them, and they are segregated from the LDTBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £21m at 31 December 2020 (2019: £21m), are available from the LDTBF on request, and are summarised in note 28. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial

statements unless they are satisfied that they give a true and fair view of the state of the affairs of the LDTBF and of the surplus or deficit of the LDTBF for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LDTBF and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the LDTBF and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the LDTBF's website. Legislation in England/Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions. To protect the Trustees as both Trustees and Directors third party indemnity insurance is place.

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

The re-appointment of Haysmacintyre LLP as auditors to the LDTBF will be proposed at the Annual General Meeting.

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2020. The following Trustees were in post at the date of this report:

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2020. The following Trustees were in post at the date of this report:

Chair: Canon Prof Muriel Robinson (from 21 Nov 2020)
Mr Chris Clarke (until 21 Nov 2020)

Ex-officio:

The Acting Diocesan Bishop	The Rt Revd Dr David Court
The Bishop of Grantham	The Rt Revd Dr Nicholas Chamberlain
The Dean of Lincoln	The Very Revd Christine Wilson
The Archdeacon of Boston	The Venerable Dr Justine Allain Chapman
The Archdeacon of Stow & Lindsey	The Venerable Mark Steadman
The Archdeacon of Lincoln	The Venerable Gavin Kirk

Elected by Synod:

Canon Nigel Bacon, Chair of the House of Laity	Mrs Susan Slater
The Revd Alyson Buxton, Chair of the House of Clergy	Mr Paul Arnold
The Revd Stuart Craddock (until 21 Nov 2020)	Mr John Boddy (until 21 Nov 2020)
The Revd Georgina Machell (from 27 Nov 2020)	Mr Russ Coulter
The Revd Canon Andrew Dodd (until 15 May 2020)	Mr Richard Bayes
The Revd Nicholas Nawrockyi (from 27 Nov 2020)	The Revd Nicholas Brown
Canon Prof Muriel Robinson (until 21 Nov 2020)	

Nominated by the Diocesan Bishop or the Board:

Miss Jane Powell- Chair of the Asset Committee
Mr David Cowell- Chair of the Audit and Governance Committee
Mr David Wright- Chair of the Clergy Housing Committee
Mr Rick Clegg (until 6th August 2020)

Senior staff and advisers

Diocesan Secretary	David Dadswell
Director of Finance	Ann Treacy FCMA, CGMA

Registered Office: Edward King House, Minister Yard, Lincoln, LN2 1PU

Bankers: National Westminster Bank plc, (Smiths Bank Branch), Lincoln, LN2 1DS
Auditors: Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG
Solicitors: Lee Bolton Monier-Williams
1 The Sanctuary Westminster London SW1P 3JT
Chattertons Solicitors
Chattertons House, 2 Low Moor Road, Off Doddington Road, Lincoln,
LN6 3JY

Investment advisers: *CCLA Investment Management Ltd*
Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Schroder & Co. Limited
1 London Wall Place, London, EC2Y 5AU
Savills Investment Management (UK) Limited
33 Margaret Street,
London, W1G 0JP
Sarasin & Partners LLP
Juxon House
100 St. Paul's Churchyard
London EC4M 8BU
Edentree investment manager
P O Box 3733, Royal Wootton Bassett,
Swindon, SN4 4BG
Mayfair Capital Investment Management Ltd
55 Wells Street, London, W1T 3PT

Glebe Agents: Savills, Olympic House, Doddington Road, Lincoln, LN6 3SE
Parsonage Agents: Savills, Olympic House, Doddington Road, Lincoln, LN6 3SE
Insurers: EIG, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 18 within their capacity as company directors.

BY ORDER OF THE TRUSTEES



Muriel Robinson
Chair
24th March 2021



David Dadswell
Secretary
24th March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

Independent auditor's report to the Trustees of Lincoln Diocesan Trust and Board of Finance Limited

Opinion

We have audited the financial statements of Lincoln Diocesan Trust and Board of Finance Limited for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If

INDEPENDENT AUDITORS'S REPORT (continued)

we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS'S REPORT (continued)

basis of these financial statements.

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

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

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

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

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

Use of our report

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



Adam Halsey

(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors

Date: 24th March 2021

10 Queen Street Place
London EC4R 1AG

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2020

		Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	Note	General £'000	Designated £'000	Funds £'000	Funds £'000	2020 £'000	2019 £'000
Income and endowments from							
Donations							
Parish contributions	2	3,315	-	-	-	3,315	3,970
Archbishop's Council		1,056	308	-	-	1,364	1,563
Other donations		536	-	20	10	566	418
Charitable activities	3	521	-	132	-	653	748
Other trading activities	4	-	-	468	115	583	493
Investments	5	30	-	-	2,253	2,283	2,654
Other income	6	-	-	323	113	436	983
Total income		5,458	308	943	2,491	9,200	10,829
Expenditure on							
Raising funds	7	-	-	9	211	220	263
Charitable activities	8	9,277	771	1,752	-	11,800	12,151
Total expenditure		9,277	771	1,761	211	12,020	12,414
Net income/(expenditure) before investment gains/(losses)		(3,819)	(463)	(818)	2,280	(2,820)	(1,585)
Loss on disposal of fixed assets	-	-	-	-	(94)	(94)	(227)
Net gains/(losses) on investments	15	-	-	(10)	1,368	1,358	3,979
Net income/(expenditure)		(3,819)	(463)	(828)	3,554	(1,556)	2,167
Transfers between funds	13	3,924	76	-	(4,000)	-	-
Other recognised gains/(losses)							
Actuarial gains/(losses) on pension scheme	26	-	-	-	7	7	1,673
Gains/(losses) on revaluation of properties	14,15	-	-	797	(2,955)	(2,158)	(2,289)
Net movement in funds		105	(387)	(31)	(3,394)	(3,707)	1,551
Total funds brought forward		809	1,246	14,441	150,049	166,545	164,994
Total funds carried forward	19	914	859	14,410	146,655	162,838	166,545

All activities derive from continuing activities. The notes on pages 34 to 62 form part of the financial statements. Details of comparative figures by fund are included in note 29.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 December 2020

	Total 2020 £'000	Total 2019 £'000
Total income (excluding endowments)	6,709	7,679
Total expenditure (excluding endowments)	(11,809)	(12,556)
Surplus of income over expenditure in the year before transfers	(5,100)	(4,877)
Net gains/(losses) on investments	(10)	45
Transfers from endowment of total return applied in the year	4,000	3,000
Net income/expenditure for the year	(1,110)	(1,832)
Other comprehensive income:		
Revaluation of fixed assets	797	323
Net (losses on disposal of fixed assets	-	(196)
Total comprehensive income	(313)	(1,705)

The Income and Expenditure Account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities and includes the amounts which are included in the columns headed Unrestricted Funds, Restricted Funds but does not include the income and expenditure within the Endowment Funds.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
BALANCE SHEET
At 31 December 2020

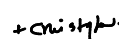
Company Number – 097256

		2020	2019
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	14	71,617	70,917
Investments	15	87,877	90,684
		<u>159,494</u>	<u>161,601</u>
CURRENT ASSETS			
Debtors	16	1,017	1,741
Cash on deposit		2,974	3,749
Cash at bank and in hand		1,937	1,886
		<u>5,928</u>	<u>7,376</u>
CREDITORS: amounts falling due within one year	17	(1,840)	(1,226)
		<u></u>	<u></u>
NET CURRENT ASSETS		4,088	6,150
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>163,582</u>	<u>167,751</u>
CREDITORS: amounts falling due after more than one year			
Pension scheme liabilities		(529)	(984)
Other creditors		(215)	(222)
		<u></u>	<u></u>
NET ASSETS		<u>162,838</u>	<u>166,545</u>
FUNDS			
Endowment funds		146,655	150,049
Restricted income funds		14,410	14,441
Unrestricted income funds:			
General funds		914	809
Designated funds		859	1,246
		<u></u>	<u></u>
TOTAL FUNDS		<u>162,838</u>	<u>166,545</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 24th March 2021 and signed on behalf of the Board by:



.....
Muriel Robinson
Chair



.....
The Rt Revd Christopher Lowson
Bishop of Lincoln

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2020

	2020	2019
£'000	£'000	£'000
Net cash inflow / (outflow) from operating activities	(4,621)	(5,239)
Cash flows from investing activities		
Dividends, interest and rent from investments	2,283	2,654
Proceeds from the sale of tangible fixed assets	856	2,708
Purchase of tangible fixed assets	(887)	(2,618)
Disposal of investment property	1,209	1,625
Grant of investments to LDBE	-	(550)
Transfer of tangible fixed assets	-	-
Gain on sale of investments	436	983
Net cash provided by / (used in) investing activities	3,897	4,802
Cash flows from financing activities		
Loans repaid to LDTBF	-	-
Net cash provided by / (used in) financing activities	-	-
Change in cash and cash equivalents in the reporting period	(724)	(437)
Cash and cash equivalents at 1 January	5,635	6,072
Cash and cash equivalents at 31 December	4,911	5,635
Reconciliation of net movements in funds to net cash flow from operating activities		
Net movement in funds for the year ended		
31 December	(3,707)	1,551
Adjustment for:		
Depreciation charges	34	38
Dividends, interest and rent from investments	(2,283)	(2,654)
Gains on revaluation of tangible fixed assets	(797)	(323)
(Loss) / Gains on revaluation of investments	(1,358)	(3,979)
Impairment	-	-
(Gain) / Loss on revaluation – investment properties	2,955	2,821
Movement in pension scheme deficit	(454)	(2,063)
Loss on disposal of fixed assets	94	227
Profit on sale of fixed assets	(436)	(983)
Decrease in stock	-	-
Decrease / (increase) in debtors	723	(60)
Increase / (Decrease) in creditors	608	186
Net cash provided by / (used in) operating activities	4,621	(5,239)
Analysis of cash and cash equivalents		
Cash in hand	2,974	1,886
Notice deposits (less than 3 months)	1,937	3,749
	4,911	5,635

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2020

ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2020 £	Cashflows £	Other Changes £	At 31 December 2020 £
Cash and cash equivalents				
Cash	1,886	51	-	1,937
Deposit accounts	3,749	(775)	-	2,974
Borrowings	5,635	(724)	-	4,911
Debt due within one year	7	(7)	1,312	1,312
Debt due within one year	222	-	(7)	215
	229	(7)	1,305	1,527
Total	5,406	(717)	(1,305)	3,384

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties, which are included at their fair value as determined under the applicable valuation method as detailed in c), and fixed asset investments, which are included at their fair value at the balance sheet date. The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS102).

The Charity is a Public Benefit Entity registered in England and Wales.

The principal accounting policies and estimation techniques are as follows.

a) Income

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

- i) **Parish Share contributions** – The principal source of income comes from voluntary giving in the form of parish contributions which includes amounts received up to 21st January relative to the year, following the year end. Income also includes any arrears received from previous years.
- ii) **Rent and investment income** - Rent and investment income are recognised as income when receivable.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions specified by the donor which have not been met at the year-end are included in creditors and carried forward to the following year. Income relating to the Government's Coronavirus Job Retention Grant (CJRG) is recognised under the accruals basis in line with staff costs.
- v) **Parochial fees** are recognised as income in the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets** for LDTBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income** - The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, satisfied.

1. ACCOUNTING POLICIES (continued)

b) Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the LDTBF to pay out resources. Expenditure is included on an accruals basis and has been classified under headings that aggregate all costs related to the Statement of Financial Activity category.

Costs of raising funds. These are the costs of managing the Endowment, Glebe and Unrestrictive funds investments, plus the costs associated with letting the vacant parsonages and board houses.

Charitable expenditure. Charitable Expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure on education and Church of England schools in the Diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes plus the costs of supporting the work of the parishes in greater Lincolnshire. This principally includes the cost of clergy stipends, costs of maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the LDTBF, such grants being recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to such conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs consist of central management, administration and governance costs. These are costs which are directly attributable to a specific charitable activity.

Pension costs and other post-retirement benefits. The LDTBF contributes to the Church of England Pension Scheme for Clergy. Clergy are members of the Church of England Funded Pensions Scheme. The pension costs are charged as resources expended which represent the LDTBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities for the pension scheme to which the LDTBF participates is recognised at the present value of contributions payable that arise from the deficit funding agreement. The Liability is recognised in creditors falling due within one year and after more than one year.

In addition to the above scheme the LDTBF also operates the Lincoln Diocesan Trust and Board of Finance Limited scheme for the benefit of office staff. This scheme closed to new members in 2003 and does not form part of these accounts. The LDTBF also contributes to a group stakeholder pension for other employee's which is the Lincoln Diocesan Trust Scheme with Royal London.

c) Tangible fixed assets and depreciation

Freehold properties and parsonages

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value. Properties which are identified as Board properties are revalued on a five year annual rolling programme. This valuation is carried out by the Property Director who is a registered member of the Royal

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

Institution of Chartered Surveyors (RICS).

The LDTBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. The Trustees perform annual impairment reviews in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount.

Properties subject to value linked loans

Value linked loans from the Church Commissioners that are administered by the LDTBF and the corresponding equivalent value of the property to which they relate are all included in the balance sheet as an asset and corresponding liability in accordance with the recommendation of the Diocesan Accounts Guide. These properties are revalued on a rolling five-year basis.

Investment properties

In accordance with FRS102, investment properties are carried at their fair value and this is considered by the Trustees annually. The aggregate surplus or deficit is recognised in the Endowment and Glebe Fund. Investment properties are valued on an annual basis by a registered RICS qualified valuer.

Parsonage houses

The LDTBF has followed the requirements of FRS102, in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The LDTBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their historic cost values.

d) Non Property fixed assets

Tangible fixed assets costing more than £400 are capitalised and included at cost.

Depreciation

Depreciation of non-property assets is provided in order to write off the cost of other fixed assets over their currently expected useful lives at the following rates:-

Motor vehicles	25% per annum	straight line basis
Computers	25% per annum	straight line basis
Fixtures and fittings	14.30% per annum	straight line basis (i.e. over 7 years)

1. ACCOUNTING POLICIES (continued)

Other investments

All **other** investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when investments are sold. Unrealised gains and losses are accounted for on revaluation of investments at the year end.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods. Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and the assumptions used in determining the value of the pension scheme deficit and are discussed above.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

e) Other accounting policies

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Creditors and provisions

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

1. ACCOUNTING POLICIES (continued)

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the Statement of Financial Activities.

Operating Leases - The LDTBF has entered only into operating lease arrangements for the use of certain assets, the rental for which is charged in full as expenditure in the year to which it relates. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the shorter of the overall lease term or first break clause whichever is shorter in time.

Funds

Funds over which the LDTBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the LDTBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as "unrestricted". Designated funds are unrestricted funds that have been set aside by the LDTBF for purposes designated by the LDTBF policy. Such designations may be set aside from time to time according to policy decisions.

Endowment funds

The Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDTBF (Stipends Fund Capital and Parsonage Houses), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Trust Funds

"Special trusts" (as defined by the Charities Act 2011) and any other trusts where the LDTBF acts as trustee and controls the management and use of the funds, are included in the LDTBF's own financial statements as charity branches. Trusts where the LDTBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the relevant note to the financial statements

Reserves Policy

The target free reserves (net of fixed assets and investments) is currently set at an amount equivalent to three months' gross expenditure from unrestricted funds estimated at £3.0m.

f) Going Concern

Having reviewed the funding facilities available to the charity together with future projected cash flows, the trustees have an expectation that the charity has adequate resources to continue its activities for the foreseeable future. Trustees are aware of the longer term sustainability of the Diocese and are putting in place measures to ensure that there is a long term financial and operational strategy in place to support the organisation in the future. They do consider that there were no material uncertainties over the charity's financial viability at the date of signing the accounts. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

2. DONATIONS

Parish Contributions

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

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Current year apportionment	5,731	-	-	-	5,731	5,006
Shortfall in contributions	(2,420)	-	-	-	(2,420)	(1,036)
	<u>3,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,311</u>	<u>3,970</u>
Receipts for previous years	4	-	-	-	4	-
	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>3,970</u>
Total Income	<u>3,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,315</u>	<u>3,970</u>

Current year parish share receipts represent 57.7% of the total apportioned (2019 – 79.3%), or, when receipts for previous years are included, 57.8% of the total apportioned (2019 – 79.3%). All parish contributions in the year ended 31 December 2019 were attributable to the general fund.

Archbishop's Council

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Lowest Income Funding	1,056	-	-	-	1,056	1,056
Strategic Development	-	308	-	-	308	507
	<u>1,056</u>	<u>308</u>	<u>-</u>	<u>-</u>	<u>1,364</u>	<u>1,563</u>

This is the annual grant for the parish mission fund, which may be used for specific parish mission and development projects or for clergy stipends. All MSF income in the year ended 31 December 2019 was attributable to the general fund. The LDTBF were successful with a Strategic Development Fund bid and this is the grant received in 2020.

Other donations

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
All Churches Trust						
Grant	154	-	-	-	154	160
Donations	382	-	20	10	412	258
	<u>536</u>	<u>-</u>	<u>20</u>	<u>10</u>	<u>566</u>	<u>418</u>

All income from other donations in the year ended 31 December 2019 was attributable to the general fund.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020	Total funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Statutory fees	485	-	-	-	485	514
Church Commissioners' Guaranteed annuities	1	-	-	-	1	1
Chaplaincy and other	-	-	-	-	-	32
Fees from training	34	-	132	-	166	199
Income recharged for Support to parishes	1	-	-	-	1	2
	<u>521</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>653</u>	<u>748</u>

In the year ended 31 December 2019 fees from training of £115k was attributable to restricted funds. All other income from charitable activities was attributable to the general fund.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020	Restated Total funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Housing income	-	-	468	-	468	417
Income from DBF fundraising	-	-	-	115	115	76
	<u>-</u>	<u>-</u>	<u>468</u>	<u>115</u>	<u>583</u>	<u>493</u>

In the year ended 31 December 2019 £76k was attributable to the general fund and £417k attributable to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds		Restricted Funds	Endowment funds	Total funds 2020	Total funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Dividends receivable	-	-	-	1,186	1,186	1,324
Interest receivable	30	-	-	-	30	36
Rents receivable	-	-	-	1,067	1,067	1,294
	<u>30</u>	<u>-</u>	<u>-</u>	<u>2,253</u>	<u>2,283</u>	<u>2,654</u>

In the year ended 31 December 2019 interest receivable of £36k was attributable to the general fund, dividends receivable of £5k attributable to restricted funds. All other investment income was attributable to endowment funds.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

6. OTHER INCOME

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020	Total funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Gain/(Loss) on sale of Properties & Glebe	-	-	323	113	436	978
Sale receipts from churches	-	-	-	-	-	5
	<u>-</u>	<u>-</u>	<u>323</u>	<u>113</u>	<u>436</u>	<u>983</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>323</u></u>	<u><u>113</u></u>	<u><u>436</u></u>	<u><u>983</u></u>

In the year ended 31 December 2019 gains on the sale of Properties & Glebe of £381k was attributable to restricted funds, £588k was attributable to endowment funds. All other income was attributable to the general fund.

7. RAISING FUNDS (2020)

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2020
	General £'000	Designated £'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	211	211
Parsonage rental costs	-	-	9	-	9
	<u>-</u>	<u>-</u>	<u>9</u>	<u>211</u>	<u>220</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>9</u></u>	<u><u>211</u></u>	<u><u>220</u></u>

RAISING FUNDS (2019)	Unrestricted funds		Restricted Funds	Endowment Funds	Restricted Total funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	248	248
Parsonage rental costs	-	-	15	-	15
	<u>-</u>	<u>-</u>	<u>15</u>	<u>248</u>	<u>263</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>15</u></u>	<u><u>248</u></u>	<u><u>263</u></u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

8. CHARITABLE ACTIVITIES (2020)

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Contributions to Archbishops' Council					
Training for Ministry	307	-	-	-	307
National Church Responsibilities	230	-	-	-	230
Grants & Provisions	26	-	-	-	26
Mission agency pension costs	11	-	-	-	11
Retired clergy housing Costs	110	-	-	-	110
Pooling of ordinands maintenance grants	123	-	-	-	123
	<u>807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>807</u>
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	4,492	-	-	-	4,492
Pension contributions	1,079	-	-	-	1,079
Housing costs	244	-	1,560	-	1,804
Removal, resettlement and grants	176	-	-	-	176
Other expenses	53	-	-	-	53
	<u>6,044</u>	<u>-</u>	<u>1,560</u>	<u>-</u>	<u>7,604</u>
Support for parish ministry	1,513	771	192	-	2,476
Support costs	813	-	-	-	813
	<u>2,326</u>	<u>771</u>	<u>192</u>	<u>-</u>	<u>3,289</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>9,277</u>	<u>771</u>	<u>1,752</u>	<u>-</u>	<u>11,800</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

8. CHARITABLE ACTIVITIES (2019)

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2019
	£'000	£'000	£'000	£'000	£'000
Contributions to					
Archbishops' Council					
Training for Ministry	307	-	-	-	307
National Church Responsibilities	244	-	-	-	244
Grants & Provisions	26	-	-	-	26
Mission agency pension costs	3	-	-	-	3
Retired clergy housing Costs	105	-	-	-	105
Pooling of ordinands maintenance grants	17	-	-	-	17
	<u>702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>702</u>
Resourcing Ministry and Mission					
Parish Ministry					
Stipends and national insurance	4,403	-	-	-	4,403
Pension contributions	1,122	-	-	-	1,122
Housing costs	213	-	1,620	-	1,833
Removal, resettlement and grants	223	-	-	-	223
	<u>5,961</u>	<u>-</u>	<u>1,620</u>	<u>-</u>	<u>7,581</u>
Support for parish ministry	1,366	771	506	-	2,643
Support costs	1,125	-	-	-	1,125
	<u>2,491</u>	<u>771</u>	<u>506</u>	<u>-</u>	<u>3,768</u>
Expenditure on Education					
Support for church schools and parishes	100	-	-	-	100
	<u>9,254</u>	<u>771</u>	<u>2,126</u>	<u>-</u>	<u>12,151</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

**9. ANALYSIS OF EXPENDITURE
INCLUDING ALLOCATION OF
SUPPORT COSTS (2020)**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2020 £'000
Raisings funds				
Charitable activities:	220	-	-	220
Contributions to Archbishop's Council		807	-	807
Resourcing parish ministry	9,611	249	813	10,673
Education	-	100	-	100
	<u>9,831</u>	<u>1,156</u>	<u>813</u>	<u>11,800</u>

**ANALYSIS OF EXPENDITURE
INCLUDING ALLOCATION OF
SUPPORT COSTS (2019)**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2019 £'000
Raisings funds	263	-	-	263
Charitable activities:				
Contributions to Archbishop's Council	-	702	-	702
Resourcing parish ministry	9,787	437	1,125	11,349
Education	-	100	-	100
	<u>10,050</u>	<u>1,239</u>	<u>1,125</u>	<u>12,414</u>

10. ANALYSIS OF SUPPORT COSTS (2020)

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
Central administration	625	-	-	-	625
Governance:					
External audit	23	-	-	-	23
Registrar and Chancellor	116	-	-	-	116
Synodical costs	49	-	-	-	49
	<u>813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>813</u>

ANALYSIS OF SUPPORT COSTS (2019)

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2019 £'000
Central administration	941	-	-	-	941
Governance:					
External audit	29	-	-	-	29
Registrar and Chancellor	89	-	-	-	89
Synodical costs	66	-	-	-	66
	<u>1,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,125</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

11. ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	2020 Total £'000	2019 Total £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishop's Council	6	-	807	807	702
From unrestricted funds:					
Support for Board of Education	1	-	100	100	100
PEV Episcopal Visitors	1	-	2	2	4
Churches Together in Lincolnshire	1	-	11	11	11
Lincoln St. Swithins	1	-	8	8	10
Transformation Grants	14	-	24	24	35
Community of St. Francis	5	-	1	1	3
Church Repair Grant	-	-	-	-	1
Clergy Settlement Grants	19	44	-	44	96
Clergy 1st Appointment Grants	13	34	-	34	36
Clergy 1st Incumbency Grants	-	-	-	-	7
Clergy Robing Grants	5	4	-	4	4
Ordinands in training	8	41	-	41	61
Ministry Division grants	18	16	57	73	-
The Clergy Stipend Fund	14	7	-	7	-
	100	146	203	349	368

In the year ended 31 December 2019 grants of £65k were awarded to individuals, £183k to institutions.

12. STAFF COSTS

	2020 £'000	2019 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,677	1,594
National insurance contributions	149	148
Pension costs	167	158
	1,993	1,900

Included in the above are termination payments of £114,591. There were no employees who received employee benefits (excluding employee pension costs) of more than £60,000.

The average number of persons employed by the charity during the year were:

	Number	Number
Administration and financial management	11	12
Property	5	5
Discipleship & Ministry, Stewardship	23	24
Safeguarding & inclusion	4	4
Total for the Charity	43	45

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

12. STAFF COSTS (Continued)

	2020	2019
	Number	Number
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
	<u> </u>	<u> </u>

Pension payments of £23,644 were made in 2020 in respect of the above individuals (2019: £29,180).

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2020 they were the Diocesan Secretary, Property Director and the Director of Finance.

Remuneration, pensions and expenses for the three employees amounted to £265,278 (2019 : £262,340).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee (2019 – None). The Trustees received travelling and out of pocket expenses, totalling £897 (2019 - £24,031) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Rt Revd Dr Nicholas Chamberlain	No	Yes
The Rt Revd Dr David Court	No	Yes
Revd Nicholas James Brown	Yes	Yes
The Venerable Mark Steadman	Yes	Yes
The Venerable Dr Justine Allain Chapman	Yes	Yes
The Venerable Gavin Kirk	Yes	Yes
The Revd Alyson Buxton	Yes	Yes
The Revd Stuart Craddock	Yes	Yes
The Revd Georgina Machell	Yes	Yes
The Revd Nicholas Brown	Yes	Yes
The Revd Canon Andrew Dodd	Yes	Yes
The Revd Nicholas Nawrockyi	Yes	Yes

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

The LDTBF paid an average of 153 (2019 – 157) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2020	2019
	£'000	£'000
Stipends	4,139	4,058
National insurance contributions	353	345
Pension costs - current year	1,527	1,512
- deficit reduction	(456)	(449)
- interest cost	8	59
	<u> </u>	<u> </u>
	5,571	5,525
	<u> </u>	<u> </u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

12. STAFF COSTS (continued)

Trustees' emoluments (continued)

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £37,672 - £46,173 (20219 range £36,934 - £45,268). The annual rate of stipend, funded by the LDTBF, paid to Archdeacons in 2020 was in the range £36,830 - £38,245 (2019 range £36,108 - £37,495) and other clergy who were Trustees were paid in the range £25,384 - £28,113 (2019 range £24,887 - £27,562). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2020 at £11,150 (2019 at £10,931). The value of housing provided to Diocesan Bishops is £25,000.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		Restricted	Endowment
	General	Designated	Funds	Funds
	£'000	£'000	£'000	£'000
From General Fund to Designated Fund	(76)	76	-	-
From Endowment Funds Unapplied Total Return to the General Fund	4,000	-	-	(4,000)
	<u>3,924</u>	<u>76</u>	<u>-</u>	<u>(4,000)</u>

£76k was transferred from the general fund to the designated fund which related to the unspent element of the Transformation Fund during 2020 as a result of COVID-19. This has been transferred to fund future missional projects. The Trustees adopted total return in 2017 and as per the agreed policy £4.0m has been transferred to the General Fund from the Endowment Funds to fund costs of stipends in line with the measure.

14. TANGIBLE FIXED ASSETS – Land & Buildings

	Freehold Land & Buildings £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
Cost of valuation				
At 1 January 2020	70,853	676	-	71,529
Additions	871	16	-	887
Transfers	-	-	-	-
Disposals	(950)	-	-	(950)
Revaluation	797	-	-	797
At 31 December 2020	<u>71,571</u>	<u>692</u>	<u>-</u>	<u>72,263</u>
Depreciation				
At 1 January 2020	-	612	-	612
Disposals	-	-	-	-
Charge for the year	-	34	-	34
At 31 December 2020	<u>-</u>	<u>646</u>	<u>-</u>	<u>646</u>
Net Book Value				
At 31 December 2020	<u>71,571</u>	<u>46</u>	<u>-</u>	<u>71,617</u>
At 31 December 2019	<u>70,853</u>	<u>64</u>	<u>-</u>	<u>70,917</u>

14. TANGIBLE FIXED ASSETS – Land & Buildings (continued)

All of the properties in the balance sheet are freehold and are vested in the LDTBF, except for benefice houses which are vested in the incumbent.

Benefice properties were included in the balance sheet at historic cost as at 1st January 2015. The Board does not revalue these properties on an annual basis. The value of these properties at that date was £50,324,698.

Board houses are valued on a rolling programme over five years by the Board taking professional advice from the Property Director who is a qualified RICS surveyor.

The freehold properties included houses with a value for insurance purposes of £100,358,539 at 31st December 2020 together with redundant churches and the glebe estate insured by the tenants.

The Old Palace, The Old Palace Lodge (previously St. Michael on the Mount) together with Edward King House were valued by Christie and Co as at the end of 2015. The building was subject to an impairment review and is included in the balance sheet at realisable value.

On 31st December there was a housing stock of 241 properties with a value of £68,594,561 of which 36 were let.

Housing valued at £656,201 was with the use of various housing loans from the Church Commissioners amounting to £220,860 of which £7,061 is repayable within a year (note 17).

15. TOTAL INVESTMENT ASSETS

	2020 £'000	2019 £'000
Investment properties - 15 (a)	50,945	55,109
Investments – 15 (b)	36,932	35,575
Total investment assets	87,877	90,684

15(a) INVESTMENT PROPERTIES

	2020 £'000	2019 £'000
Market value at 1 st January 2020	55,109	59,555
Disposals	(1,209)	(1,625)
(Loss)/Gain on revaluation	(2,955)	(2,821)
Market value as at 31 st December 2020	50,945	55,109

The investment properties are revalued by Savills by a RICS registered valuer. These were revalued as at 31 December 2020. During 2020 184.5 acres were disposed of. The valuation were undertaken in line with the definition of Market Value as defined in the RICS Red Book, as detailed below:

Market Value (MV) is defined in IVS 104 paragraph 30.1 as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

15(a) INVESTMENT PROPERTIES (continued)

The assets have been valued individually based upon the tenancy units by Parish. The portfolio is a mixture of properties of varying size dispersed across most of Lincolnshire, therefore the properties have been valued separately as they are located in differing locations across the County. Desktop research has been undertaken and in carry out this valuation have relied upon management records to establish land use across the holdings principally between arable and grass as this information was not provided. The let assets have been valued on a combination of comparison or investment bases depending on the letting and type of property. Within these individual asset listings, where appropriate, they have been split further between uses such as arable, pasture, buildings and houses.

15(b). FIXED ASSETS INVESTMENTS

	At 1 January 2020 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2020 £'000
Endowment Funds						
Charities Property Fund	5,588	-	-	-	(144)	5,444
M & G Charifund	4,999	-	(4,848)	-	(151)	-
CBF Church of England Fund	7,458	-	-	-	513	7,971
Sarasin Endowment Fund	13,188	-	-	-	806	13,994
Edentree Amity Global Equity Fund	2,086	-	-	-	109	2,195
Property Income Trust for Charities	1,956	-	-	-	(115)	1,841
Cazenove Capital	-	4,848	-	-	350	5,198
	<u>35,275</u>	<u>4,848</u>	<u>(4,848)</u>	<u>-</u>	<u>1,368</u>	<u>36,643</u>
Trust funds						
M & G Charifund	129	-	-	-	(22)	107
CBF Church of England Fund	170	-	-	-	12	182
	<u>299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>289</u>
Total	<u>35,574</u>	<u>4,848</u>	<u>(4,848)</u>	<u>-</u>	<u>1,358</u>	<u>36,932</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

16. DEBTORS

	2020	2019
Due within one year	£'000	£'000
Debtors	318	914
Old Palace Hotel Loan	141	141
Old Palace debtors	25	25
Other debtors and prepayments	489	630
Interest free loans within the Diocese	44	31
Total debtors	1,017	1,741

17. CREDITORS: amounts falling due within one year

	2020	2019
	£'000	£'000
Creditors	197	545
Church Commissioners loans	1,319	7
Other taxes and social security	69	69
Other creditors and accruals	255	605
Total creditors: amounts falling due within one year	1,840	1,226

The bank overdraft is secured on West Rasen Farm at a rate of 1.85% above the bank base rate which forms part of the Glebe portfolio. To assist with cash flow during 2020 the Trustees utilised the three month stipend holiday from the National Church at an interest rate of 2.1%. This loan is repayable by July 2021. No security was provided for this loan.

18. CREDITORS: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Church Commissioners value-linked loans	215	222
Pension deficit	529	984
Total creditors: amounts falling due after more than one year	744	1,206

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property. As at 31st December 2020 the Board is in the process of disposing of one of the properties and intends to keep the remaining properties funded via value linked loans.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

19. SUMMARY OF FUND MOVEMENTS (2020)

	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2020 £'000
UNRESTRICTED FUNDS						
General	809	5,458	(9,277)	3,924	-	914
DESIGNATED FUNDS						
Pension Reserve	159	-	-	-	-	159
Building Committee Reserve	30	-	-	-	-	30
Clergy Conference	9	-	-	-	-	9
Discipleship Donation Fund	3	-	-	-	-	3
VAT Buffer fund	100	-	-	-	-	100
Mission fund	2	-	(2)	-	-	-
Transformation fund	25	-	-	76	-	101
Resource Church Funding	918	308	(769)	-	-	457
	1,246	308	(771)	76	-	859
RESTRICTED FUNDS						
Pastoral fund	13,864	791	(1,628)	(40)	797	13,784
Pastoral No.2 Account	27	-	-	-	-	27
Closed Churches Fund	(40)	-	-	40	-	-
Other Restricted	590	152	(133)	-	(10)	599
	14,441	943	(1,761)	-	787	14,410
ENDOWMENT FUNDS						
Permanent						
Trust for Investment	29,109	-	-	233	-	29,342
Unapplied Total Return	49,467	2,378	-	(4,233)	1,368	48,980
Other Investment Assets	22,109	113	(211)	-	(3,042)	18,969
Expendable						
Parsonage Fund	49,364	-	-	-	-	49,364
	150,049	2,491	(211)	(4,000)	(1,674)	146,655
Total funds	166,545	9,200	(12,020)	-	(887)	162,838

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

19. SUMMARY OF FUND MOVEMENTS (2019)

	Restated Balances at 1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2019 £'000
UNRESTRICTED FUNDS						
General	1,182	5,881	(9,754)	3,000	-	809
DESIGNATED FUNDS						
Pension Reserve	159	-	-	-	-	159
Building Committee Reserve	30	-	-	-	-	30
Swanwick Conference	27	-	(27)	-	-	-
Clergy Conference	14	-	(5)	-	-	9
Discipleship Donation Fund	3	-	-	-	-	3
VAT Buffer fund	100	-	-	-	-	100
Mission fund	2	-	-	-	-	2
Transformation fund	60	-	(35)	-	-	25
Resource Churches funding	1,590	507	(704)	(475)	-	918
	1,985	507	(771)	(475)	-	1,246
RESTRICTED FUNDS						
Pastoral fund	14,555	816	(1,634)	-	127	13,864
Pastoral No.2 Account	27	-	-	-	-	27
Closed Churches Fund	7	5	(52)	-	-	(40)
Education Fund	530	470	(455)	-	45	590
Other Restricted						
	15,119	1,291	(2,141)	-	172	14,441
ENDOWMENT FUNDS						
Permanent						
Trust for Investment	28,482	-	-	627	-	29,109
Unapplied Total Return	46,598	2,562	-	(3,627)	3,934	49,467
Other Investment Assets	22,473	588	(248)	475	(1,179)	22,109
Expendable						
Parsonage Fund	49,155	-	-	-	209	49,364
	146,708	3,150	(248)	(2,525)	2,924	150,049
Total funds	164,994	10,829	(12,414)	-	3,136	166,545

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
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20. ENDOWED FUND –TOTAL RETURN (2020)	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
	£'000	£'000	£'000	£'000
At the beginning of the reporting period:	29,109	49,467	22,109	100,685
Income				
Dividends	-	1,185	-	1,185
Interest	-	-	-	-
Rents	-	1,067	-	1,067
Other Glebe Income	-	125	-	125
Sale of Glebe – Profit	-	-	113	113
Expenditure				
Stipends Cost	-	-	(211)	(211)
(Loss) on fixed assets	-	-	(94)	(94)
Gain on investments	-	1,368	-	1,368
Transfer to cover stipends	-	(4,000)	-	(4,000)
Indexation	233	(233)	-	-
Gain on pension	-	-	7	7
Loss on revaluation of property	-	-	(2,955)	(2,955)
At end of the reporting period	29,342	48,979	18,969	97,290
20. ENDOWED FUND –TOTAL RETURN (2019)	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
	£'000	£'000	£'000	£'000
At beginning of the reporting period:	28,482	46,598	22,473	97,553
Income				
Dividends	-	1,324	-	1,324
Interest	-	-	-	-
Rents	-	1,238	-	1,238
Sale of Glebe – Profit	-	-	588	588
Expenditure				
Stipend costs	-	-	(248)	(248)
Loss on fixed assets	-	-	(31)	(31)
Loss on investments	-	3,934	-	3,934
Transfer to cover stipends	-	(3,000)	475	(2,525)
Indexation	627	(627)	-	-
Gain on pension	-	-	1,673	1,673
Gain on revaluation of property	-	-	(2,821)	(2,821)
At end of reporting period	29,109	49,467	22,109	100,685

The Trustees adopted total return during 2017 and £4m was released in 2020 (2019 - £3m) from the unapplied total return fund. The Trustees have adopted total return under the Diocesan Stipend Funds (Amendment) Measure 2016.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

21. SUMMARY OF ASSETS BY FUND (2020)	Tangible Fixed		Net Current	Long Term	Net
	Assets £'000	Investments £'000	Assets £'000	Creditors £'000	Assets £'000
Unrestricted funds – General	45	-	869	-	914
Unrestricted - designated					
Pension Reserve	-	-	159	-	159
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	10	-	10
Discipleship Donation Fund	-	-	3	-	3
Vat Buffer Fund	-	-	100	-	100
Mission Fund	-	-	-	-	-
Transformation Fund	-	-	101	-	101
Resource Churches funding	-	-	456	-	456
	-	-	859	-	859
Restricted					
Pastoral fund	19,232	-	(5,448)	-	13,784
Pastoral No.2 Account	-	-	27	-	27
Closed Churches Fund	43	-	(43)	-	-
Other Restricted	-	289	310	-	599
	19,275	289	(5,154)	-	14,410
Endowment Permanent					
Trust for Investment	-	29,342	-	-	29,342
Unapplied Total Return	-	48,979	-	-	48,979
Other Investment Assets	2,933	9,267	7,299	(529)	18,969
Expendable					
Parsonage Fund	49,364	-	215	(215)	49,364
	52,297	87,588	7,514	(744)	146,655
Total funds	71,617	87,877	4,088	(744)	162,838

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

21. SUMMARY OF ASSETS BY FUND (2019)

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long Term Creditors £'000	Net Assets £'000
Unrestricted funds – General	64	-	745	-	809
Unrestricted - designated					
Pension Reserve	-	-	159	-	159
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Discipleship Donation Fund	-	-	3	-	3
Vat Buffer Fund	-	-	100	-	100
Mission Fund	-	-	2	-	2
Transformation Fund	-	-	25	-	25
Resource Church Funding	-	-	918	-	918
	-	-	1,246	-	1,246
Restricted					
Pastoral fund	15,331	-	(1,467)	-	13,864
Pastoral No.2 Account	-	-	27	-	27
Closed Churches Fund	43	-	(83)	-	(40)
Other Restricted	-	255	335	-	590
	15,374	255	(1,188)	-	14,441
Endowment Permanent					
Trust for Investment	-	29,109	-	-	29,109
Unapplied Total return	-	49,374	93	-	49,467
Other Investment Assets	2,933	11,946	8,214	(984)	22,109
Expendable					
Parsonage Fund	52,546	-	(2,960)	(222)	49,364
	55,479	90,429	5,347	(1,206)	150,049
Total funds	70,917	90,684	6,150	(1,206)	166,545

22. DESCRIPTION OF FUNDS

General fund

The general fund is the LDTBF's unrestricted undesignated fund available for any of the LDTBF's purposes without restriction.

Designated funds

The designated fund are those funds which have been set aside out of general funds by the Board for a specific purpose over whose use and purpose the Board has discretion.

Pension Fund Reserve

The fund is available to smooth the payments for liabilities arising from pension schemes. The fund was subject to a valuation in 2020 and the fund remains in surplus. The Trustees consider it to be prudent to maintain this fund.

22. DESCRIPTION OF FUNDS (continued)

Designated funds (continued)

Building Committee Reserve

The Church Building Committee makes grants to parishes from this fund. Grants are recognised as they are made.

VAT Buffer Fund

Parishes with listed Church Buildings are entitled to claim grants from government agencies equivalent to the VAT on certain repairs. However, the grants can only be claimed after the payments have been made and for large projects the additional cost of VAT creates cash flow problems for parishes. The VAT Buffer Fund is available to provide short term interest free loans to assist parishes with this difficulty.

Other Designated Funds

From time to time funds are set aside for future expenditure such as the clergy conference and the Transformation Fund. The Trustees have designated £1.5m, in 2019 as their contribution to the Strategic Development Fund bid which the diocese was successful in securing in December 2018. During 2020 the fund was utilised to support the project with a remaining balance of £457k at the end of 2020..

Restricted Funds

Pastoral Fund

The Diocesan pastoral account was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular Diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other Diocese
- to transfer funds to the Diocesan stipends fund income or capital accounts.

Closed Churches Fund

The Pastoral fund includes closed churches and the proceeds of the sale of closed churches less related costs. Payments for the maintenance and upkeep of closed churches can be made from this fund. During 2020 it was agreed that this fund could be included within the Pastoral Fund and the negative balance of £40k has been transferred to the Pastoral Fund. Please refer to Note 21.

Endowment Fund

Diocesan stipends fund capital

The Diocesan stipends capital fund has been created from the Diocesan stipends fund capital assets held under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit

22. DESCRIPTION OF FUNDS (continued)

Endowment Funds

Parsonage property fund

The benefice property fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the LDTBF.

23. CAPITAL COMMITMENTS

At 31 December 2020 the LDBF had capital expenditure commitments authorised but not contracted for in 2020 of £NIL (2019 - £1,265,000), and no expenditure contracted for but not yet due in 2020 (2019 - £NIL).

24. OPERATING LEASES

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

	2020 £'000	2019 £'000
Other operating leases		
Amounts due:		
Within one year of the balance sheet date	64	69
In the second to fifth years inclusive of the balance sheet date	95	150
	<u>159</u>	<u>219</u>

25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events.

26. PENSIONS

Salaried Staff

Defined Benefits Scheme

LDTBF operates a defined benefits scheme for its salaried employees with 4 (4: 2019) active members. The scheme is closed to new members.

26. PENSIONS (Continued)

Salaried Staff

Defined Benefits Scheme

The employees contributed £1,740 in the year (2019 : £1,742) and the charge in the Trust's accounts for the year ended 31st December 2020 amounted to £48,485 (2019 : £57,294).

The scheme was actuarially valued as at 1st April 2020 the actuarial statement stated that the scheme's assets, which comprised investments with Legal and General, were sufficient to cover the anticipated liabilities as they fall due. The scheme is funded at 112% which corresponds to a surplus of £838k.

Stakeholder Pension Provision

From 2010 new employees have been offered a stakeholder pension. Contributions of £107,505 (2019: £103,443) were made in year on behalf of 36 employees. The contributions relate to unrestricted activities.

Church of England Funded Pension Scheme

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

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

This scheme is considered to be a multi-employer last man standing as described in Section 28 of FRS.102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, (2020: £448k, 2019 £390k) plus any impact on the deficit contributions (see below).

A valuation of the scheme is carried out every three years. The most recent scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (Pension increases consistent with this);
- increase in pensionable stipends of 3.4% p.a.;
- Mortality rates in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI 2018 extended model with long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5%.

26. PENSIONS (Continued)

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are set out in the table below.

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

As at 31 December 2018, the deficit recovery contributions payable under the recovery plan in force were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 and 31 December 2020 the deficit recovery contribution under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in a calculation by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2020 is set out in the table below.

A reconciliation of the balance sheet liability is set out below:

	2020 £'000	2019 £'000
Balance sheet liability as at 1 January	984	3,047
Contributions paid	(456)	(449)
Interest cost (recognised in the SOFA)	8	59
Re-measurement of the balance sheet liability*(recognised in the SOFA)	(7)	(1,673)
Balance sheet liability as at 31 December	529	984

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

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

26. PENSIONS (CONTINUED)

	December 2020	December 2019	December 2018
Discount rate	0.2%	1.1% pa	2.1% pa
Price inflation	3.1%	2.8% pa	3.1% pa
Increase to total Pensionable pay	1.6%	1.3% pa	1.6% pa

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

27. RELATED PARTY TRANSACTIONS

The Diocese maintains a register of Trustees interests. Trustees have declared payment arising from their stipendiary ministry, where applicable. There were no other related party transactions. Any such transactions are at arm's length under the normal commercial terms applied by the Trust and are of part of its normal activities.

Edenham Regional House

Edenham Regional House is a separate charity. LDTBF has an interest in the property as well as having some of the same aims and objectives. The parsonage is occupied by a member of the Clergy and the LDTBF have a liability to maintain the property. The LDTBF uses the facilities at commercial rates.

Parochial Church Councils

Parochial Church Councils (PCCs) support LDTBF financially with payments of parish share. Many committee members and trustees are also members of the PCCs within the Diocese. Much of LDTBF's activity is in support of PCC's through practical assistance and advice and in the provision of grants and loans. At the end of the year there were outstanding loans to the following parishes:

	2020 £	2019 £
Leadenham PCC	1,900	3,100
Saxby all Saints PCC	9,000	11,000
Healing PCC	-	1,000
Birchwood PCC	-	426
Algarkirk PCC	3,300	-
Halton Hologate PCC	20,000	-
Burton le Coggles PCC	10,000	-
Total outstanding loans to parishes	44,200	15,526

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDTBF acts as Diocesan Authority or custodian trustee for 891 trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. 780 relate to parochial funds with the remaining 111 being held for educational and non-parochial funds. Assets held in this way are

28. FUNDS HELD AS CUSTODIAN TRUSTEE (Continued)

not aggregated in these financial statements as the LDTBF does not control them. The assets are held in separate funds identified by the names of the parishes or the trusts to which they relate. They are operated via a separate trust bank account and all statements are issued to the parishes as and when they are received. The financial assets held in this way may be summarised as follows:

	2020	2019
	£'000	£'000
CBF Church of England Deposit Fund (Capital)	1,079	1,414
CBF Church of England Investment Fund accumulation income	2,059	1,999
CBF Church of England Investment Fund	13,983	13,076
CBF Church of England Fixed Interest Securities	69	106
COIF income and accumulation shares	156	148
M & G Charifund	3,458	4,164
M & G Charibond	43	42
Miscellaneous Investments	91	91
Total assets held as custodian trustee	20,938	21,040

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

29. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000
Income and endowments from					
Donations					
Parish contributions	3,970	-	-	-	3,970
Archbishop's Council	1,056	507	-	-	1,563
Other donations	179	-	239	-	418
Charitable activities	550	-	198	-	748
Other trading activities	76	-	417	-	493
Investments	36	-	56	2,562	2,654
Other income	14	-	381	588	983
Total income	5,881	507	1,291	3,150	10,829
Expenditure on					
Raising funds	-	-	15	248	263
Charitable activities	9,254	771	2,126	-	12,151
Donation to Diocesan Board of Education	-	-	-	-	-
Total expenditure	9,254	771	2,141	248	12,414
Net income/(expenditure) before investment gains/(losses)	(3,373)	(264)	(850)	2,902	(1,585)
Loss on disposal of fixed assets	-	-	(196)	(31)	(227)
Net gains/(losses) on investments	-	-	45	3,934	3,979
Net income/(expenditure)	(3,373)	(264)	(1,001)	6,805	2,167
Transfers between funds	3,000	(475)	-	(2,525)	-
Other recognised gains/(losses)					
Actuarial gains/(losses) on pension scheme	-	-	-	1,673	1,673
Gains/(losses) on revaluation of properties	-	-	323	(2,612)	(2,289)
Net movement in funds	(373)	(739)	(678)	3,341	1,551
Total funds brought forward	1,182	1,985	15,119	146,708	164,994
Total funds carried forward	809	1,246	14,441	150,049	166,545