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# **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.

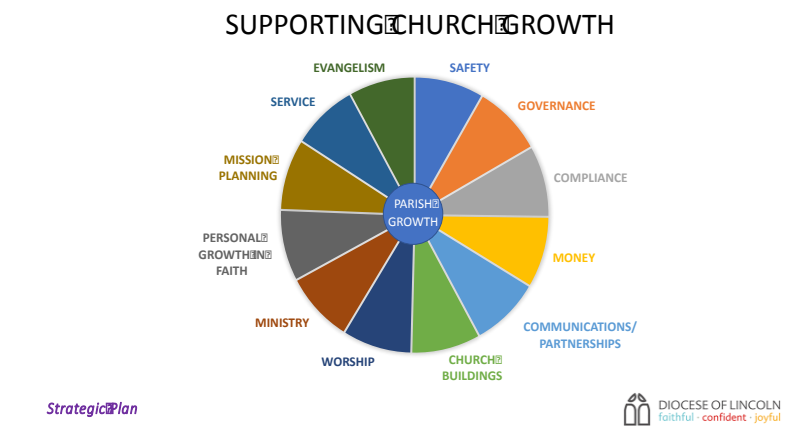
### The Diocesan Strategy

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.

<b>Stipendiary Clergy</b>	<b>2019</b>	<b>2020</b>
Numbers as at 1 <sup>st</sup> 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
<b>Stipendiary Clergy as at 31<sup>st</sup> December</b>	<b>134</b>	<b>119</b>

### **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.

	<b>2020 £'000</b>	<b>2019 £'000</b>
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:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Pension deficit as at 1 <sup>st</sup> January	984	3,047
Pension adjustment	(455)	(2,063)
Pension deficit as at 31 <sup>st</sup> 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 22<sup>nd</sup> 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 6<sup>th</sup> 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  
24<sup>th</sup> March 2021



**David Dadswell**  
Secretary  
24<sup>th</sup> March 2021

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

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## 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](http://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: 24<sup>th</sup> 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
<b>Income and endowments from</b>							
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
<b>Total income</b>		<b>5,458</b>	<b>308</b>	<b>943</b>	<b>2,491</b>	<b>9,200</b>	<b>10,829</b>
<b>Expenditure on</b>							
Raising funds	7	-	-	9	211	220	263
Charitable activities	8	9,277	771	1,752	-	11,800	12,151
<b>Total expenditure</b>		<b>9,277</b>	<b>771</b>	<b>1,761</b>	<b>211</b>	<b>12,020</b>	<b>12,414</b>
<b>Net income/(expenditure) before investment gains/(losses)</b>		<b>(3,819)</b>	<b>(463)</b>	<b>(818)</b>	<b>2,280</b>	<b>(2,820)</b>	<b>(1,585)</b>
Loss on disposal of fixed assets	-	-	-	-	(94)	(94)	(227)
Net gains/(losses) on investments	15	-	-	(10)	1,368	1,358	3,979
<b>Net income/(expenditure)</b>		<b>(3,819)</b>	<b>(463)</b>	<b>(828)</b>	<b>3,554</b>	<b>(1,556)</b>	<b>2,167</b>
<b>Transfers between funds</b>	13	3,924	76	-	(4,000)	-	-
<b>Other recognised gains/(losses)</b>							
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)
<b>Net movement in funds</b>		<b>105</b>	<b>(387)</b>	<b>(31)</b>	<b>(3,394)</b>	<b>(3,707)</b>	<b>1,551</b>
<b>Total funds brought forward</b>		<b>809</b>	<b>1,246</b>	<b>14,441</b>	<b>150,049</b>	<b>166,545</b>	<b>164,994</b>
<b>Total funds carried forward</b>	19	<b>914</b>	<b>859</b>	<b>14,410</b>	<b>146,655</b>	<b>162,838</b>	<b>166,545</b>

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**

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	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
<b>Total income (excluding endowments)</b>	6,709	7,679
<b>Total expenditure (excluding endowments)</b>	(11,809)	(12,556)
<b>Surplus of income over expenditure in the year before transfers</b>	(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
<b>Net income/expenditure for the year</b>	(1,110)	(1,832)
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	797	323
Net (losses on disposal of fixed assets	-	(196)
<b>Total comprehensive income</b>	(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**

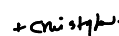
Company Number – 097256

		2020	2019
	Note	£'000	£'000
<b>FIXED ASSETS</b>			
Tangible assets	14	71,617	70,917
Investments	15	87,877	90,684
		<u>159,494</u>	<u>161,601</u>
<b>CURRENT ASSETS</b>			
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>
<b>CREDITORS: amounts falling due within one year</b>	17	(1,840)	(1,226)
		<u></u>	<u></u>
<b>NET CURRENT ASSETS</b>		4,088	6,150
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>163,582</u>	<u>167,751</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Pension scheme liabilities		(529)	(984)
Other creditors		(215)	(222)
		<u></u>	<u></u>
<b>NET ASSETS</b>		<u>162,838</u>	<u>166,545</u>
<b>FUNDS</b>			
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>
<b>TOTAL FUNDS</b>		<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 24<sup>th</sup> 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**

		<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net cash inflow / (outflow) from operating activities</b>		(4,621)	(5,239)
<b>Cash flows from investing activities</b>			
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	
<b>Net cash provided by / (used in) investing activities</b>		3,897	4,802
<b>Cash flows from financing activities</b>			
Loans repaid to LDTBF	-	-	
<b>Net cash provided by / (used in) financing activities</b>		-	-
<b>Change in cash and cash equivalents in the reporting period</b>		(724)	(437)
<b>Cash and cash equivalents at 1 January</b>		5,635	6,072
<b>Cash and cash equivalents at 31 December</b>		4,911	5,635
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>			
<b>Net movement in funds for the year ended</b>			
<b>31 December</b>		(3,707)	1,551
<b>Adjustment for:</b>			
Depreciation charges	34	38	
Dividends, interest and rent from investments	(2,283)	(2,654)	
Gains on revaluation of tangible fixed assets	(797)	(323)	
<b>(Loss) / Gains on revaluation of investments</b>	(1,358)	(3,979)	
<b>Impairment</b>	-	-	
(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	
<b>Net cash provided by / (used in) operating activities</b>		4,621	(5,239)
<b>Analysis of cash and cash equivalents</b>			
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**

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**ANALYSIS OF CHANGES IN NET DEBT**

	At 1 January 2020 £	Cashflows £	Other Changes £	At 31 December 2020 £
<b>Cash and cash equivalents</b>				
Cash	1,886	51	-	1,937
Deposit accounts	3,749	(775)	-	2,974
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Borrowings</b>	5,635	(724)	-	4,911
Debt due within one year	7	(7)	1,312	1,312
Debt due within one year	222	-	(7)	215
	<hr/>	<hr/>	<hr/>	<hr/>
	229	(7)	1,305	1,527
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	5,406	(717)	(1,305)	3,384
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 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 21<sup>st</sup> 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	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2020	2019
	£'000	£'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>323</u>	<u>113</u>	<u>436</u>	<u>983</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	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>9</u>	<u>211</u>	<u>220</u>

	Unrestricted funds		Restricted	Endowment	Restricted Total funds
	General	Designated	Funds	Funds	2019
	£'000	£'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>15</u>	<u>248</u>	<u>263</u>

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**8. CHARITABLE ACTIVITIES (2020)**

	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2020 £'000
<b>Contributions to Archbishops' Council</b>					
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>
<b>Resourcing Ministry and Mission</b>					
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>
<b>Expenditure on Education</b>					
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
<b>Contributions to</b>					
<b>Archbishops' Council</b>					
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>
<b>Resourcing Ministry and Mission</b>					
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>
<b>Expenditure on Education</b>					
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**  
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**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
<b>From unrestricted funds for national Church responsibilities:</b>					
Contributions to Archbishop's Council	6	-	807	807	702
<b>From unrestricted funds:</b>					
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)**

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
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:

	<b>Stipend</b>	<b>Housing</b>
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:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
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**

	<b>Unrestricted funds</b>		<b>Restricted</b>	<b>Endowment</b>
	<b>General</b>	<b>Designated</b>	<b>Funds</b>	<b>Funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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**

	<b>Freehold Land &amp; Buildings £'000</b>	<b>Office Equipment £'000</b>	<b>Motor Vehicles £'000</b>	<b>Total £'000</b>
<b>Cost of valuation</b>				
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>
<b>Depreciation</b>				
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>
<b>Net Book Value</b>				
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 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 <sup>st</sup> January 2020	55,109	59,555
Disposals	(1,209)	(1,625)
(Loss)/Gain on revaluation	(2,955)	(2,821)
Market value as at 31 <sup>st</sup> 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
<b>Endowment Funds</b>						
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>
<b>Trust funds</b>						
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>
<b>Total</b>	<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  
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**16. DEBTORS**

	<b>2020</b>	<b>2019</b>
<b>Due within one year</b>	<b>£'000</b>	<b>£'000</b>
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
<b>Total debtors</b>	<b>1,017</b>	<b>1,741</b>

**17. CREDITORS: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Creditors	197	545
Church Commissioners loans	1,319	7
Other taxes and social security	69	69
Other creditors and accruals	255	605
<b>Total creditors: amounts falling due within one year</b>	<b>1,840</b>	<b>1,226</b>

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**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Church Commissioners value-linked loans	215	222
Pension deficit	529	984
<b>Total creditors: amounts falling due after more than one year</b>	<b>744</b>	<b>1,206</b>

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 31<sup>st</sup> 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  
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**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
<b>UNRESTRICTED FUNDS</b>						
General	809	5,458	(9,277)	3,924	-	914
<b>DESIGNATED FUNDS</b>						
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
<b>RESTRICTED FUNDS</b>						
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
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
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
<b>Expendable</b>						
Parsonage Fund	49,364	-	-	-	-	49,364
	150,049	2,491	(211)	(4,000)	(1,674)	146,655
<b>Total funds</b>	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
<b>UNRESTRICTED FUNDS</b>						
General	1,182	5,881	(9,754)	3,000	-	809
<b>DESIGNATED FUNDS</b>						
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
<b>RESTRICTED FUNDS</b>						
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
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
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
<b>Expendable</b>						
Parsonage Fund	49,155	-	-	-	209	49,364
	146,708	3,150	(248)	(2,525)	2,924	150,049
<b>Total funds</b>	164,994	10,829	(12,414)	-	3,136	166,545

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2020

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
<b>Income</b>				
Dividends	-	1,185	-	1,185
Interest	-	-	-	-
Rents	-	1,067	-	1,067
Other Glebe Income	-	125	-	125
Sale of Glebe – Profit	-	-	113	113
<b>Expenditure</b>				
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
<b>Income</b>				
Dividends	-	1,324	-	1,324
Interest	-	-	-	-
Rents	-	1,238	-	1,238
Sale of Glebe – Profit	-	-	588	588
<b>Expenditure</b>				
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
<b>Unrestricted funds – General</b>	45	-	869	-	914
<b>Unrestricted - designated</b>					
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
<b>Restricted</b>					
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
<b>Endowment Permanent</b>					
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
<b>Expendable</b>					
Parsonage Fund	49,364	-	215	(215)	49,364
	52,297	87,588	7,514	(744)	146,655
<b>Total funds</b>	71,617	87,877	4,088	(744)	162,838

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
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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
<b>Unrestricted funds – General</b>	64	-	745	-	809
<b>Unrestricted - designated</b>					
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
<b>Restricted</b>					
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
<b>Endowment Permanent</b>					
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
<b>Expendable</b>					
Parsonage Fund	52,546	-	(2,960)	(222)	49,364
	55,479	90,429	5,347	(1,206)	150,049
<b>Total funds</b>	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
<b>Other operating leases</b>		
<b>Amounts due:</b>		
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 31<sup>st</sup> December 2020 amounted to £48,485 (2019 : £57,294).

The scheme was actuarially valued as at 1<sup>st</sup> 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:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
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
	<hr/>	<hr/>
Total assets held as custodian trustee	20,938	21,040
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LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
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29. PRIOR YEAR COMPARATIVE SOFA

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2019
	General £'000	Designated £'000	£'000	£'000	£'000
<b>Income and endowments from</b>					
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
<b>Total income</b>	<b>5,881</b>	<b>507</b>	<b>1,291</b>	<b>3,150</b>	<b>10,829</b>
<b>Expenditure on</b>					
Raising funds	-	-	15	248	263
Charitable activities	9,254	771	2,126	-	12,151
Donation to Diocesan Board of Education	-	-	-	-	-
<b>Total expenditure</b>	<b>9,254</b>	<b>771</b>	<b>2,141</b>	<b>248</b>	<b>12,414</b>
<b>Net income/(expenditure) before investment gains/(losses)</b>	<b>(3,373)</b>	<b>(264)</b>	<b>(850)</b>	<b>2,902</b>	<b>(1,585)</b>
Loss on disposal of fixed assets	-	-	(196)	(31)	(227)
Net gains/(losses) on investments	-	-	45	3,934	3,979
<b>Net income/(expenditure)</b>	<b>(3,373)</b>	<b>(264)</b>	<b>(1,001)</b>	<b>6,805</b>	<b>2,167</b>
<b>Transfers between funds</b>	<b>3,000</b>	<b>(475)</b>	<b>-</b>	<b>(2,525)</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>					
Actuarial gains/(losses) on pension scheme	-	-	-	1,673	1,673
Gains/(losses) on revaluation of properties	-	-	323	(2,612)	(2,289)
<b>Net movement in funds</b>	<b>(373)</b>	<b>(739)</b>	<b>(678)</b>	<b>3,341</b>	<b>1,551</b>
<b>Total funds brought forward</b>	<b>1,182</b>	<b>1,985</b>	<b>15,119</b>	<b>146,708</b>	<b>164,994</b>
<b>Total funds carried forward</b>	<b>809</b>	<b>1,246</b>	<b>14,441</b>	<b>150,049</b>	<b>166,545</b>