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# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

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

Company number - 00097256

Registered charity number – 249355

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## **Mission Statement**

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

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

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

This combined report satisfies the legal requirements for a:

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

## **LEGAL OBJECTS**

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

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

The LDTBF has the following statutory responsibilities:-

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

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

## **PUBLIC BENEFIT STATEMENT**

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

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

## STRATEGIC REPORT

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

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

## STRATEGIC PRIORITIES

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

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

### 1. Faithful Worship

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

### 2. Confident Discipleship

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

### 3. Joyful Service

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

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

### 4. Ministry

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

### 5. Resources

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

### 6. Partnerships

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

### Progress in the Year

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

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

### Resourcing Sustainable Church: Time to Change Together

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

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

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

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

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

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

Priorities for 2023 will continue to be:

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

## **Resourcing the Urban Church**

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

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

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

## **Environmental and Net Zero Carbon action**

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



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

### **Safeguarding**

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

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

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

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

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

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

### **Governance and Leadership**

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

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

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

## **PROVISION OF RESOURCES**

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

### **Church Buildings and Pastoral**

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

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

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

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

### **Property Assets & Trusts**

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

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

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

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

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

### **Volunteers**

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

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

### **Other related parties include**

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

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

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

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

## FINANCIAL REVIEW

The principal role of the Trustees is to act as custodians of the Diocese's assets. The Diocese saw an increase in the general funds of £118k, as a result of a reduction in the liability around the pension fund of £236k. This reduced the liability in the year to £Nil (2021: £236k). An increase of £21k in the designated fund, an increase in restricted funds of £0.3k and an increase of £2.6m on the endowment funds as a result of the increased values in our glebe holdings (agricultural land).

### The principal changes during the year were as follows:

**Agricultural Portfolio:** The valuation of the agricultural holdings saw an increase in value of £6.7m with sales of £0.5m. The overall value of the glebe holdings increased to £58.7m. (2021: £52.5m) (note 15(a)); an overall increase of 11%. The Property Director with the support of Savills administered the 11,380 acres of glebe estate during the year. We continued with the implementation of the 5-year Agricultural Glebe Estate Strategy developed in 2018. This has set the framework for maximising income from the estate and continues to be annually reviewed by the Assets Committee.

**Investment Portfolio:** The value of the investment portfolio reduced by £3.9m which is a reflection on the markets and the impact of the budget by the Chancellor mid-way through 2022 (note 15(b)). During the year the Board transferred £2.2m from board property sales into investments to increase the level of income earned. The policy previously adopted whereby surplus property is identified and disposed of continued with the proceeds being re-invested to generate additional income and a corresponding reduction in maintenance costs also being achieved. The value of the investments at the end of the year was £46.8m (2021: £47.7m).

**Parsonages Portfolio:** The Board disposed of 13 surplus properties raising £4.1m and carried out capital works on 7 properties. Part of the proceeds were re-invested into investments funds through the Diocesan Pastoral Fund and the remaining proceeds were held as cash in hand. The Property department undertook the maintenance and repair of around 193 clergy houses and continued to let those properties across the Diocese that were not required for immediate occupation by Clergy. This produced income of £447k in 2022 (2021 £392k).

### Operating Financial Performance

The difference between the Diocese's annual running costs (mainly the cost of paying and housing stipendiary clergy and curates, training and supportive administration) and its annual income (mainly

parish share and investment income) resulted in a deficit for 2022 on the general fund. However, with transfers between funds and the reduction in the pension liability this resulted in positive net income.

The surplus for 2022 (before net gains on investments and other recognised gains/losses) was £138k (2021: £0.3m). This is as a result in the reduction in the pension liability as mentioned above. The operating deficit for 2022 on the general fund was £2.9m (2021: £4.0m.) before the pension adjustment of £139k (2021: £258k). The general fund continues to be funded with the total return transfer from the permanent endowment.

### Clergy Recruitment

The table below shows the changes that have occurred in year in our Clergy numbers which saw a reduction in filled posts when compared to 2021 in line with the implementation of Time to Change Together. The table also reflects the number of retirements in year and the changes with movements both within and out of the Diocese. The table uses actual clergy numbers rather than FTEs.

<b>Stipendiary Clergy</b>	<b>2022</b>	<b>2021</b>
Numbers as at 1 <sup>st</sup> January	114	119
Numbers who left the Diocese in year	(10)	(5)
Numbers that retired in year	(9)	(7)
Posts filled in the year from within the Diocese (Curates)	5	3
Numbers new to the Diocese	1	4
<b>Stipendiary Clergy as at 31<sup>st</sup> December</b>	<b>101</b>	<b>114</b>

### Covenant pledges

2022 was a transition year as we moved across from the old formula parish share system to the new covenant pledge system. The new system now gives the parishes the chance to decide for themselves what they can prayerfully, generously, realistically and purposefully give to contribute to the cost of stipendiary ministry in the diocese. The work of the Covenant Pastors visiting parishes was a significant part of the success of the transition. 2022 has continued to be a challenging year for parishes as they continue to be impacted by the longer term challenges of COVID and the cost of living crisis. Thanks to the change in the share system far more parishes have been able to pay 100% of their pledge and we have seen an increase in giving for 2022 over 2021.

The Trustees are extremely grateful to all the parishes which completed their parish share payments during the year, despite the extremely difficult circumstances that we were faced with during 2022 particularly around the energy crisis and the high cost of inflation. We are especially grateful to those parishes that paid more than they originally pledged. Thank you also to those parishes who made their covenant pledges by monthly instalments. This greatly assisted us with our cash flow. The Trustees are disappointed that more parishes have not joined the Parish Giving Scheme (PGS) and continue to encourage parishes to do so. We currently have over 150 parishes who have signed up to PGS or are in the process of doing so.

### Balance sheet position

The value of fixed assets including investments during 2022 increased by £2.8m. The increase in value of our agriculture land was £6.7m, in line with the turbulence in the investment markets we

saw a decrease of £3.9m in value of our investments and an increase in value of our Board properties of £0.2m. We continued with the disposal of our surplus housing which saw a reduction in our holdings of £4m.

The other change concerns how the Diocese accounts for the pension scheme deficit on multi-employer defined benefit pension scheme, and in particular on the clergy pension scheme which saw a large reduction in the pension deficit to £Nil (2021: £236k).

The net impact of the pension changes in 2022 are summarised in the table below:

	<b>2022 £'000</b>	<b>2021 £'000</b>
Pension deficit as at 1 <sup>st</sup> January	236	529
Pension adjustment	(236)	(293)
Pension deficit as at 31 <sup>st</sup> December (see note 26)	-	236

This resulted in an adjustment to the pension costs in Note 8 and a reduction in expenditure to the general fund.

### **Balance Sheet Funds**

The Trustees consider that the Balance Sheet together with details in note 21 show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the Balance Sheet date totalled £172m. (2021: £169m.) It must be remembered that included in this total are properties, mostly in use for ministry, whose value amounted to £63m. (2021: £66m). These are held within fixed assets with the remaining balance relating to other properties which the LDTBF own for example Edward King House. Much of the remainder of the assets shown in the Balance Sheet are held in restricted funds, and cannot necessarily be used for the general purposes of the LDTBF.

### **Reserves policy**

#### ***Unrestricted reserves***

The Trustees have considered financial risk, liquidity requirements and the timing of cashflows throughout the year. They consider it appropriate to hold a balance of readily realisable assets in the general fund equivalent to three months gross expenditure from unrestricted funds estimated at £3.0m (2021: £3.0m). Free reserves at 31 December 2022, show a positive balance of £1.0m which remains short of the £3.0m. The Trustees recognise that the current balance is not sufficient and this is part of the considerations of Time to Change Together to be able to cover the costs of stipendiary ministry in the diocese. The Trustees are continuing to utilise Total Return in the medium term.

The law governing the use of Diocesan Endowment funds changed in 2016 and the Trustees adopted total return during 2017. The adoption of this enables the Trustees to use a portion of the unapplied total return from the Endowment Stipend Fund to fund the shortfall on stipends and housing. The date used for the initial value of the trust for investment and the initial value of the unapplied total return was 1996 as this was the first year that the SORP was adopted. The value of the investments for the Stipend Endowment Funds as at 1996 has been inflated by RPI up to and including 2016. This

established the baseline as £51m. The Trustees used the guidance issued by the Church Commissioners in the Total Return Guide. The Trustees also took into account the change in legislation to the Diocesan Stipends Funds (amendment) Measure 2016. The Trustees took the advice of the trust auditors and the professional expertise within the Trust body. Please refer to note 20.

### ***Designated funds***

The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2022 total designated reserves were £943k (2021: £922k).

### ***Restricted and endowment funds***

As set out in note 22 LDTBF holds and administers a large number of restricted and endowment funds. As at 31 December 2022 restricted and endowed funds totalled £170m (2021: £168m).

### **Grant making policy**

The Memorandum of Association of the LDTBF explicitly permits the LDTBF to make grants in pursuance of its objects, and the nature of the grants made in 2022 are indicated in note 11.

### **Investment policy**

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

The Assets Committee continued to monitor its holdings and the fund managers in which these funds are held. The Committee continued to be aware of the risks to the portfolio particularly around the pandemic and our exposure to investments in property. As a result of this the Asset Committee during 2022 disinvested from Sarasin & Partners, Mayfair Capital and the Charities Property Fund. These funds were transferred to LGT Vestra and abrdn during 2022. Regular reviews were carried out with the fund managers and frequent information was available to keep them up to date with developments around the fund performance.

The Trustees' investment policy is to preserve the real value of the investment portfolio and to contribute to financing the activities of the Diocese. Growth was not as planned in 2022 due to the turmoil in the markets and in 2022 generally. The value of the investments reduced by £3.9m and as the Diocese invests for the long term the Trustees are not concerned by these drop in values.

The Trustees reviewed the investment portfolio in 2021 and implemented changes to the holdings in 2022 as recommended by the Asset Committee. The investments are split across a number of fund managers which in turn reduces the level of risk for the LDTBF.

The changes to the funds types and managers are detailed below:

- The Charities Property Fund, managed by Savills Investment Management (disinvested during 2022)
- Alpha Common Investment Fund for Endowments, managed by Sarasin & Partners (disinvested during 2022)
- Property Income Trust for Charities, managed by Mayfair Capital Investment Management (disinvested in 2022)
- CBF Church of England Investment Fund, managed by CCLA Investment Management
- Amity Global Equity Fund for Charities, managed by Edentree Investment Management
- Cazenove Capital, managed by Schroder & Co. Limited
- abrdn Capital Limited
- LGT Vestra Wealth Ltd

The Assets Committee reviews the performance of the funds at each of its meetings and held an annual review with its fund managers during December 2022. These were carried out virtually and face to face with the fund managers producing a recording of their presentation prior to the meeting. They then attended the meeting and were asked questions by the Committee. The Asset Committee makes recommendations to the Trustees on investments and will be looking to review the method in which income is paid to the Trust in 2023.

## PRINCIPAL RISKS AND UNCERTAINTIES

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

During the Annual Risk Review which took place in February 2023, Trustees considered the following risks and mitigations to be most critical to the strategic objectives of the organisation:

Detail	Rating	Control and mitigation	Key management activities	Target rating
A lack of young people in our congregations leading to a danger in continuity and diminishing congregation size.	Critical	The Children and Youth Panel and the Mission and Ministry Committee monitor and discuss the work of the Children and Youth Officer and the newly formed College of St Hugh brings together the different growth strands of Time to Change Together.	Funding is being sought through the Diocesan Transformational Fund Panel and the National Church to put in place 9 Children and Youth Enablers, one for each Deanery Partnership. Their role will be in supporting local workers and parish projects including acting as a repository for good practice and shared learnings.	High



Congregation numbers continue to fall resulting in a drop in parish share and resources.	Critical	The strategic development funding programme has been launched to revitalise our urban areas. Congregation numbers monitored by annual statistics and parish share returns.	Focus being placed on growth of mature and committed discipleship through planning, resources and support. Plans for Mission Enablers in each Deanery Partnership to promote the diocesan priority of intentional discipleship.	High
Current high inflation on goods and services and the impact of the cost of living on staff may impact on the 5-year TTCT budget plan, which may result in the need to draw down on Total Return for the longer term which would shrink our income and lead to an increasing deficit.	Critical	Regular management accounts reviewed by the Financial Reporting Advisory Panel and BCDT. Our auditors have been content with our approach to Total Return following detailed forecasting projections created in 2020 and then updated regularly. Monitoring any reductions in costs where possible.	As of the end of 2022 the deficit was significantly reduced with the benefit of windfalls on disposals. Additional funds from disposals have been successfully reinvested increasing income, and covenant giving has recovered well to £3.6m following a drop earlier in the pandemic. Trustees have approved an additional £2.9m drawdown of Total Return to provide comfort on going concern.	High
That the IT infrastructure of the LDTBF will be damaged by a cyber threat such as malware and viruses meaning that vital data may be lost or ransomed should there be a failure in our cyber security systems. This was discovered to be more urgent with the fact that the operating system our servers use will be made redundant before the end of 2023 and therefore not protected.	Critical	Mansys (our external IT provider) monitor phishing emails and carry out cyber security training with members of staff to avoid human error lapses. Cyber Essentials accreditation has been gained following an internal review of our IT provision over the last 18 months.	A timeline has been set for the migration of our file structure onto cloud storage so that the servers can be removed. This project is considered vital for our continued operations and will be appropriately resourced. A number of recommendations have been made by our audit partners following the first IT controls audit, which will be implemented and reported back to the board as a priority.	High
That the necessary culture change (partnerships, generosity, growth) required under Time To Change Together isn't achieved. That the end-point becomes financial rather than missional and that insufficient energy is put into the culture change required.	High	The Bishop's Operations Group have met regularly throughout the process with regular updates and discussion at both BCDT and Synod. Devoted section of the website provides the necessary high-level vision as well as practical guides.	Three archidiaconal Vision Days on the re-imagining of ministry to be held before the end of Q1 2023, where every lay or ordained licenced minister will be invited to hear the Bishop's charge and discuss in their local teams the future.	Medium

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

Following the 2023 review, Trustees agreed that the current risk control framework is robust enough to provide the necessary assurance that risk is taken seriously at all levels, and that the culture of risk management desired can be seen throughout the organisation.

## **STRUCTURE AND GOVERNANCE**

While the LDTBF is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the LDTBF reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. Caring for the 104 trained stipendiary clergy and 20 training curates in the Diocese is a priority of the LDTBF and represents by far its largest financial commitment. Although the LDTBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. New terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold). The new package gives greater clarity on the rights and obligations of clergy and requires that they participate in a process of Continual Professional Development and Ministerial Development Review. It also gives clergy access to Employment Tribunals and other useful services.

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

### **Summary Information about the structure of the Church of England**

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

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

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

church in that place, in a similar way to that in which the bishop shares responsibilities with the Diocesan Synod.

### **Organisational structure**

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

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

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

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

The 11 elected members of the Bishop's Council of Diocesan Trustees are elected by Diocesan Synod and from its number. 9 of these positions are spread equally over the three archdeaconries of the Diocese, with the remaining two elected as chairs of the Houses of Laity and Clergy. The Diocesan bishop is an ex-officio member, as are the Suffragan bishops, the Dean of Lincoln, the three archdeacons, the chair of the LDTBF and the chair of the DMPC (if not already the Diocesan bishop). The details of the Trustees who served during the year are set out on page 24.

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

### **Decision making structure**

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

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

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

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

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

Three meetings of Diocesan Synod were held in 2022, including a meeting in April which also acted as the Annual General Meeting of the LDTBF. The Bishop's Council of Diocesan Trustees moved back to meeting entirely in person in 2022, following two years of virtual, and hybrid meetings. Due to the size of the body and the requirement for thorough discussion prior to decision making, the Business Planning Committee decided that BCDT meetings should where possible always be held in person.

The Standing Orders were reviewed and re-approved by Diocesan Synod at the end of the year, after the complete re-write done as part of the governance changes in 2018. The recent changes reflected the lessons learned over the past 5 years, including the need for appropriate flexibility during the pandemic.

**Audit and Compliance Committee (Chair David Cowell):**

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

**Assets Committee (Chair Jane Powell):**

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

**Trusts Committee (Chair The Revd Elaine Turner):**

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

**Clergy Housing Committee (Chair David Wright):**

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

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

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

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

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

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

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

**Training for Trustees**

Trustees are given an extensive induction at the beginning of their term and training which is tailored to their specific needs. There were 2 newly elected trustees 2022 who went through the trustee induction programme. The triennial residential trustee training session took place in January 2022, with topics including Finance, Risk Management and Trustee Responsibilities. A standing item on all trustee agendas is 'relevant legislative changes', so that Trustees remain abreast of any changes to company, charity or ecclesiastical law of which they should be concerned. Trustees also undertook Unconscious Bias training using an online training tool during the year, which was part of a trustee commitment following the National Church's report and recommendations on diversity and inclusion, "From Lament to Action".

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

**Remuneration of key management personnel**

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

### **Delegation of day to day delivery**

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

### **Funds held as Custodian Trustee**

The LDTBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the LDTBF does not control them, and they are segregated from the LDTBF's own assets by means of a separate bank account and accounting system. Further details of financial trust assets, whose market value amounted to £22m at 31 December 2021 (2021: £23m), are available from the LDTBF on request, and are summarised in note 28. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

### **TRUSTEES' RESPONSIBILITIES**

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

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

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

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

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

third party indemnity insurance is place.

## STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

## APPOINTMENT OF AUDITORS

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

## ADMINISTRATIVE DETAILS

### Trustees

No Trustee had any beneficial interest in the company during 2022. The following Trustees were in post at the date of this report:

Ex-officio:

The Acting Diocesan Bishop	The Rt Revd Stephen Conway
The Bishop of Grimsby	The Rt Revd Dr David Court
The Bishop of Grantham	The Rt Revd Dr Nicholas Chamberlain
The Dean of Lincoln	The Very Revd Christine Wilson
The Archdeacon of Boston	The Venerable Dr Justine Allain Chapman
The Archdeacon of Stow & Lindsey	The Venerable Alyson Buxton (from 15 July 2022)
The Archdeacon of Lincoln	The Venerable Gavin Kirk

Elected by Synod:

Canon Nigel Bacon, Chair of the House of Laity  
The Revd Canon Alyson Buxton, Chair of the House of Clergy (until 15 July 2022)  
The Revd John Cameron Watt, Chair of the House of Clergy (from 16 July 2022)  
The Revd Georgina Machell  
The Revd Nicholas Nawrockyi  
The Revd Rachel Heskins (from 16 July 2022)  
Mrs Susan Slater  
Mrs Ruth Brewin  
Mr Russell Coulter  
Mr Richard Bayes (until 19 November 2022)  
Mrs Susan Watt  
Mr Paul Davie

Appointed by the Diocesan Bishop:

Canon Prof Muriel Robinson, Chair of the LDTBF (with the approval of Synod)

Miss Jane Powell- Chair of the Assets Committee

Mr David Cowell- Chair of the Audit and Governance Committee

Mr David Wright- Chair of the Clergy Housing Committee

Dr Jaishan Mahan (from 9 January 2022)

### Senior staff and advisers

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

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

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

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

Solicitors: Lee Bolton Monier-Williams  
1 The Sanctuary Westminster London SW1P 3JT  
Chattertons Solicitors  
Chattertons House, 2 Low Moor Road, Off Doddington Road, Lincoln,  
LN6 3JY

Investment advisers: *CCLA Investment Management Ltd*  
Senator House, 85 Queen Victoria Street, London, EC4V 4ET  
*Schroder & Co. Limited*  
1 London Wall Place, London, EC2Y 5AU  
*EdenTree Investment Management Ltd*  
Sunderland, SR43 4AU  
Swindon, SN4 4BG  
*abrdn Capital Limited*  
1 George Street, Edinburgh, EH2 2LL  
*LGT Wealth Management UK LLP,*  
14 Cornhill, London, EC3V 3NR

Glebe Agents: Savills, Olympic House, Doddington Road, Lincoln, LN6 3SE

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

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

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 18 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

**Muriel Robinson**

Chair

30 March 2023

**David Dadswell**

Secretary

30 March 2023



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

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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 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

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

**INDEPENDENT AUDITORS'S REPORT (continued)**

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of trustees for the financial statements**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

**INDEPENDENT AUDITORS'S REPORT (continued)**

basis of these financial statements.

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

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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: 30 March 2023

10 Queen Street Place  
London EC4R 1AG

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the year ended 31 December 2022**

	Note	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
<b>Income and endowments from</b>							
Donations							
Parish contributions	2	3,651	-	-	-	3,651	3,487
Archbishop's Council		1,106	-	810	-	1,916	1,314
Other donations		703	-	-	-	703	418
Charitable activities	3	508	-	67	-	575	604
Other trading activities	4	22	-	427	-	449	684
Investments	5	16	-	165	2,135	2,316	2,246
Other income	6	-	-	1,059	263	1,322	1,778
<b>Total income</b>		<b>6,006</b>	<b>-</b>	<b>2,528</b>	<b>2,398</b>	<b>10,932</b>	<b>10,531</b>
<b>Expenditure on</b>							
Raising funds	7	-	-	22	225	247	304
Charitable activities	8	8,794	-	1,753	-	10,547	10,511
<b>Total expenditure</b>		<b>8,794</b>	<b>-</b>	<b>1,775</b>	<b>225</b>	<b>10,794</b>	<b>10,815</b>
<b>Net income/(expenditure) before investment gains/(losses)</b>		<b>(2,788)</b>	<b>-</b>	<b>753</b>	<b>2,173</b>	<b>138</b>	<b>(284)</b>
Loss on disposal of fixed assets	-	-	-	-	(148)	(148)	(73)
Net gains/(losses) on investments	15	-	-	(667)	(3,304)	(3,971)	4,380
<b>Net income/(expenditure)</b>		<b>(2,788)</b>	<b>-</b>	<b>86</b>	<b>(1,279)</b>	<b>(3,981)</b>	<b>4,023</b>
<b>Transfers between funds</b>	13	2,906	21	-	(2,927)	-	-
<b>Other recognised gains/(losses)</b>							
Actuarial gains/(losses) on pension scheme	26	-	-	-	97	97	35
Gains/(losses) on revaluation of properties	14,15	-	-	259	6,726	6,985	2,619
<b>Net movement in funds</b>		<b>118</b>	<b>21</b>	<b>345</b>	<b>2,617</b>	<b>3,101</b>	<b>6,677</b>
<b>Total funds brought forward</b>		<b>1,070</b>	<b>922</b>	<b>23,118</b>	<b>144,405</b>	<b>169,515</b>	<b>162,838</b>
<b>Total funds carried forward</b>	19	<b>1,188</b>	<b>943</b>	<b>23,463</b>	<b>147,022</b>	<b>172,616</b>	<b>169,515</b>

All activities derive from continuing activities. The notes on pages 33 to 60 form part of the financial statements. Details of comparative figures by fund are included in note 29.

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 December 2022**

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	<b>Total 2022 £'000</b>	<b>Total 2021 £'000</b>
<b>Total income (excluding endowments)</b>	8,534	8,010
<b>Total expenditure (excluding endowments)</b>	(10,547)	(10,511)
<b>Surplus of income over expenditure in the year before transfers</b>	(2,013)	(2,501)
Net gains/(losses) on investments	(667)	491
Transfers from endowment of total return applied in the year	2,927	4,000
<b>Net income/expenditure for the year</b>	247	1,990
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	259	604
Net (losses) on disposal of fixed assets	(148)	(71)
Transfer of fixed assets to restricted funds	-	6,434
<b>Total comprehensive income</b>	358	8,957

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

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**BALANCE SHEET**  
**At 31 December 2022**

Company Number –00097256

		2022	2021
	Note	£'000	£'000
<b>FIXED ASSETS</b>			
Tangible assets	14	63,282	66,043
Investments	15	105,584	100,256
		<u>168,866</u>	<u>166,299</u>
<b>CURRENT ASSETS</b>			
Debtors	16	949	1,171
Cash on deposit		2,031	2,280
Cash at bank and in hand		1,872	721
		<u>4,852</u>	<u>4,172</u>
<b>CREDITORS: amounts falling due within one year</b>	17	(1,030)	(648)
		<u>3,822</u>	<u>3,524</u>
<b>NET CURRENT ASSETS</b>		<u>3,822</u>	<u>3,524</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>172,688</u>	<u>169,823</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Pension scheme liabilities		-	(236)
Other creditors		(72)	(72)
		<u>172,616</u>	<u>169,515</u>
<b>NET ASSETS</b>		<u>172,616</u>	<u>169,515</u>
<b>FUNDS</b>			
Endowment funds	19,21	147,022	144,405
Restricted income funds	19	23,463	23,118
<b>Unrestricted income funds:</b>			
General funds	19	1,188	1,070
Designated funds	19	943	922
		<u>172,616</u>	<u>169,515</u>
<b>TOTAL FUNDS</b>		<u>172,616</u>	<u>169,515</u>

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 30 March 2023 and signed on behalf of the Board by:

.....  
**Muriel Robinson**  
**Chair**

.....  
**The Rt Revd Stephen Conway**  
**Acting Bishop of Lincoln**

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**CASH FLOW STATEMENT**  
**For the year ended 31 December 2022**

		<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net cash inflow / (outflow) from operating activities</b>		(3,027)	(5,715)
<b>Cash flows from investing activities</b>			
Dividends, interest and rent from investments	2,316	2,246	
Proceeds from the sale of tangible fixed assets	3,644	7,186	
Purchase of tangible fixed assets	(826)	(146)	
Disposal of investments	22,830	460	
Repayment of Loan to Church Commissioners	-	(1,312)	
Purchase of investments	(25,403)	(6,443)	
Gain on sale of investments	1,322	1,778	
<b>Net cash provided by / (used in) investing activities</b>		3,883	3,769
<b>Cash flows from financing activities</b>			
Loans repaid to LDTBF	46	36	
<b>Net cash provided by / (used in) financing activities</b>		46	36
<b>Change in cash and cash equivalents in the reporting period</b>		902	(1,910)
<b>Cash and cash equivalents at 1 January</b>		3,001	4,911
<b>Cash and cash equivalents at 31 December</b>		3,903	3,001
<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>		3,101	(6,677)
<b>Adjustment for:</b>			
Depreciation charges	9	28	
Dividends, interest and rent from investments	(2,316)	(2,246)	
Loss on revaluation of tangible fixed assets	(259)	(604)	
Gains/(Loss) on revaluation of investments	3,971	(4,380)	
Impairment	-	-	
Loss on revaluation – investment properties	(6,726)	(2,015)	
Movement in pension scheme deficit	(236)	(293)	
Loss on disposal of fixed assets	148	73	
Profit on sale of fixed assets	(1,322)	(1,778)	
Decrease in stock	-	-	
Decrease / Increase) in debtors	221	153	
Increase / (Decrease) in creditors	382	(1,330)	
<b>Net cash provided by / (used in) operating activities</b>		(3,027)	5,715
<b>Analysis of cash and cash equivalents</b>			
Cash in hand	1,872	721	
Notice deposits (less than 3 months)	2,031	2,280	
	3,903	3,001	

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**CASH FLOW STATEMENT**  
**For the year ended 31 December 2022**

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**ANALYSIS OF CHANGES IN NET DEBT**

	At 1 January 2022 £	Cashflows £	Other Changes £	At 31 December 2022 £
<b>Cash and cash equivalents</b>				
Cash	721	1,151	-	1,872
Deposit accounts	2,280	(249)	-	2,031
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Borrowings</b>	3,001	902	-	3,903
Debt due within one year	-	-	-	-
Debt due within one year	72	-	-	72
	<hr/>	<hr/>	<hr/>	<hr/>
	72	-	-	72
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	2,929	902	-	3,831
	<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 applicable to charities in the UK and Republic of Ireland (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The principal accounting policies and estimation techniques are as follows.

### a) Income

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

- i) **Parish Share contributions** – The principal source of income comes from voluntary giving in the form of parish contributions which includes amounts received up to 14th January relative to the year, following the year end. Income also includes any arrears received from previous years.
- ii) **Rent and investment income** - Rent and investment income are recognised as income when receivable.
- iii) **Interest and dividends** are recognised as income when receivable.
- iv) **Grants** received which are subject to pre-conditions specified by the donor which have not been met at the year-end are included in creditors and carried forward to the following year.
- v) **Parochial fees** are recognised as income in the year to which they relate.
- vi) **Donations** other than grants are recognised when receivable.
- vii) **Gains on disposal of fixed assets** for LDTBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.
- viii) **Stipends fund income** - The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, satisfied.

## 1. ACCOUNTING POLICIES (continued)

### b) Expenditure

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

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

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

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

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

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

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

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

### c) Tangible fixed assets and depreciation

#### **Freehold properties and parsonages**

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

## 1. ACCOUNTING POLICIES (continued)

### c) Tangible fixed assets and depreciation (continued)

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

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

#### Properties subject to value linked loans

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

#### Investment properties

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

#### Parsonage houses

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

### d) Non Property fixed assets

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

#### Depreciation

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

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

## 1. ACCOUNTING POLICIES (continued)

### Other investments

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

### Critical accounting judgements and key sources of estimation uncertainty

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

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

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

### Financial instruments

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

## e) Other accounting policies

### Debtors

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

### Creditors and provisions

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

## 1. ACCOUNTING POLICIES (continued)

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

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

### **Funds**

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

### **Endowment funds**

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

### **Trust Funds**

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

### **Reserves Policy**

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

## f) **Going Concern**

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

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

## 2. DONATIONS

### Parish Contributions

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

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Current year apportionment	4,022	-	-	-	4,022	5,019
Shortfall in contributions	(371)	-	-	-	(371)	(1,532)
	<u>3,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,651</u>	<u>3,487</u>
Receipts for previous years	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Income	<u>3,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,651</u>	<u>3,487</u>

Current year parish share receipts represent 90.7% of the total apportioned (2021 –69%), or, when receipts for previous years are included, 90.7% of the total apportioned (2021 –69%). During 2022 the basis for the collection of parish share changed to a covenant pledge system. This resulted in a reduction in the level of ask from a formula based approach to a level where parishes pledge what they can offer. This resulted in an increased percentage contribution. All parish contributions in the year ended 31 December 2021 were attributable to the general fund.

### Archbishop's Council

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Lowest Income Funding	1,106	-	-	-	1,106	1,068
Strategic Development	-	-	363	-	363	246
Energy grant for parishes	-	-	447	-	447	-
	<u>1,106</u>	<u>-</u>	<u>810</u>	<u>-</u>	<u>1,916</u>	<u>1,314</u>

This is the annual grant for the parish mission fund, which may be used for specific parish mission and development projects or for clergy stipends. All Lowest Income Funding received in the year ended 31 December 2021 was attributable to the general fund. The LDTBF were successful with a Strategic Development Fund bid which provides funding for church planting for a period of 5 years. During 2022 an additional grant of £447k was paid by the Archbishop's Council to support parishes with the increase in energy costs.

### Other donations

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Benefact Grant	141	-	-	-	141	147
Donations	562	-	-	-	562	271
	<u>703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>703</u>	<u>418</u>

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**2. DONATIONS (continued)**

All income from other donations in the year ended 31 December 2021 was attributable to the general fund.

**3. CHARITABLE ACTIVITIES**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2022	Total funds 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Statutory fees	501	-	-	-	501	516
Church Commissioners' Guaranteed annuities	-	-	-	-	-	1
Chaplaincy and other	-	-	-	-	-	3
Fees from training	5	-	67	-	72	83
Income recharged for Support to parishes	2	-	-	-	2	1
	<u>508</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>575</u>	<u>604</u>

In the year ended 31 December 2021 fees from training of £82k was attributable to restricted funds. All other income from charitable activities was attributable to the general fund.

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2022	Total funds 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Housing income	22	-	427	-	449	409
Income from DBF fundraising	-	-	-	-	-	275
	<u>22</u>	<u>-</u>	<u>427</u>	<u>-</u>	<u>449</u>	<u>684</u>

In the year ended 31 December 2021 £523k was attributable to restricted funds.

**5. INVESTMENT INCOME**

	Unrestricted funds		Restricted Funds	Endowment funds	Total funds 2022	Total funds 2021
	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Dividends receivable	-	-	165	1,081	1,246	1,255
Interest receivable	16	-	-	-	16	15
Rents receivable	-	-	-	1,054	1,054	976
	<u>16</u>	<u>-</u>	<u>165</u>	<u>2,135</u>	<u>2,316</u>	<u>2,246</u>

In the year ended 31 December 2021 interest receivable of £15k was attributable to the general fund. £54k was attributable to restricted funds All other investment income was attributable to endowment funds.

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**6. OTHER INCOME**

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Gain/(Loss) on sale of Properties & Glebe	-	-	1,059	263	1,322	1,770
Sale receipts from churches	-	-	-	-	-	8
	-	-	1,059	263	1,322	1,778

In the year ended 31 December 2021 gains on the sale of Properties & Glebe of £1,575k was attributable to restricted funds, £183k was attributable to endowment funds. All other income was attributable to the general fund.

**7. RAISING FUNDS (2022)**

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2022
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	225	225
Parsonage rental costs	-	-	22	-	22
	-	-	22	225	247

**RAISING FUNDS (2021)**

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	274	274
Parsonage rental costs	-	-	30	-	30
	-	-	30	274	304



LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022

**8. CHARITABLE ACTIVITIES (2022)**

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

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022

**8. CHARITABLE ACTIVITIES (2021)**

	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2021
	£'000	£'000	£'000	£'000	£'000
<b>Contributions to</b>					
<b>Archbishops' Council</b>					
Training for Ministry	307	-	-	-	307
National Church Responsibilities	214	-	-	-	214
Grants & Provisions	26	-	-	-	26
Mission agency pension costs	14	-	-	-	14
Retired clergy housing Costs	113	-	-	-	113
Pooling of ordinands maintenance grants	98	-	-	-	98
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	772	-	-	-	772
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Resourcing Ministry and Mission</b>					
Parish Ministry					
Stipends and national insurance	4,188				4,188
Pension contributions	1,197	-	-	-	1,197
Housing costs	641	-	873	-	1,514
Removal, resettlement and grants	90	-	-	-	90
Other expenses	18	-	-	-	18
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	6,134	-	873	-	7,007
Support for parish ministry					
Support costs	1,384	266	139	-	1,789
	843	-	-	-	843
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,227	266	139	-	2,632
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure on Education</b>					
Support for church schools and parishes	100	-	-	-	100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,233	266	1,012	-	10,511

**9. ANALYSIS OF EXPENDITURE  
INCLUDING ALLOCATION OF  
SUPPORT COSTS (2022)**

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

**ANALYSIS OF EXPENDITURE  
INCLUDING ALLOCATION OF  
SUPPORT COSTS (2021)**

	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2021 £'000
Raisings funds	304	-	-	304
Charitable activities:				
Contributions to Archbishop's Council	-	772	-	772
Resourcing parish ministry	8,580	216	843	9,639
Education	-	100	-	100
	<u>8,884</u>	<u>1,088</u>	<u>843</u>	<u>10,815</u>

**10. ANALYSIS OF SUPPORT COSTS  
(2022)**

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

**ANALYSIS OF SUPPORT COSTS  
(2021)**

	Unrestricted funds		Restricted Funds	Endowment Funds	Total funds 2021 £'000
	General £'000	Designated £'000	£'000	£'000	£'000
Central administration	602	-	-	-	602
Governance:					
External audit	25	-	-	-	25
Registrar and Chancellor	143	-	-	-	143
Synodical costs	73	-	-	-	73
	<u>843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>843</u>

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 December 2022

**11. ANALYSIS OF GRANT MADE**

	Number	Individuals £'000	Institutions £'000	2022 Total £'000	2021 Total £'000
<b>From unrestricted funds for national</b>					
<b>Church responsibilities:</b>					
Contributions to Archbishop's Council	6	-	750	750	772
<b>From unrestricted funds:</b>					
Support for Board of Education	1	-	100	100	100
PEV Episcopal Visitors	1	-	2	2	2
Churches Together in Lincolnshire	1	-	9	9	8
Lincoln St. Swithins	-	-	-	-	-
Stamford St. George	-	-	-	-	5
Transformation Grants	27	-	79	79	18
Community of St. Francis	-	-	-	-	-
Elloe East Deanery	1	-	8	8	6
Clergy Settlement Grants	13	32	-	32	34
Clergy 1st Appointment Grants	6	16	-	16	29
Miscellaneous grants	8	5	-	5	1
Clergy Robing Grants	1	1	-	1	2
Ordinands in training	4	47	-	47	43
Ministry Division grants	23	21	39	60	61
The Clergy Stipend Fund	14	7	-	7	7
	100	129	237	366	316

In the year ended 31 December 2021 grants of £135k were awarded to individuals, £182k to institutions.

**12. STAFF COSTS**

	2022 £'000	2021 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,355	1,442
National insurance contributions	135	131
Pension costs	125	139
	1,615	1,712

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

	2022 Number	2021 Number
Administration and financial management	10	8
Property	5	5
Discipleship & Ministry, Stewardship	17	17
Safeguarding & inclusion	4	4
Total for the Charity	36	34

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**12. STAFF COSTS (Continued)**

	<b>2022</b>	<b>2021</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:		
£80,001 - £90,000	2	2
Pension payments of £23,881 were made in 2022 in respect of the above individuals (2021: £19,634).		

**Remuneration of key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2022 they were the Diocesan Secretary, Property Director and the Director of Finance.

Remuneration, pensions and expenses for the three employees amounted to £269,961 (2021 : £264,258).

**Trustees' emoluments**

No Trustee received any remuneration for services as Trustee (2021 – None). Trustees received travelling and out of pocket expenses, totalling £18,286 (2021– £10,399) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	<b>Stipend</b>	<b>Housing</b>
The Rt Revd Dr Nicholas Chamberlain	No	Yes
The Rt Revd Dr David Court	No	Yes
The Venerable Alyson Buxton	Yes	Yes (until 11 July 2022) (with effect from 12 July a housing allowance is payable)
The Venerable Dr Justine Allain Chapman	Yes	Yes
The Venerable Gavin Kirk	Yes	Yes
The Revd Georgina Machell	Yes	Yes
The Revd Nicholas Nawrockyi	Yes	Yes
The Revd Cameron Watt	Yes	No (but is in receipt of a housing allowance)
The Revd Rachel Heskins	Yes	Yes

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

The LDTBF paid an average of 129 (2021 – 150) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Stipends	3,495	3,860
National insurance contributions	302	329
Pension costs - current year	1,225	1,455
- deficit reduction	(139)	(258)
- interest cost	-	35
	<u>4,883</u>	<u>5,421</u>

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**12. STAFF COSTS (continued)**

**Trustees' emoluments (continued)**

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £38,050 - £46,640 (2021 range £37,672-£46,173). The annual rate of stipend, funded by the LDTBF, paid to Archdeacons in 2022 was in the range £37,198-£38,633 (2021 range £36,830- 38,245) and other clergy who were Trustees were paid in the range £25,637 - £29,614 (2021 range £25,384-£28,113). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2022 at £11,261 (2021 at £11,150). The value of housing provided to Diocesan Bishops is £25,000.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS	Unrestricted funds		Restricted	Endowment
	General £'000	Designated £'000	Funds £'000	Funds £'000
From General Fund to Designated Fund	(21)	21	-	-
From Endowment Funds Unapplied Total Return to the General Fund	2,927	-	-	(2,927)
	<u>2,906</u>	<u>21</u>	<u>-</u>	<u>(2,927)</u>

£21k was transferred from the general fund to the designated fund which related to the unspent element of the Transformation Fund during 2022. This has been transferred to fund future missional projects. The Trustees adopted total return in 2017 and as per the agreed policy £2.9m has been transferred to the General Fund from the Endowment Fund to fund costs of stipends in line with the measure.

**14. TANGIBLE FIXED ASSETS – Land & Buildings**

	Freehold Land & Buildings £'000	Office Equipment £'000	Total £'000
<b>Cost of valuation</b>			
At 1 January 2022	66,002	167	66,169
Additions	826	12	838
Transfers	-	-	-
Disposals	(3,809)	(29)	(3,838)
Revaluation	259	-	259
At 31 December 2022	<u>63,278</u>	<u>150</u>	<u>63,428</u>
<b>Depreciation</b>			
At 1 January 2022	-	126	126
Disposals	-	11	11
Charge for the year	-	9	9
At 31 December 2022	<u>-</u>	<u>146</u>	<u>146</u>
<b>Net Book Value</b>			
At 31 December 2022	<u>63,278</u>	<u>4</u>	<u>63,282</u>
At 31 December 2021	<u>66,002</u>	<u>41</u>	<u>66,043</u>

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

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

Benefice properties were included in the balance sheet at historic cost as at 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 £102,068,246 as at 31 December 2022 together with redundant churches and the glebe estate insured by the tenants.

During 2022 the LDTBF disposed of The Old Palace, The Old Palace Lodge (previously St. Michael on the Mount). The value which is held in the balance sheet relating to Edward King House is £1,683,756. This is considered to be a fair value.

On 31 December there was a housing stock of 193 properties with a value of £61,075,975 of which 41 were let.

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

#### 15. TOTAL INVESTMENT ASSETS

	2022 £'000	2021 £'000
Investment properties - 15 (a)	58,707	52,500
Investments – 15 (b)	46,877	47,756
Total investment assets	105,584	100,256

#### 15(a) INVESTMENT PROPERTIES

	2022 £'000	2021 £'000
Market value at 1 January 2022	52,500	50,945
Disposals	(519)	(460)
(Loss)/Gain on revaluation	6,726	2,015
Market value as at 31 December 2022	58,707	52,500

The investment properties are revalued by Savills by a RICS registered valuer. These were revalued as at 31<sup>st</sup> December 2022. During 2022 4.94 acres of development land was disposed of. The valuations were undertaken in line with the definition of Market Value as defined in the RICS Red Book, as detailed below:

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

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

**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

**15(a) INVESTMENT PROPERTIES (continued)**

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

**15(b). FIXED ASSETS INVESTMENTS**

	At 1 January 2022 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	At 31 December 2022 £'000
<b>Endowment Funds</b>						
Charities Property Fund	6,015	-	(6,561)	-	546	-
CBF Church of England Fund	9,111	-	-	-	(1,072)	8,039
Sarasin Endowment Fund	14,994	-	(13,499)	-	(1,495)	-
Edentree Amity Global Equity Fund	2,524	-	-	-	(212)	2,312
Property Income Trust for Charities	2,161	-	(2,251)	-	90	-
Cazenove Capital	5,727	3,177	-	-	(715)	8,189
Abrdn	-	10,000	-	-	(27)	9,973
LGT Wealth Management	-	10,000	-	-	(419)	9,581
	<u>40,532</u>	<u>23,177</u>	<u>(22,311)</u>	<u>-</u>	<u>(3,304)</u>	<u>38,094</u>
<b>Diocesan Pastoral Fund</b>						
CBF Church of England Fund	2,137	-	-	-	(251)	1,886
Edentree Amity Global Equity Fund	4,255	750	-	-	(352)	4,653
Cazenove Capital	502	1,476	-	-	(32)	1,946
	<u>6,894</u>	<u>2,226</u>	<u>-</u>	<u>-</u>	<u>(635)</u>	<u>8,485</u>
<b>Trust funds</b>						
M & G Charifund	121	-	-	-	(7)	114
CBF Church of England Fund	209	-	-	-	(25)	184
	<u>330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32)</u>	<u>298</u>
<b>Total</b>	<u>47,756</u>	<u>25,403</u>	<u>(22,311)</u>	<u>-</u>	<u>(3,971)</u>	<u>46,877</u>



**LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2022**

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**16. DEBTORS**

	<b>2022</b>	<b>2021</b>
<b>Due within one year</b>	<b>£'000</b>	<b>£'000</b>
Debtors	483	554
Old Palace Hotel Loan	-	141
Old Palace debtors	-	25
Other debtors and prepayments	412	444
Interest free loans within the Diocese	54	8
	<hr/>	<hr/>
<b>Total debtors</b>	<b>949</b>	<b>1,172</b>
	<hr/>	<hr/>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Creditors	241	194
Other taxes and social security	157	42
Other creditors and accruals	632	412
	<hr/>	<hr/>
<b>Total creditors: amounts falling due within one year</b>	<b>1,030</b>	<b>648</b>
	<hr/>	<hr/>

The bank overdraft is secured on West Rasen Farm at a rate of 1.65% above the bank base rate which forms part of the Glebe portfolio.

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Church Commissioners value-linked loans	72	72
Pension deficit	-	236
	<hr/>	<hr/>
<b>Total creditors: amounts falling due after more than one year</b>	<b>72</b>	<b>308</b>
	<hr/>	<hr/>

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

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022

19. SUMMARY OF FUND MOVEMENTS (2022)

	Balances at 1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2022 £'000
<b>UNRESTRICTED FUNDS</b>						
General	1,070	6,006	(8,794)	2,906	-	1,188
<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
Transformation Fund	184	-	-	24	-	208
Resource Church Funding	437	-	-	-	-	437
	922	-	-	21	-	943
<b>RESTRICTED FUNDS</b>						
Pastoral fund	22,389	2,461	(1,656)	-	(376)	22,818
Pastoral No.2 Account	27	-	-	-	-	27
Other Restricted	702	67	(119)	-	(32)	618
	23,118	2,528	(1,775)	-	(408)	23,463
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Trust for Investment	30,950	-	-	3,281	-	34,231
Unapplied Total Return	49,486	2,135	-	(6,208)	(3,452)	41,961
Other Investment Assets	21,039	263	(225)	-	6,823	27,900
<b>Expendable</b>						
Parsonage Fund	42,930	-	-	-	-	42,930
	144,405	2,398	(225)	(2,927)	3,371	147,022
<b>Total funds</b>	169,515	10,932	(10,794)	-	2,963	172,616

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022

19. SUMMARY OF FUND MOVEMENTS (2021)

	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	Balances at 31 December 2021 £'000
<b>UNRESTRICTED FUNDS</b>						
General	914	5,472	(9,233)	3,917	-	1,070
<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
Transformation fund	101	-	-	83	-	184
Resource Churches funding	457	246	(266)	-	-	437
	859	246	(266)	83	-	922
<b>RESTRICTED FUNDS</b>						
Pastoral fund	13,784	2,153	(966)	6,434	984	22,389
Pastoral No.2 Account	27	-	-	-	-	27
Other Restricted	599	139	(76)	-	40	702
	14,410	2,292	(1,042)	6,434	1,024	23,118
<b>ENDOWMENT FUNDS</b>						
<b>Permanent</b>						
Trust for Investments	29,342	-	-	1,608	-	30,950
Unapplied Total Return	48,980	2,225	-	(5,608)	3,889	49,486
Other Investment Assets	18,969	296	(274)	-	2,048	21,039
<b>Expendable</b>						
Parsonage Fund	49,364	-	-	(6,434)	-	42,930
	146,655	2,521	(274)	(10,434)	5,937	144,405
<b>Total funds</b>	162,838	10,531	(10,815)	-	6,961	169,515

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 December 2022

20. ENDOWED FUND –TOTAL RETURN (2022)	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
	£'000	£'000	£'000	£'000
At the beginning of the reporting period:	30,950	49,486	21,039	101,475
<b>Income</b>				
Dividends		1,081	-	1,081
Rents	-	1,054	-	1,054
Sale of Glebe - Profit	-	-	263	263
<b>Expenditure</b>				
Stipends Cost	-	-	(225)	(225)
(Loss) on fixed assets	-	(148)	-	(148)
(Loss) on investments	-	(3,304)	-	(3,304)
Transfer to cover stipends	-	(2,927)	-	(2,927)
Indexation	3,281	(3,281)	-	-
Gain on pension	-	-	97	97
Gain on revaluation of property	-	-	6,726	6,726
At end of the reporting period	34,231	41,961	27,900	104,092
20. ENDOWED FUND –TOTAL RETURN (2021)	Trust for Investment	Unapplied Total Return	Other Investment Assets	Total Endowment
	£'000	£'000	£'000	£'000
At the beginning of the reporting period:	29,342	48,979	18,969	97,290
<b>Income</b>				
DBF Fundraising	-	48	113	161
Dividends	-	1,201	-	1,201
Rents	-	976	-	976
Other Glebe Income	-	-	183	183
<b>Expenditure</b>				
Stipends Cost	-	-	(274)	(274)
(Loss) on fixed assets	-	-	(2)	(2)
Gain on investments	-	3,889	-	3,889
Transfer to cover stipends	-	(4,000)	-	(4,000)
Indexation	1,608	(1,608)	-	-
Gain on pension	-	-	35	35
Gain on revaluation of property	-	-	2,015	2,015
At end of the reporting period	30,950	49,485	21,039	101,474

The Trustees adopted total return during 2017 and £2.3m was released in 2022 (2021 - £4m) from the unapplied total return fund. The Trustees have adopted total return under the Diocesan Stipend Funds (Amendment) Measure 2016.

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
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For the year ended 31 December 2022

21. SUMMARY OF ASSETS BY FUND (2022)	Tangible Fixed		Net Current	Long Term	Net
	Assets £'000	Investments £'000	Assets £'000	Creditors £'000	Assets £'000
<b>Unrestricted funds – General</b>	5	-	1,183	-	1,188
<b>Unrestricted - designated</b>					
Pension Reserve	-	-	159	-	159
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Discipleship Donation Fund	-	-	-	-	-
Vat Buffer Fund	-	-	100	-	100
Transformation Fund	-	-	208	-	208
Resource Churches funding	-	-	437	-	437
	-	-	943	-	943
<b>Restricted</b>					
Pastoral fund	18,081	8,484	(3,428)	-	23,137
Pastoral No.2 Account	-	-	27	-	27
Other Restricted	-	299	-	-	299
	18,081	8,783	(3,401)	-	23,463
<b>Endowment Permanent</b>					
Trust for Investment	-	34,231	-	-	34,231
Unapplied Total Return	-	43,248	(1,287)		41,961
Other Investment Assets	2,159	19,322	6,419		27,900
<b>Expendable</b>					
Parsonage Fund	43,037	-	(35)	(72)	42,930
	45,239	96,801	5,097	(72)	147,022
<b>Total funds</b>	63,282	105,584	3,822	(72)	172,616

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED  
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For the year ended 31 December 2022

**21. SUMMARY OF ASSETS BY FUND (2021)**

	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long Term Creditors £'000	Net Assets £'000
<b>Unrestricted funds – General</b>	41	-	1,029	-	1,070
<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
Transformation Fund	-	-	184	-	184
Resource Church Funding	-	-	437	-	437
	-	-	922	-	922
<b>Restricted</b>					
Pastoral fund	20,096	6,894	(4,601)	-	22,389
Pastoral No.2 Account	-	-	27	-	27
Closed Churches Fund	43	-	(43)	-	-
Other Restricted	-	330	372	-	702
	20,139	7,224	(4,245)	-	23,118
<b>Endowment Permanent</b>					
Trust for Investment	-	30,950	-	-	30,950
Unapplied Total return	-	49,486	-	-	49,486
Other Investment Assets	2,933	12,596	5,746	(236)	21,039
<b>Expendable</b>					
Parsonage Fund	42,930	-	72	(72)	42,930
	45,863	93,032	5,818	(308)	144,405
<b>Total funds</b>	66,043	100,256	3,524	(308)	169,515

**22. DESCRIPTION OF FUNDS**

**General fund**

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

**Designated funds**

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

**Pension Fund Reserve**

The fund is available to smooth the payments for liabilities arising from the staff pension scheme. The fund was subject to a valuation in 2020 and the fund remains in surplus. The fund is subject to a valuation in late 2022. The Trustees consider it to be prudent to maintain this fund until the findings of the valuation are known.

## 22. DESCRIPTION OF FUNDS (continued)

### Designated funds (continued)

#### Building Committee Reserve

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

#### VAT Buffer Fund

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

#### Other Designated Funds

From time to time funds are set aside for future expenditure such as the clergy conference and the Transformation Fund. In 2018, the Trustees designated £1.5m as their contribution to the Strategic Development Fund bid which the diocese was successful in securing in December 2018. During 2022 the fund was not utilised to support the project. A remaining balance of £437k is in place at the end of 2022.

### Restricted Funds

#### Pastoral Fund

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

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

### Endowment Funds

#### Diocesan stipends fund capital (Permanent Endowment Fund)

The Diocesan stipends capital fund has been created from the Diocesan stipends fund capital assets held under the Endowments and Glebe Measure 1976 to provide income for clergy stipends. It represents the accumulated sale proceeds of glebe property, sale proceeds of benefice houses and surplus benefice endowments following pastoral reorganisation. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice houses. The funds may be invested in the CBF Church of England Property, Investment or Fixed Interest Securities Funds, or simply held on deposit.

#### Parsonage property fund (Expendable Funds)

The benefice property fund consists of resources restricted to provision of benefice houses in the Diocese. They are represented by the benefice houses or by sale proceeds of former benefice houses. Although benefice houses are vested in the incumbents for the time being of the benefices concerned, the DBF is obliged to maintain them, to ensure that there are sufficient benefice houses for the pastoral structure of the Diocese; in addition, where a benefice house is no longer required then it is usually transferred into the unrestricted corporate ownership of the LDTBF.

## 23. CAPITAL COMMITMENTS

At 31 December 2022 the LDBF had capital expenditure commitments authorised but not contracted for in 2022 of £NIL (2021 - £NIL), and no expenditure contracted for but not yet due in 2021 (2020 - £NIL).

## 24. OPERATING LEASES

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

	2022 £'000	2021 £'000
<b>Other operating leases</b>		
<b>Amounts due:</b>		
Within one year of the balance sheet date	14	57
In the second to fifth years inclusive of the balance sheet date	12	46
	<u>26</u>	<u>103</u>

## 25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

There were no post balance sheet events.

## 26. PENSIONS

### Salaried Staff

#### Defined Benefits Scheme

LDTBF operates a defined benefits scheme for its salaried employees with 2 (2021: 2) active members. The scheme is closed to new members.

### Salaried Staff

#### Defined Benefits Scheme

The employees contributed £729 in the year (2021 : £992) and the charge in the Trust's accounts for the year ended 31 December 2022 amounted to £24,259 (2021 : £33,030).

The scheme was actuarially valued as at 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

Since 2010 new employees have been offered a stakeholder pension. Contributions of £88,127 (2021: £93,402) were made in year on behalf of 28 employees. The contributions relate to unrestricted activities.



### Church of England Funded Pension Scheme

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

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

This scheme is considered to be a multi-employer last man standing as described in Section 28 of FRS.102. This means it is not possible to attribute the scheme's assets and liabilities to specific employers and that contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, (2022: £139k, 2021 £258k) plus any impact on the deficit contributions (see below).

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

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

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are set out in the table below. An interim reduction to deficit contributions of 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contribution ceased with effect with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table. For senior office holders, pensionable stipends are adjusted in a calculation by a multiple, as set out in the Scheme's rules.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

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

## 26. PENSIONS (Continued)

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

	2022 £'000	2021 £'000
Balance sheet liability as at 1 January	236	529
Contributions paid	(139)	(259)
Interest cost (recognised in the SOFA)	-	1
Re-measurement of the balance sheet liability*(recognised in the SOFA)	(97)	(35)
	<hr/>	<hr/>
Balance sheet liability as at 31 December	-	236
	<hr/>	<hr/>

\*comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year –ends.

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

	December 2022	December 2021	December 2020
Discount rate	n/a	0.0% pa	0.2% pa
Price inflation	n/a	n/a	3.1% pa
Increase to total			
Pensionable pay	n/a	-1.5% pa	1.6% pa

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

## 27. RELATED PARTY TRANSACTIONS

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

### Edenham Regional House

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

## 27. RELATED PARTY TRANSACTIONS (CONTINUED)

### Parochial Church Councils

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

	2022 £	2021 £
Leadenham PCC	-	700
Saxby all Saints PCC	5,000	7,000
Aslackby PCC	32,000	-
Silk Willoughby PCC	16,500	-
	<hr/>	<hr/>
Total outstanding loans to parishes	53,500	7,700
	<hr/>	<hr/>

## 28. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDTBF acts as Diocesan Authority or custodian trustee for 854 trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. 747 relate to parochial funds with the remaining 107 being held for educational and non-parochial funds. Assets held in this way are not aggregated in these financial statements as the LDTBF does not control them. The assets are held in separate funds identified by the names of the parishes or the trusts to which they relate. They are operated via a separate trust bank account and all statements are issued to the parishes as and when they are received. The financial assets held in this way may be summarised as follows:

	2022 £'000	2021 £'000
CBF Church of England Deposit Fund (Capital)	2,144	898
CBF Church of England Investment Fund accumulation income	1,856	1,931
CBF Church of England Investment Fund	14,491	16,171
CBF Church of England Fixed Interest Securities	56	64
COIF income and accumulation shares	157	178
M & G Charifund	3,459	3,682
M & G Charibond	37	42
Edentree Investment Management	161	92
Miscellaneous Investments	90	90
	<hr/>	<hr/>
Total assets held as custodian trustee	22,451	23,148
	<hr/>	<hr/>

**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 2021
	General £'000	Designated £'000	£'000	£'000	£'000
<b>Income and endowments from</b>					
Donations					
Parish contributions	3,487	-	-	-	3,487
Archbishop's Council	1,068	246	-	-	1,314
Other donations	368	-	50	-	418
Charitable activities	522	-	82	-	604
Other trading activities	-	-	523	161	684
Investments	15	-	54	2,177	2,246
Other income	12	-	1,583	183	1,778
<b>Total income</b>	<b>5,472</b>	<b>246</b>	<b>2,292</b>	<b>2,521</b>	<b>10,531</b>
<b>Expenditure on</b>					
Raising funds	-	-	30	274	304
Charitable activities	9,233	266	1,012	-	10,511
Donation to Diocesan Board of Education					
	9,233	266	1,042	274	10,815
<b>Total expenditure</b>					
<b>Net income/(expenditure) before investment gains/(losses)</b>	<b>(3,761)</b>	<b>(20)</b>	<b>1,250</b>	<b>2,247</b>	<b>(284)</b>
Loss on disposal of fixed assets	-	-	(71)	(2)	(73)
Net gains/(losses) on investments	-	-	491	3,889	4,380
<b>Net income/(expenditure)</b>	<b>(3,761)</b>	<b>(20)</b>	<b>1,670</b>	<b>6,134</b>	<b>4,023</b>
<b>Transfers between funds</b>	<b>3,917</b>	<b>83</b>	<b>6,434</b>	<b>(10,434)</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>					
Actuarial gains/(losses) on pension scheme	-	-	-	35	35
Gains/(losses) on revaluation of properties	-	-	604	2,015	2,619
<b>Net movement in funds</b>	<b>156</b>	<b>63</b>	<b>8,708</b>	<b>(2,250)</b>	<b>6,677</b>
<b>Total funds brought forward</b>	<b>914</b>	<b>859</b>	<b>14,410</b>	<b>146,655</b>	<b>162,838</b>
<b>Total funds carried forward</b>	<b>1,070</b>	<b>922</b>	<b>23,118</b>	<b>144,405</b>	<b>169,515</b>