

CHARITY REGISTRATION 293662

**THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

**THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND 31 DECEMBER 2021**

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**THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021**

CHARITY REGISTRATION NUMBER:	293662
PRINCIPAL ADDRESS:	The Honourable Society of Lincoln's Inn Treasury Office Lincoln's Inn London WC2A 3TL
NAMES OF CHARITY TRUSTEES: The Trustees who served during the year were:	Mr R F D Barlow QC (Chairman) Mr P L O Leaver QC The Rt. Hon Sir David Richards Mr Mark Studer
BANKERS:	C. HOARE & Co 37 Fleet Street London EC4P 4DQ
AUDITORS:	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
INVESTMENT MANAGERS:	Legal & General Group Plc Legal & General Investment Management One Coleman Street London EC2R 5AA

**THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Trustees present their annual report and the audited financial statements for the year ended 31 December 2021. The financial statements have been prepared on the accounting policies set out on pages 11 to 12 of the financial statements and comply with the Charity's trust deed, applicable law and the requirements of the 'Statement of Recommended Practice, Accounting and Reporting by Charities' issued in October 2019.

OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES

The Charity is governed by its Trust Deed. The purpose of the Charity is to use the whole or any part of its fund towards maintenance, improvement, repair, embellishment, upkeep or preservation of the Heritage Property or part thereof of the Honourable Society of Lincoln's Inn.

ACHIEVEMENTS

In 2021 the Heritage Fund continued to support the Chapel refurbishment project which was approved in 2019. The total spent in 2021 was £9,487 (2020: £10,210) (2019: £394,071). A total of £420,000 was disinvested in 2019.

PERFORMANCE OF FUND

Covenants, donations and legacies received during the year ended 31 December 2021 amounted to £37k (2020: £15.6k).

Investment income received during 2021 was £54k (2020: £49k).

Investments this year have achieved gains of £318k (2020: gain of £48k). Investments are shown on the Balance Sheet at market value in accordance with charity accounting rules.

The Net Assets of the Fund increased from £2,569k to £2,964k.

FUNDRAISING

Whilst we do not actively fundraise, we are fortunate to receive donations and bequests from time to time. We are grateful for the generosity of the donors.

GRANT MAKING POLICY

The Heritage Fund Trustees receive funding requests from the various Committees of the Inn, for their consideration. Projects considered are for those that have been approved by the Council of Lincoln's Inn or by the Finance & General Purposes Committee of Lincoln's Inn. The Heritage Fund Trustees may offer to fund either all or part of the proposed project. Expenditure not met by the Heritage Fund on an approved project is met by The Honourable Society of Lincoln's Inn itself.

In making a grant the Heritage Fund Trustees expect the responsible Committee to supervise the spending of the monies granted. The Heritage Fund Trustees are not themselves in a position to do so. Lincoln's Inn pays the contractor in question on production of properly authorised and relevant invoices. Expenditure by Lincoln's Inn is controlled and managed by its various officers and monitored by the Finance & General Purposes Committee. Once the project is in progress and the costs of the project are being met, the Inn requests part or all of the promised grant, to the value of its already expended funds.

RESERVES POLICY

The Trustees have reviewed the reserves of the Charity, which comprises of £384k unrestricted and £2,580k of expendable endowed reserves. The Trustees felt it important to maintain the expendable endowment at present as the investment in stocks and shares is the only significant source of income the fund receives. The Trustees have agreed to retain a buffer of circa £1.5m in total reserves in case of emergency calls due to the age and nature of the buildings supported by the Charity.

**THE HONOURABLE SOCIETY OF LINCOLN'S INN
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REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This review encompassed the nature of the income and expenditure streams, the need to match variable income with anticipated donations to Lincoln's Inn and the nature of the reserves. Reserves are held in anticipation of the future needs of the Inn for its heritage buildings identified from and in accordance with the Inn's 10 year estate maintenance plan produced by the Estates Department. Grants are funded from free reserves and income during the year. During the year the Charity's unrestricted reserve fund increased by £106k from £278k to £384k.

FUTURE DEVELOPMENTS

After a number of years of significant expenditure on properties that the Fund can support, there are a number of years ahead where expenditure on relevant buildings is not expected to be incurred. It is for that reason that the Trustees have agreed to fund a significant proportion, £750k, of the works associated with the Library roof and masonry repairs and replacement in 2022. This grant will be supported by the investment portfolio. The Trustees will continue to consider any suitable projects that may arise in the coming years that are not currently reflected in the Inn's 10 year estate management plan.

INVESTMENT POWERS AND POLICY

In accordance with their powers under the Trust Deed, the Trustees have delegated the day to day management of the portfolio and the investment powers to the Lincoln's Inn Investment Committee. LGIM's purpose is to create a better future through responsible investing. Aligned to this purpose, ESG is a central underpinning to all of LGIM's activities and especially within strategic initiatives. LGIM has developed and publicly disclosed its policies for stewardship activities. Their policies are reviewed annually and updated where necessary to ensure they remain aligned with the various evolving regulations, best practice and client feedback.

Legal & General levy charges that consist of a flat per scheme charge, plus an ad-valorem charge and a management charge.

LEGAL & GENERAL'S INVESTMENT MANDATE

Legal & General manage the Scheme's assets on a passive basis in their pooled index funds. The distribution of the Scheme's assets is to be maintained in the prescribed proportions.

Where possible, cashflows into or out of the fund will be used to maintain the asset distribution within the specified ranges. In addition, switches between asset classes will be implemented should any asset classes move outside their ranges.

FUNDS

The expendable endowment fund was created by gifts a number of years ago. The income of this trust is treated as unrestricted income. The terms of the endowment allow the capital of the fund to be spent if the Trustees so determine. In the opinion of the Trustees the Charity's assets are sufficient to meet its commitments.

TRUSTEES' TRAINING AND REMUNERATION

New Trustees receive appropriate induction and training procedures. Consideration is given to the skills required and taking into account the fact that all the appointed Trustees are experienced lawyers.

The Charity has no employees and the Trustees do not receive remuneration for their services.

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practices (UK-GAAP).

**THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
REPORT OF THE TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing accounts giving a true and fair view, the Trustees should follow best practice and:

- i) select suitable accounting policies and apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- iv) prepare the accounts on the going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Charity and which enable them to ascertain the financial position of the Charity and which enable them to ensure that the accounts comply with applicable law. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the Charity Commission's website. The Trustees receive no remuneration.

The Trustees have complied with the duty in s.17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act.

Approved by the Trustees on: [date]

and signed on their behalf by:



5 June 2022

Mr Francis Barlow QC
Chairman of the Trustees

**INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
FOR THE YEAR ENDED 31 DECEMBER 2021**

OPINION

We have audited the financial statements of The Honourable Society of Lincoln's Inn - Heritage Fund for the year ended 31 December 2021 which comprise the Statement of Financial Activities, Balance Sheet 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, 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 Charity's affairs as at 31 December 2021 and of the Charity's net movement in funds 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 Charities Act 2011.

BASIS FOR OPINION

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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 charity 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 Charity'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 Trustees' 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 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity financial statements are not in agreement with the accounting records and returns; 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 6, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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:

**INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. No such areas of non-compliance were identified

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management override of controls. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;

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

USE OF REPORT

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Haysmacintyre LLP

Haysmacintyre LLP
Statutory Auditors
28 July 2022

10 Queen Street Place
London
EC4R 1AG

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

	Restricted Funds	Unrestricted Funds	Expendable Endowment Funds	Total 2021	Total 2020
	£	£	£	£	£
Income:					
Donations & legacies	5,000	32,143	-	37,143	15,669
Investment Income		54,437	-	54,437	49,491
Total Income	5,000	86,581	-	91,581	65,160
Expenditure:					
Maintenance and Improvements to Heritage Property					
Management & Administration		(428)	-	(428)	(240)
Chapel refurbishment project expenditure		(9,487)	-	(9,487)	(10,210)
Total Expenditure	0	(9,915)	-	(9,915)	(10,450)
Net gain/(loss) on investments		30,056	288,514	318,570	48,022
NET MOVEMENT IN FUNDS	5,000	106,721	288,514	400,235	102,732
Fund balances brought forward at 1 January		277,797	2,291,528	2,569,325	2,466,593
Fund balances carried forward at 31 December	5,000	384,518	2,580,042	2,969,560	2,569,325

All the activities of the fund are continuing in both this year and the previous year.

The comparative figures relate to unrestricted funds gain of £3k and a gain of £45k for Endowment Funds.

The notes on pages 11 to 13 form part of these financial statements

THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Investments	4	<u>2,852,568</u>	<u>2,480,261</u>
CURRENT ASSETS			
Debtors - Gift Aid Recoverable		5,290	2,733
Other Debtors - Legal & General	6	2,346	1,645
Cash at bank		<u>161,509</u>	<u>129,952</u>
TOTAL CURRENT ASSETS		<u>169,145</u>	<u>134,330</u>
CURRENT LIABILITIES			
Amounts due to Lincoln's Inn		52,092	45,206
Creditors	7	<u>60</u>	<u>60</u>
		<u>52,152</u>	<u>45,266</u>
NET CURRENT ASSETS		116,993	89,064
NET ASSETS		2,969,560	2,569,325
FUNDS			
Unrestricted	5	384,518	277,797
Expendable Endowment	5	2,580,042	2,291,528
Restricted		<u>5,000</u>	<u></u>
		<u>2,969,560</u>	<u>2,569,325</u>

Approved by the Trustees on: [DATE]
and signed on their behalf by:



5 June 2022

Mr Francis Barlow QC
Chairman of the Trustees

The notes on pages 11 to 13 form part of these financial statements

**THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

ACCOUNTING POLICIES

1. Accounting Policies

a) Accounting Convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

b) Going Concern

The Trustees have considered the impact on the Fund of the COVID 19 pandemic and during the course of preparing the financial statements the Trustees have considered various future scenarios and their impact and are confident that the Fund will have sufficient resources to meet its liabilities for at least 12 months from the date of signing this report and as such the accounts have been prepared on a going concern basis.

c) Income

All incoming resources are recognised in the Statement of Financial Activities when the Charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either:

- The charity is aware that probate has been granted.
- The estate has been finalised and notification had been made by the executor(s) to the Trust that a distribution will be made.
- When a distribution is received from the estate.

Receipt of a legacy in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are solely used for particular areas of the Trust's work or for a specific project. Donations required to be retained as capital in accordance with the donor's wishes are accounted for when probable as "endowments" - permanent or expendable according to the nature of the restriction.

d) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The irrecoverable element of VAT is included with the item of expenditure to which it relates. Where costs cannot be directly attributable to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

Charitable expenditure comprises expenditure directly relating to the preservation, repair and maintenance of Heritage Property and land and buildings which are situated in Lincoln's Inn and whose upkeep is for the time being charitable.

THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

e) The Funds of the Charity Comprise:

The expendable endowment fund was created by gifts a number of years ago. The income of this trust is treated as unrestricted income. The terms of the endowment allow the capital of the fund to be spent if the Trustees so determine.

f) Investments

Investments are stated at mid-market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year.

2. GOVERNANCE

The Inn meets the cost of remuneration, advisers and services by the auditors and other professional advisors.

3. TRANSACTIONS WITH TRUSTEES

No Trustee, or person related or connected to them has received any remuneration or reimbursement of expenses from the charity during the current or previous year.

4. INVESTMENTS

	2021	2020
	£	£
Market value 1 January	2,480,262	2,382,701
Additions at cost	53,736	49,538
Proceeds of disposals	<u>2,533,998</u>	<u>2,432,239</u>
Realised and Unrealised gains/(losses)	<u>318,570</u>	<u>48,022</u>
Net investment gain/(loss)	<u>318,570</u>	<u>48,022</u>
Market value 31 December	<u>2,852,568</u>	<u>2,480,261</u>
Historical cost 31 December	<u>1,226,087</u>	<u>1,172,351</u>

Indirect transaction costs are incurred through the bid-offer spread on investments within pooled.

Significant investment holdings based at market value at 31 December

	2021		2020	
	%	£	%	£
L&G Equitrack Fund	33.15	945,507	32.86	815,041
L&G International Index Trust	40.39	1,152,487	46.53	1,154,158
L&G Fixed Interest Trust	15.83	451,685	12.10	300,105
L&G Emerging Markets	10.62	302,889	8.51	210,957
	<u>100</u>	<u>2,852,568</u>	<u>100</u>	<u>2,480,261</u>

THE HONOURABLE SOCIETY OF LINCOLN'S INN
THE HERITAGE FUND
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

5. ANALYSIS OF NET ASSETS BY FUND

2021	Restricted Funds	Unrestricted Funds	Expendable Endowment	Total
		£	£	£
Fixed asset investments		272,526	2,580,042	2,852,568
Net current assets	5,000	111,993	-	116,993
Total	5,000	384,518	2,580,042	2,969,560

2020	Unrestricted Funds	Expendable Endowment	Total
	£	£	£
Fixed asset investments	188,733	2,291,528	2,480,261
Net current assets	89,064	-	89,064
Total	277,797	2,291,528	2,569,325

6. DEBTORS

	2021	2020
	£	£
Accrued income	2,346	1,645

7. CREDITORS

	2021	2020
	£	£
Other creditors	60	60

8. RELATED PARTY TRANSACTIONS

The Honourable Society of Lincoln's Inn is one of the four Inns of Court. It is an ancient unincorporated body of lawyers which for six centuries and more have had the power to call to the Bar those of their members who have duly qualified for the rank or degree of Barrister-at-law.

The fund was established by members or former members of The Honourable Society of Lincoln's Inn and as laid out in its objectives when vacancies arise in the body of Trustees the Council of Benchers of The Honourable Society of Lincoln's Inn hold the power to appoint replacements. The Trustees are autonomous. All the expenditure incurred by them in support of projects concerning the Heritage Property is initially incurred by Lincoln's Inn which is then reimbursed by the Trustees. During 2021 the Inn paid £10k of the invoices received for the 2019 refurbishment project which is now complete. The balance of the intercompany account is now £52k and will be transferred to the Inn during 2022.

9. FINANCIAL INSTRUMENTS

	2021	2020
	£	£
Financial assets at fair value through SOFA	2,852,568	2,840,261
Financial liabilities at amortised cost	52,152	45,266

Financial asset at fair value comprise investments in shares

Financial liabilities at amortised cost comprise sundry creditors and intercompany balances.

10. POST BALANCE SHEET EVENT

During 2020 the Trustees agreed to support £500k towards the Chapel refurbishment expenditure. This did not happen as consideration was given to funding a grant towards the works started in 2021 on the Library and Great Hall complex. Since the year end the Trustees have agreed to fund £250k towards the continued works on the Chapel along with a grant of £750k towards the works underway on the Library building. This decision was made in February 2022 and funds will be transferred in the coming year.