LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025.

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

This combined report satisfies the legal requirements for a:

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

LEGAL OBJECTS

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

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

The LDTBF has the following statutory responsibilities: -

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

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

PUBLIC BENEFIT STATEMENT

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

STRATEGIC REPORT

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

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

STRATEGIC PRIORITIES

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

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

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

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

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

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

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

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

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

Progress in the Year

The Diocese of Lincoln has continued to embed its major strategic programme, *Time to Change Together (TTCT)*. As we came to the end of the strategy cycle we began to look forward to future and work began on shaping the diocese future strategy A Time to Grow Together (TTGT), which build on the foundations laid by the Time to Change Together Programme.

Key Developments and Achievements

Clergy Collaboration and Support

In October 2025 the diocese held a second gathering of ministers at the Swanwick Conference Centre to explore the theology, practicalities, and principles of collaboration. This event provided ministers with an opportunity to meet within their respective Local Mission Partnerships (LMPs), fostering stronger relationships, support networks, and shared ministry goals.

Financial Sustainability and Covenant Pledges

As detailed later in this report, covenant pledges are down in 2025. Challenges such as increasing costs, and fluctuating congregational numbers create concerns regarding the ability of benefices and LMPs to remain committed to their financial pledges.

Clergy Recruitment and the Lincoln Offer

Like many Dioceses, clergy recruitment continues to be a major issue, focus has remained on recruitment for stipendiary clergy roles. The diocese continues to enhance the *Lincoln Offe*r, in 2025 we introduced a new Employee Assist Programme (EAP) along with a staff benefits scheme and cash plan which was available to both clergy and DBF staff, the gardening offer introduced in 2024 continues to prove extremely popular and the diocese ran several advertising campaigns which have proven successful in attracting clergy from outside the diocese.

Children, Youth, and Families Ministry

The appointment of the Diocesan Children, Youth and Families Enabler has led to significant progress in training practitioners and in building networks of mutual support and encouragement. This will be strengthened further with the appointment of two Archdeaconry CYF enablers in 2026.

Strengthening Lay and Local Leadership

The partnership with *St Hild Lincoln* continues to flourish, with 8 Ordinands and 12 Readers undertaking training in 2025. Further growth in ministry training and development across Lincolnshire is anticipated in the coming years. The training of Authorised Lay Ministers has been enhanced by the creation of the digital learning platform: *learn, grow, share* and new ALM pathways are in preparation. Another significant achievement was the formal launch of the Focal Ministry Scheme. The first two cohorts were commissioned in 2025, comprising just under 30 new Focal Ministers. A third cohort was trained in the year and commissioned in 2026.

Digital Support for Christian Mission and Ministry

The launch of *learn, grow, share* has greatly extended the range of support offered and the number of people supported. The most popular resources of the year included the Diocesan Advent and Lent Course and the Season of Creation Resources. The Diocesan Homilies Project continues to be extensively used. Significant uptake of these resources from outside the Diocese has been especially encouraging.

Administrative and Mission Support

The grants to deaneries to employ Deanery Partnership Administrators have increased in 2025 enabling increased support across the diocese these are proving to be an invaluable resource in supporting the delivery of mission. The 'Seeking God, Seeking Growth' tool was successfully launched in year and has quickly gained support and praise, alongside this the Digital Learning Platform launched in year has continued to evolve and develop the resources are accessed much wider than the diocese.

National Funding and Strategic Growth

Church Planting and Revitalisation

The Diocese continued its programme of planting and revitalisation under the national *Strategic Development Fund (SDF)*. An independent evaluation of progress to date concluded that, despite significant external challenges, the programme has delivered meaningful missional impact, including the establishment of resource churches and church plants, growth in attendance and on the electoral roll, and the development of local leadership and ministry teams. While overall performance did not meet the most ambitious targets, outcomes compared favourably with wider diocesan decline, demonstrating clear additionality and value for money. The evaluation also highlighted the need for stronger central infrastructure, increased leadership capacity and a clearer long-term strategy to secure sustainability and enable future scaling across the Diocese.

Building on this work, further planting locations were identified in Lincoln and Scunthorpe, alongside an additional site in Grimsby. Revitalisation programmes are expected to begin in late 2025 and early 2026. Current SDF funding runs to the end of 2027; alongside delivery, the Diocese is developing proposals within *A Time to Grow Together* to secure ongoing national support and to sustain and extend this programme.

Environmental Sustainability – Carbon Net Zero 2030

During 2025 the Diocese continued to embed its Environment Policy and progress towards the Church of England's Net Zero Carbon 2030 milestones through the Environmental Action Plan, overseen by the Diocesan Environmental Implementation Panel and supported by a strengthened Environmental Management Team. Record engagement with the Energy Footprint Tool has improved the quality of emissions data and helped target support, including site visits, practical guidance and Quick Wins grants. Across parishes, momentum has grown around decarbonising heating (with over 30% of heated churches now primarily using electric systems) alongside a steady rise in solar PV projects, including successful installations on both listed and unlisted buildings. In diocesan schools, Heat Decarbonisation Site Reports were completed for 19 Voluntary Aided schools, helping unlock bids and capital works, although a significant funding gap remains. The Cathedral made targeted improvements, including solar PV and battery storage at the cutting facility, renewable electricity contracts and heat pump installation for the Wren Library, while recognising ongoing constraints on retrofit options across the wider estate. Progress also continued in diocesan operations, including EV charging and green electricity at Edward King House, and on clergy housing where 30 homes now have solar PV (around 20% of the portfolio), with further work planned to improve performance while preparing for longer-term heating electrification. Overall, the Diocese has made tangible gains while acknowledging that finance, technical constraints, heritage requirements and capacity remain the principal barriers to faster progress.

Acknowledgements
We express our gratitude to the *Archbishops' Council* and the *Church Commissioners* for their continued generosity and support. Their contributions continue to play an important part in advancing our mission and ensuring the sustainability of ministry across the Diocese of Lincoln.

PROVISION OF RESOURCES

In 2025, the LDTBF continued to provide the resources for the above diocesan activities supported by significant financial, governance and HR expertise. In addition:

Safeguarding

Culture, Leadership and Capacity

The Diocese of Lincoln continued to demonstrate a strong safeguarding culture, as noted in the INEQE audit published in March 2025. Safeguarding is embedded as a shared responsibility across the Diocese, with clear expectations of accountability regardless of role or seniority. The Diocese demonstrated its commitment to transparency, due process and the holding of authority to account in a recent high-profile case relating to the Bishop of Lincoln. This is crucial to reinforcing trust, survivor-focused practice and organisational integrity.

Leadership arrangements were strengthened through certification of the Diocesan Safeguarding Officer role under the *DSO Regulations 2025* and the expansion of the post to Director of Safeguarding, enabling enhanced strategic oversight.

Governance and scrutiny remained robust through regular leadership engagement, refreshed panel membership, peer quality assurance with neighbouring dioceses and supervision by the Regional Safeguarding Lead. Additional capacity was secured through the appointment of a Safeguarding Casework Manager, improving operational resilience and strategic focus.

Prevention

Preventative safeguarding remained a core priority throughout 2025, with continued emphasis on Safer Recruitment and people management as key mechanisms for reducing risk. To enhance understanding and compliance, specialist input from the DBS Regional Outreach Officer was incorporated into diocesan training and Safeguarding Conference; this led to the introduction of monthly DBS drop-in sessions

Safeguarding promotion was delivered to all audiences using tailored communication, co-produced resources and accessible messaging. This included creative involvement from Choral Scholars and direct engagement with Deanery Synods. These sessions supported parishes to identify local vulnerabilities, build on existing strengths and embed House of Bishops guidance using reflective tools such as SWOT analysis and the principles of Safe Uncertainty.

Recognising, Assessing and Managing Risk

The Diocese continued to strengthen its approach to safeguarding risk assessment and management, underpinned by effective partnership working and new processes outlined in *Managing Safeguarding Concerns and Allegations 2025*. Learning from safeguarding enquiries and quality assurance activity informed practice throughout the year.

In October 2025 the Diocese hosted its first Safeguarding Conference, attended by a broad range of church officers. The conference focused on key themes emerging from safeguarding work, including Domestic Abuse, fraud prevention, and DBS processes. Post-event feedback confirmed increased confidence among participants in recognising safeguarding concerns and responding appropriately through improved assessment and risk management.

Victims and Survivors
The Diocese of Lincoln continues to be one of the only two known diocese who employ a dedicated victim support officer. 2025 saw further development of this role, with existing training refreshed and new training undertaken, including developing understanding of perpetrators of harm.

We continued to hold a caseload of survivors, work included supporting them through the ever-evolving redress scheme, in anticipation of the scheme going through royal assent in February 2026.

Learning, Supervision and Support
During 2025, the Diocese maintained a comprehensive safeguarding learning programme aligned to House of Bishops requirements. Training was delivered across all modules with strong engagement across the 2023–2025 cycle. In 2025 participation continued to grow, particularly within Leadership, Domestic Abuse and Safer Recruitment training, reflecting strengthened accountability and safer practice culture. Clergy compliance remained high, supported by systematic reminders and oversight where engagement was delayed. Readers and Focal Ministers also demonstrated full or near-full compliance. A total of 69 safeguarding training events were delivered through a blended model of in-person and online learning, reaching over 1,000 church officers. Accessibility was prioritised through reasonable adjustments, individual support and continued use of deanery trainers for local delivery. Parish Safeguarding Officers continued to receive regular training opportunities, guidance and communication, with planned developments in 2026 focused on strengthening consistency, compliance and support.

Governance and Leadership
The trustees of the LDTBF are responsible for the overall direction, supervision and control of the Charity, and for ensuring that it is managed in accordance with its governing document, charity law and other relevant regulation. Trustees act collectively in the best interests of the Charity and work to ensure that it remains focused on its charitable purposes and public benefit.

Structure
During the year, the trustees operated through a committee structure designed to support effective oversight and informed decision-making. Committees operated under delegated authority approved by the trustees, with clear terms of reference and regular reporting to trustees. This enabled trustees to retain appropriate strategic oversight while delegating detailed scrutiny to committees with relevant skills and experience.

In 2025, the trustees engaged an external consultancy to conduct a thorough Governance Review looking at behaviours, reporting, and decision making, as well as the efficiency and strength of our structure. The results of this review are being carefully considered, with a working group established to bring back formal proposals for any suggested changes to our governance.

Inclusiveness and diversity
Trustees continue to work on greater inclusiveness and diversity in our appointments and committees, boards, and leadership. 2025 began with our third major Racial Justice Sunday service in the cathedral. Our volunteer Bishop’s Advisor on Disability continued in their role throughout 2025, regularly reporting to trustees on matters of shared concern. Unconscious bias training is a requisite of all those who sit on selection panels for clergy or staff, and for trustees of the LDTBF.

Trustee recruitment, induction and development

Trustees are appointed or elected in accordance with the Charity's governing document. The Board seeks to maintain an appropriate balance of skills, experience and perspectives, informed by regular review of trustee composition and collective capability. Appointed trustees are sought through our Search and Nominations Committee and appointed by the Diocesan Bishop following recommendation. This provides a transparent and independent approach to securing new talent.

Elected, appointed and ex-officio trustees all follow a pattern of induction when they are new to role, covering the Charity's objects, governance framework, finances, risks and responsibilities. Trustees are encouraged to undertake ongoing learning and development to support effective governance and the development of their skills.

Decision-making, delegation and accountability

Trustees met regularly during the year and ensured that decisions were taken with due regard to relevant information, professional advice where appropriate, and the Charity's long-term interests. The Board reviewed and refreshed its scheme of delegation on a number of occasions to ensure clarity around decision-making responsibilities between the Board, committees and senior staff. There has been recognition that the current scheme of delegation could be simplified to provide greater clarity, and this is a priority following the 2025 Governance Review. Trustees placed particular emphasis on transparency, collective responsibility and constructive challenge, recognising the importance of fostering a culture of openness, trust and accountability.

Risk, assurance and stewardship

The trustees maintained oversight of the Charity's principal risks and uncertainties via the committee structure, regular reporting and discussion topics. During the year, trustees engaged in a Strategic Risk discussion at every board meeting, choosing a relevant strategic risk of particular importance from the risk register for each topic. This included AI and cyber concerns, declining congregations and aging populations, as well as our need to increase support for Children, Youth and Families ministry. Other risks regularly considered include those arising from governance, finance, safeguarding, compliance and reputation. During the year, the board satisfied itself that appropriate controls, mitigations and assurance mechanisms were in place.

Trustees also had regard to the Charity Governance Code and Charity Commission guidance in reviewing the Charity's governance arrangements, and are committed to continuous improvement in governance, leadership and organisational culture.

Church Buildings and Pastoral

The Diocese continues to invest significant resource in the care, maintenance and sustainable development of its church buildings, recognising them as both vital centres of worship and mission, and as part of the nation's historic heritage.

Diocesan Advisory Committee

During 2025, the Diocesan Advisory Committee (DAC) met regularly and considered a substantial increase in casework, reviewing 116 new matters across a wide range of building-related activities, compared to 97 in the previous year. This reflects both the scale of the estate and the growing level of engagement by parishes in maintaining, improving and adapting their buildings for future use.

The work undertaken spans essential maintenance and repair—including roofs, drainage and churchyards—as well as significant reordering projects to improve accessibility, install toilets and serveries, and enhance community use. There has also been continued attention to specialist areas such as conservation of historic fabric, bells, organs and stained glass, ensuring that the Diocese meets its responsibilities for safeguarding heritage assets.

Carbon Net Zero
A key strategic priority remains the transition to Net Zero Carbon. The DAC supported a number of projects focused on replacing fossil fuel heating systems with electric alternatives or introducing renewable technologies such as solar panels.

These demonstrator projects play an important role in enabling parishes to reduce environmental impact while continuing to use historic buildings effectively.

Support to parishes
The Church Buildings Team provides extensive practical support to parishes. In 2025 this included 41 formal site visits and a significant number of additional informal visits, helping parishes to develop proposals and navigate regulatory requirements. The team also ran 75 consultation “surgeries”, offering advice on projects, permissions, procurement and funding, and responding to enquiries from at least 57 parishes. This proactive engagement is central to enabling well-planned and sustainable stewardship of the estate.

Financial support has been a key enabler of this work. The Diocese administered Maintenance, Repair and Improvement (MR&I) grants totalling £206,120 across 39 projects, alongside £68,789 in Quick Win grants for smaller Net Zero Carbon initiatives. These funding streams have supported essential repairs, helped prevent buildings from falling into disrepair, and encouraged parishes to take early action on environmental improvements.

Pastoral Reorganisation
During 2025, significant progress was made by the team in pastoral reorganisation across the Diocese, supported by the work of the Bishop's Council of Diocesan Trustees and the Archidiaconal Mission and Pastoral Committees. This included ongoing consultation with parishes and stakeholders on a range of usual parochial reorganisation matters, alongside continued casework relating to benefice restructuring, church closure processes, and the development of sustainable patterns of ministry. In addition, a major programme of structural change was undertaken, including consultation and implementation of a Bishop’s Pastoral Order to reduce the number of archdeaconries from three to two through the dissolution of the Archdeaconry of Boston and the redistribution of its deaneries. Further consultation was carried out during 2025 on the rationalisation and realignment of deaneries to better support emerging mission partnerships, with new arrangements scheduled to come into effect on 1 July 2026. Taken together, this work reflects a sustained focus on simplifying structures, supporting local mission, and ensuring that diocesan organisation is aligned with changing patterns of ministry and resources.

Property Assets & Trusts

The Property, Assets and Trusts function continued to support the Diocese’s mission through the effective stewardship of clergy housing, glebe land, financial assets and local trust funds.

Clergy housing and capital programme

The focus during the year remained on providing and maintaining suitable housing for clergy, with priority given to essential repairs, planned maintenance and compliance. Progress continued against the planned works programme, including quinquennial inspections, the management of vacant properties and change-of-appointment works.

The capital programme continued to prioritise energy efficiency and lower long-term running costs in support of the Diocese's Net Zero Carbon programme. This included phased investment in renewable technologies, including solar panels with battery storage, with further properties identified for future years. In 2024 a revised approach to grounds maintenance was introduced, including a new gardening offer for clergy occupiers, this continued to gain momentum in 2025 and remains a popular offering for clergy.

Housing strategy and disposals

Following the reorganisation of clergy deployment under *A Time to Change Together*, work continued to reshape the clergy housing estate to reflect current and anticipated ministry needs. During 2025, this programme neared the end of its planning cycle, with further property sales progressing where homes were no longer required for ministry purposes. Decisions were informed by suitability, condition, running costs and future investment requirements.

Trustees continued to oversee the balance between retaining appropriate housing stock and releasing capital where assets no longer met current needs. In 2025, the Diocese also identified a number of locations where additional clergy housing would be required in support of deployment plans, and work to secure suitable properties is continuing. Where appropriate, parishes were invited to engage in discussions about potential purchases before properties were placed on the open market.

Glebe estate and land assets

The Diocese continued to manage its glebe estate through retained professional agents, with a focus on maintaining income, managing risk and identifying opportunities to enhance long-term value. Activity during the year included land sales, ongoing compliance and health and safety oversight, and consideration of development and renewable energy opportunities.

Trustees pay careful attention to balancing income generation, stewardship responsibilities and reputational risk, particularly in relation to land development and renewable energy proposals. Where options or development opportunities were progressed, these were subject to appropriate governance, professional advice and committee oversight.

Financial assets and reinvestment

Proceeds from property and land disposals in excess of those required to meet short-term operational needs were reinvested in line with the Diocese's agreed investment objectives, ethical investment policy and risk appetite. Trustees, with appropriate professional advice, monitor market conditions closely and reviewed investment performance, cash holdings and policy frameworks to ensure that assets were managed prudently and transparently in support of charitable objectives.

Trusts administration and custodianship

The Diocese continued to administer a substantial portfolio of local trusts on behalf of parishes and beneficiaries, providing support with governance, compliance and the effective use of trust funds. Assistance was given to parishes in accessing and applying funds appropriately.

The Trusts function also continued its custodial role, holding title deeds and other legal documents, managing relationships with solicitors, and supporting property transactions involving trust assets. Governance arrangements were reviewed during the year, including committee terms of reference and meeting frequency, to strengthen oversight and assurance.

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 and synod members across the Diocese in pursuit of the mission, faithful worship, confident discipleship, and joyful service. Grateful thanks are given to you all.

Other related parties include

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

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

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

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

FINANCIAL REVIEW

The principal role of the Trustees is to act as custodians of the Diocese's assets. The Diocese saw a decrease in the general funds of £58k, after transfers from other funds. The pension fund liability for the Clergy pension fund remained at £Nil (2024: £Nil). The designated fund decreased by £78k, with the continued SDF programme costs, and the restricted funds show an increase of £2.1m as result of the disposal of surplus properties. The endowment funds saw an overall increase of £4.6m as a result of the increased values in our glebe holdings (agricultural land) and gains on investments in the year.

The principal changes during the year were as follows:

Investment Property Portfolio: The valuation of the agricultural holdings saw an increase in value of £0.8m with sales of £3.7m. The overall value of the glebe holdings decreased to £60.7m. (2024: £63.6m) (note 15(a)); an overall decrease of 1.33%. The Property Director with the support of Savills administered the 10,868 acres of glebe estate during the year. We continued with the implementation of the 5-year Agricultural Glebe Estate Strategy developed in 2024. This has set the framework for maximising income from the estate and continues to be annually reviewed by the Investments Committee.

Investment Portfolio: The value of the investment portfolio increased by £2.7m, a positive result considering inflation and interest rates during 2025 (note 15(b)). During the year, the Board decided to hold off re-investing the income generated from the sale of surplus properties in the stock market due to the volatility of the market at that time, instead investing it in a high earning deposit account. 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 has also been achieved. The value of the investments at the end of the year was £63.5m (2024: £60.8m).

Parsonages Portfolio: The Board disposed of seventeen surplus properties raising £5.4m and undertook capital works on forty-two properties.

The proceeds were held as cash in hand on a high earning deposit account whilst the investment market settled down, and the committee finished undertaking a review if the various investment houses. The Property department undertook the maintenance and repair of around 160 clergy houses and continued to let those properties across the Diocese that were not required for immediate occupation by Clergy. This produced income of £182k in 2025 (2024 £290k), due to the reduction in let properties.

Operating Financial Performance

The difference between the Diocese's annual running costs (mainly the cost of paying and housing stipendiary clergy and curates, training and supportive administration) and its annual income (mainly covenant pledges and investment income) resulted in a deficit for 2025 on the general fund.

The total overall surplus for 2025 (before net gains on investments and other recognised gains/losses) was £2.9m (2024: £1.2m). This is as a result of the profit on disposal of surplus properties and increased returns on our investments. The operating deficit for 2025 on the general fund has increased slightly on 2024 at £3m (2024: £2.5m). The general fund continues to be funded with the total return transfer from the permanent endowment.

Covenant pledges

As in previous years, parishes continued to be impacted by the increasing costs and other challenges. Parishes' contribution to the cost of stipendiary ministry slightly decreased in 2025. There was a decrease of £35,771 (-0.9%) on 2024 income, and that compares with an increase of £63,562 (+1.7%) in 2024 against 2023.

Seventy two percent of parishes either fulfilled or exceeded the amount requested for 2025.

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

Focus on Covenant Pledge will continue during 2026, as Pledge Conversations are held with each LMP in relation to parish pledges for 2027 onwards.

Balance sheet position

The value of fixed assets including investments during 2025 decreased by £2.3m. The increase in value of our agriculture land was £0.8m with disposals of £3.7m showing an overall decrease for the year of £2.9m. During the year there were no new investments, and despite the turbulence in the investment markets, we saw an overall increase of £2.7m in their value, along with an increase in value of our Board properties of £0.25m. We continued with the disposal of our surplus housing which saw a reduction in our holdings of £4.3m.

During 2025, necessary improvement works were carried out at Edward King House, at a cost of £0.5m. These works related to the continued upkeep and focused on keeping the building watertight and fit for purpose.

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 £198m. (2024: £192m.), it must be remembered that included in this total are properties, mostly in use for ministry, whose value amounted to £50.2m. (2024: £52.7m). These are held within fixed assets with the remaining balance relating to other properties which the LDTBF owns, for example Edward King House. The majority of the remaining assets are held as restricted funds and cannot necessarily be used for the general purposes of the LDTBF.

Reserves policy

Unrestricted reserves
The Trustees have considered financial risk, liquidity requirements and the timing of cashflows throughout the year. They consider it appropriate to hold a balance of readily realisable assets in the general fund equivalent to three months gross expenditure from unrestricted funds estimated at £3.0m (2024: £3.0m). Free reserves on 31 December 2025, show a positive balance of £1.25m which remains short of the £3.0m. The Trustees recognise that the current balance is not sufficient, and this is part of the considerations under the new strategy developments, to be able to cover the costs of stipendiary ministry in the diocese. The Trustees are continuing to utilise Total Return.

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

Designated funds
The Trustees may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention.

A description of each reserve together with the intended use of the reserve is set out in note 22. At 31 December 2025 total designated reserves were £763k (2024: £841k).

Restricted and endowment funds
As set out in note 22 LDTBF holds and administers a large number of restricted and endowment funds. As of 31 December 2025, restricted and endowed funds totalled £196m (2024: £190m).

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 2025 are indicated in note 11. Grants include supporting the parishes with minor repairs and quick wins, offering grants for missional transformation, and supporting ordinands as they progress through their training.

Some of our grants are paid from Trust funds with separate Trustees and Governance arrangements. Grants paid from LDTBF funds are generally issued and monitored by a committee established by the board.

Investment policy

The LDTBF is empowered by its memorandum of association to invest monies not immediately required for its purposes. In addition, the LDTBF acts as trustee of a number of trust funds, and these must be invested in accordance with the related trusts.

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

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

The Trustees' investment policy is to preserve the real value of the investment portfolio and to contribute to financing the activities of the Diocese. Growth continued in 2025 with an increase in the overall market value of £2.7m.

During 2025 the Trustees continued an ongoing review of all our investment funds to look to see where further investment could be made in 2026. The funds are detailed below: -

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

The Investment Committee reviews the performance of the funds at each of its meetings and holds annual review with its fund managers.

The Investment Committee makes recommendations to the Trustees around the investments. Whilst there has been considerable market volatility in 2025, the Trustees are satisfied that the work of the Investment Committee has protected our portfolio from unnecessary losses.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees maintain oversight of risk through the Diocese's established Risk Management Framework, supported by the Risk Management Committee and the Audit & Governance Committee. The framework is described in the LDTBF Risk Management Policy, which outlines responsibilities, risk appetite, and the processes used to identify, monitor, and mitigate risks.

The most significant risks facing the Diocese this year relate to **mission and ministry sustainability**. Long-term patterns of declining and ageing congregations, combined with challenges in recruiting sufficient Focal Ministers and volunteers, continue to affect parish vitality and the delivery of ministry across the Diocese.

This risk has been further heightened at the beginning of 2026 by the suspension of the Bishop of Lincoln, which has placed additional pressure on episcopal capacity and leadership resilience across the Diocese. During the period of suspension, the functions of the Diocesan Bishop have been undertaken by the Bishop of Grantham as Acting Diocesan Bishop, ensuring continuity of oversight, although trustees recognise that this arrangement introduces additional strain on leadership capacity and may affect confidence and stability in some parts of the diocesan community. Increased pressures on clergy wellbeing and capacity remain a notable organisational risk.

Financial sustainability is a further principal risk, including the impact of structural deficits and the long-term consequences of asset sales on future income. Trustees continue to monitor these risks closely through long-term planning and regular financial review.

Safeguarding governance and compliance also remains a key risk area. Although progress has been made, the potential impact of safeguarding failures, together with national restructuring of safeguarding arrangements, means this remains an area of heightened scrutiny and priority for trustees.

The Diocese is navigating **ongoing strategic change** through "A Time to Grow Together", and risks associated with organisational capacity, dependency on volunteers, and delays to implementation are recognised as principal uncertainties.

Finally, **cyber security, data protection and AI** remain key operational risks due to increasing digital dependency and the potential impact of data breaches or system failures. The Diocese continues to strengthen IT resilience, though the risk remains material.

The trustees will continue to monitor all principal and emerging risks and ensure that appropriate mitigation, oversight, and assurance processes remain in place throughout the coming year.

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 79 trained stipendiary clergy and 16 training curates in the Diocese is a priority of the LDTBF and represents by far its largest financial commitment.

Although the LDTBF does not employ the parish clergy, it is responsible for training them, paying them, and paying into their pension fund. Terms of service were introduced in 2011 in the form of Common Tenure under which all new clergy are appointed (some present clergy chose to retain their freehold).

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

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

Summary Information about the structure of the Church of England

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

The Church of England has a General Synod comprised of ex-officio and elected representation from each Diocese and it agrees and lays before Parliament Measures for the governance of the church's affairs which, if enacted by Parliament, have the force of statute law.

In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pension Board administers the pension schemes for clergy and lay workers. Within each Diocese, overall leadership lies with the Diocesan bishop, who exercises that input as bishop within the Diocesan Synod.

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

In 2024 the Diocese initiated a consultation process with deaneries to examine the rationalisation of the number of deaneries within the Diocese. The consultation was concluded in 2025, with changes to a number of deanery boundaries coming into force from 1st of July 2026.

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, Articles of Association and Standing Orders. This means that the trustees of the charity which make up the membership of the Bishop's Council of Diocesan Trustees are also the company's directors and that the Trust is bound by charity and company law and regulations.

The company's principal activity is to promote, assist and advance the work of the Church of England within the Diocese of Lincoln. It exists to transact the business of the Diocese of Lincoln and provide financial and administrative support to the Diocese and its associated activities. LDTBF serves as the Diocese's Board of Finance in accordance with Ecclesiastical Law.

LDTBF also acts as custodian of certain funds and properties held for the benefit of others (principally parishes of the Diocese).

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

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

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

In November 2025, the Bishop of Lincoln, after consulting with the relevant diocesan committees and Bishop's Council, completed a Bishop's Pastoral Order to reduce the number of Archdeaconries from three to two. Specifically, the Order:

- Dissolved the Archdeaconry of Boston.
- Brought the deaneries that were part of the Archdeaconry of Boston into the Archdeaconry of Lincoln.
- At the same time, made the four deaneries that were part of the Archdeaconry of Lincoln—Bolingbroke, Calcewaithe and Candleshoe, Horncastle, and Louthesk—a part of the Archdeaconry of Stow and Lindsey.

These changes were about making sure the diocese is structured in a way that best supports local churches and clergy. Following confirmation of this Order, Diocesan Synod agreed to defer certain trustee elections and extend relevant terms of office by one year, to allow time for the full composition of the Bishop's Council of Diocesan Trustees to be reconsidered following the 2025 Governance Review. A new schedule of elections and any required changes to the Standing Orders will be considered by Diocesan Synod in November 2026.

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 2025, including a meeting in April which also acted as the Annual General Meeting of the LDTBF. The Bishop's Council of Diocesan Trustees met five times, in person, acting as Standing Committee, DMPC, Bishop's Council and the Board of Finance.

Committees

Audit and Governance Committee (Chair: Mr David Cowell)
The Audit and Governance Committee's role 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.

Investment Committee *(Formerly Assets Committee in 2024)* (Chair: Mr Paul Brewster from Feb 2025)
The Investment Committee acts on behalf of the trustees to oversee the stewardship of the Diocese's investment, land and other capital assets. It provides scrutiny, advice and recommendations on investment strategy, asset utilisation and risk management, ensuring that assets are managed prudently, ethically and in line with the Diocese's mission and agreed risk appetite, and that income and capital growth support long-term financial sustainability.

Finance Committee (Chair: Canon Professor Muriel Robinson retired 31st December 2025, Mr Paul Brewster from January 2026)

The Finance Committee supports the trustees by overseeing the Diocese's financial planning, budgeting and financial control arrangements. It provides scrutiny and assurance on financial performance, resources, reserves and financial risk, and makes recommendations to the trustees to ensure that the Diocese's finances are managed prudently, transparently and in support of its charitable purposes.

Trusts Committee (Chair: Canon Ruth Brewin)

The Trusts Committee supports the trustees by overseeing the governance and administration of diocesan and local trust funds for which the Charity acts as trustee or custodian. It provides assurance that trust assets are managed in accordance with their governing documents and charity law, and that funds are applied appropriately and transparently for the benefit of parishes, clergy and other beneficiaries.

Clergy Housing Committee (Chair: Mr David Wright)

The Clergy Housing Committee seeks to provide housing that is appropriate, cost effective, efficient and well maintained. The committee makes recommendations for the purchase and disposal of properties for housing clergy to the Finance 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: Mrs Susan Leadbetter)

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 [until July 2025])

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 [until December 2025], Canon Ruth Brewin from January 2026)

The committee seeks out, provides scrutiny of and recommends appointed members to boards, committees and working groups of the diocese and our partners. The committee also encourages engagement for elected positions and works towards a greater standard of diversity, representation, and skills. The committee regularly reviews the skill level of trustees and makes recommendations for appointed positions on this basis. They also oversee the induction and exit programmes for trustees and committee members.

Training for Trustees

During 2025, the trustees were supported by the induction and development of three new trustees joining the Council and its committees, alongside ongoing learning for existing members. Induction arrangements were tailored to individual roles and committee responsibilities, ensuring that new trustees were equipped to contribute effectively from the outset.

Training and briefing during the year focused on trustees' legal duties and governance responsibilities; the Diocese's governance framework and scheme of delegation; financial oversight and risk management. A residential training and strategy event was held in January 2025, which focused on the Essential Charity Trustee and decision-making processes including a focus on managing conflicts of interest and loyalty, as well as recognising cognitive bias.

Trustees were also supported through detailed committee reporting and policy reviews, including work on investment strategy, ethical investment, treasury management, clergy housing responsibilities and trust administration.

This programme of induction, training sessions, briefings and ongoing development supported trustees in exercising effective oversight and informed decision-making and formed part of the Charity's wider commitment to high standards of governance and continuous improvement.

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

Remuneration of key management personnel

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

Delegation of day-to-day delivery

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

Funds held as Custodian Trustee

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

Further details of financial trust assets, whose market value amounted to £23m at 31 December 2025 (2024: £24m), are available from the LDTBF on request, and are summarised in note 28. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody.

TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

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

APPOINTMENT OF AUDITORS

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

ADMINISTRATIVE DETAILS

Trustees

No Trustee had any beneficial interest in the company during 2025. The following Trustees were in post at the date of this report:

Ex-officio:

The Diocesan Bishop	The Rt Revd Stephen Conway
The Bishop of Grimsby	The Rt Revd Dr David Court (resigned 31st July 25) The Rt Revd Jean Burgess (appointed 12th May 26)
The Bishop of Grantham	The Rt Revd Dr Nicholas Chamberlain
The Dean of Lincoln	The Very Revd Dr Simon Jones
The Archdeacon of Boston	The Venerable Dr Justine Allain Chapman (resigned 10th September 25)
The Archdeacon of Stow & Lindsey	The Venerable Alyson Buxton (resigned 16th January 26) The Venerable Eleanor Robertshaw (appointed 28th January 26)
The Archdeacon of Lincoln	The Venerable Gavin Kirk

Elected by Synod:

Chair of the House of Laity	Canon Nigel Bacon
Chair of the House of Clergy	The Revd Canon Martyn Taylor
	The Revd Canon Julie Donn
	The Revd Rachel Heskins
	Dr James Tannock
	Canon Ruth Brewin
	Mrs Susan Watt
	Mr Paul Brewster
	Mr Paul Davie
	The Revd James Claybern Roundtree (appointed 11th January 25; resigned 30th September 25)
	Mrs Alison Warrick (appointed 20th January 25)
	The Revd Sudharshan Sarvananthan (appointed 22nd November 25)
	Mr Philip Day (appointed 23rd December 25)

Appointed by the Diocesan Bishop:

Chair of the LDTBF (with the approval of Synod)	Canon Prof Muriel Robinson (resigned 31st December 25) Mr Paul Brewster (Chair from 1st January 26)
Chair of the Audit and Governance Committee	Mr David Cowell
Chair of the Clergy Housing Committee	Mr David Wright
Trustee	The Revd Pauline Cummins (appointed 8th July 25)

Senior staff and advisers

Diocesan Secretary	Andrew Holmes ACMA CGMA
Deputy Diocesan Secretary	Helen Doyle ACG
Head of Finance	Gaylene Noble FCA
Property Director	Andrew Drummond-Hunt
Registered Office	Edward King House, Minister Yard, Lincoln, LN2 1PU
Bankers	**National Westminster Bank Plc**, (Smith Bank Branch), Lincoln, LN2 1DS
Auditors	**HaysMac**, 10 Queen Street Place, London, EC4R 1AG
Solicitors	**Lee Bolton Monier-Williams**, 1 The Sanctuary Westminster London SW1P 3JT **Chattertons Solicitors**, 1 Flavian Road, Lincoln, LN2 4GR
Investment Advisers	**CCLA Investment Management Ltd,** Senator House, 85 Queen Victoria Street, London, EC4V 4ET **Schroder & Co. Limited,** 1 London Wall Place, London, EC2Y 5AU **Edentree Investment Management Ltd,** Sunderland, SR43 4AU **LGT Wealth Management,** 14 Cornhill, London, EC3V 3NR **Baillie Gifford,** Carlton Square, 1 Greenside Row, Edinburgh EH1 3AN
Glebe Agents	**Savills,** Olympic House, Doddington Road, Lincoln, LN2 1AS
Parsonage Agents	**Mundy's Estate Agent**, 29 Silver Street, Lincoln, LN2 1AS
Insurers	**PIB Insurance Brokers**, Poppleton Grange, Low Poppleton Lane, York, YO26 6GZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 5 – 17 within their capacity as company directors.

BY ORDER OF THE TRUSTEES

Paul Brewster	**Andrew Holmes**
Chair	Diocesan Secretary
23rd June 2026	23rd June 2026

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 2025 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 2025 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

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

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

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

Use of our report

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

Adam Halsey
(Senior Statutory Auditor)
For and on behalf of HaysMac, Statutory Auditors
10 Queen Street Place, London EC4R 1AG
Date: 2026

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2025

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2025 £'000	Total funds 2024 £'000
Income and endowments from							
Donations	2						
- Parish contributions		3,760	-	-	-	3,760	3,786
- Archbishop's Council		1,249	-	489	-	1,738	1,666
- Other donations		171	-	27	-	198	319
Charitable activities	3	420	-	21	-	441	491
Other trading activities	4	11	-	182	-	193	313
Investments	5	4	-	580	3,144	3,728	3,474
Other income	6	70		1,183	2,210	3,463	1,595
Total income		5,685	-	2,482	5,354	13,521	11,644
Expenditure on							
Raising funds	7	-	-	5	504	509	447
Charitable activities	8	8,693	-	1,382	-	10,075	9,991
Total expenditure		8,693	-	1,387	504	10,584	10,438
Net income/(expenditure) before investment gains/(losses)		(3,008)	-	1,095	4,850	2,937	1,206
Loss on disposal of fixed assets	-	-	-	(65)	-	(65)	(41)
Net gains/(losses) on investments	15	41	-	696	1,956	2,693	2,307
Net income/(expenditure)		(2,967)	-	1,726	6,806	5,565	3,472
Transfers between funds	13	2,909	(78)	136	(2,967)	-	-
Other recognised gains/(losses)							
Actuarial gains/(losses) on pension scheme	26	-	-	-	-	-	-
Gains/(losses) on revaluation of properties	14,15	-	-	243	797	1,040	5,452
Net movement in funds		(58)	(78)	2,105	4,636	6,605	8,924
Total funds brought forward		1,303	841	28,340	161,469	191,953	183,029
Total funds carried forward	19	1,245	763	30,445	166,105	198,558	191,953

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

	Total 2025 £'000	Total 2024 £'000
Total income (excluding endowments)	8,167	8,444
Total expenditure (excluding endowments)	(10,080)	(10,003)
Deficit of income over expenditure in the year before transfers	(1,913)	(1,559)
Net gains/(losses) on investments	737	683
Transfers from endowment of total return applied in the year	2,967	2,702
Net income/expenditure for the year	1,791	1,826
Other comprehensive income:		
Revaluation of fixed assets	243	(5)
Net (losses) on disposal of fixed assets	(65)	(41)
Total comprehensive income	1,969	1,780

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

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
BALANCE SHEET
For the year ended 31 December 2025

	Note	£'000	2025 £'000	£'000	2024 £'000
FIXED ASSETS					
Tangible assets	14		52,905		54,995
Investments	15		124,197		124,429
			177,102		179,424
CURRENT ASSETS					
Debtors	16	1,522		1,096	
Cash on deposit		19,752		10,000	
Cash at bank and in hand		1,190		2,360	
		22,464		13,456	
CREDITORS: amounts falling due within one year	17	(936)		(855)	
NET CURRENT ASSETS			21,528		12,601
TOTAL ASSETS LESS CURRENT LIABILITIES			198,630		192,025
CREDITORS: amounts falling due after more than one year					
Other creditors			(72)		(72)
NET ASSETS			198,558		191,953
FUNDS					
Endowment funds	19,21		166,105		161,469
Restricted income funds	19		30,445		28,340
Unrestricted income funds:					
General funds	19		1,245		1,303
Designated funds	19		763		841
TOTAL FUNDS			198,558		191,953

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

The Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 23rd June 2026 and signed on behalf of the Board by:

Paul Brewster
Chair

The Rt Revd Dr Nicholas Chamberlain
Acting Bishop of Lincoln

LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2025

		2025		2024
	£'000	£'000	£'000	£'000
Net cash inflow / (outflow) from operating activities		(4,516)		(3,841)
Cash flows from investing activities				
Dividends, interest and rent from investments	3,728		3,474	
Proceeds from the sale of tangible fixed assets	5,433		5,229	
Purchase of tangible fixed assets	(1,992)		(542)	
Proceeds from the sale of investments	5,929		2,087	
Purchase of investments	-		(8,117)	
Net cash provided by / (used in) investing activities		13,098		2,131
Cash flows from financing activities				
Loans repaid to LDTBF	-		-	
Net cash provided by / (used in) financing activities		-		-
Change in cash and cash equivalents in the reporting period		8,582		(1,710)
Cash and cash equivalents at 1 January		12,360		14,070
Cash and cash equivalents at 31 December		20,942		12,360
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movement in funds for the year ended 31 December		6,605		8,924
Adjustment for:				
Depreciation charges		10		10
Dividends, interest and rent from investments		(3,728)		(3,474)
Loss/ (Gain) on revaluation of tangible fixed assets		(243)		5
(Gain)/Loss on revaluation of investments		(2,693)		(2,307)
(Gain) on revaluation – investment properties		(797)		(5,457)
Loss on disposal of fixed assets		65		41
(Profit) on sale of fixed assets		(3,390)		(1,327)
Decrease / (Increase) in debtors		(426)		(489)
Increase / (Decrease) in creditors		81		233
Net cash provided by / (used in) operating activities		(4,516)		(3,841)
Analysis of cash and cash equivalents				
Cash in hand		1,190		2,360
Notice deposits (less than 3 months)		19,752		10,000
		20,942		12,360

ANALYSIS OF CHANGES IN NET DEBT

	As at 1 January 2025	Cashflow	Other Changes	As at 31 December 2025
	£	£	£	£
Cash and cash equivalents				
Cash	2,360	(1,170)	-	1,190
Deposit accounts	10,000	9,752	-	19,752
Borrowings	12,360	8,582	-	20,942
Debt due after one year	72	-	-	72
	72	-	-	72
Total	12,288	8,582	-	20,870

1. ACCOUNTING POLICIES

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

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

The principal accounting policies and estimation techniques are as follows.

a) Income

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

i) **Covenant Pledge contributions** The principal source of income comes from voluntary giving in the form of parish contributions which includes amounts received up to 21 January of the following year end and is identified as relating to the previous financial year. Income also includes any arrears received from previous years.

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

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

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

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

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

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

viii) **Stipends fund income** The Stipends Fund Capital account is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, satisfied. The DBF has adopted total return accounting and therefore the income, costs, gains and losses are credited to the Stipends Fund Capital and then amounts resolved to be transferred to meet the cost of clergy stipends are transferred to unrestricted funds to offset against the cost of clergy

1. ACCOUNTING POLICIES (continued)

b) Expenditure

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

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

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

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

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

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

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

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

c) Tangible fixed assets and depreciation

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

1. ACCOUNTING POLICIES (continued)

c) Tangible fixed assets and depreciation (continued)

Properties which are identified as Board properties are revalued on a five-year annual rolling programme. This valuation is conducted by the Property Director who is a registered member of the Royal Institution of Chartered Surveyors (RICS). The Property director reviews the market in the period in between formal valuations and where indications of material increase or decrease in value a specific valuation is performed and reflected in the financial statements.

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

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

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

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

d) Non-Property fixed assets

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

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

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

1. ACCOUNTING POLICIES (continued)

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

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

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

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

e) Other accounting policies

Debtors

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

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

1. ACCOUNTING POLICIES (continued)

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

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

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

Endowment funds
The Endowment funds are those held on trust to be retained for the benefit of the charitable company as a capital fund. In the case of the endowment funds administered by the LDTBF (Stipends Fund Capital and Parsonage Houses), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment. For the Stipends Fund Capital the trustees have adopted total return accounting. See note 20.

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

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

f) Going Concern

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

2. DONATIONS

Parish Contributions

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

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2025 £'000	2024 £'000
Current year apportionment	4,091	-	-	-	4,091	4,028
Shortfall in contributions	(331)	-	-	-	(331)	(232)
	3,760	-	-	-	3,760	3,796
Receipts for previous years	-	-	-	-	-	(10)
Total Income	3,760	-	-	-	3,760	3,786

Current year covenant pledges represent 92% of the total apportioned (2024 – 94%). All parish contributions in the year ended 31 December 2025 were attributable to the general fund.

Archbishop's Council

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2025 £'000	2024 £'000
Lowest Income Funding	1,249	-	-	-	1,249	1,207
Strategic Development	-	-	110	-	110	291
Strategic Capacity	-	-	46	-	46	62
Sustainability Grant	-	-	70	-	70	56
Ministry Experience Scheme	-	-	4	-	4	6
Parish Giving Support	-	-	24	-	24	32
Parish Repairs and Improvements	-	-	235	-	235	12
	1,249	-	489	-	1,738	1,666

The Lowest Income Communities Funding is the annual grant for the parish mission fund, which may be used for specific parish mission and development projects or for clergy stipends. All of this amount received in the year ended 31 December 2025 was attributable to the general fund. The LDTBF has been successful with a range of Strategic Development Fund bids for various initiatives.

2. DONATIONS (continued)

Other donations

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Benefact Grant	89	-	-	-	89	106
Historic England – Historic Churches Support Officer	-	-	-	-	-	13
Church Army	-	-	20	-	20	46
Marshalls Charity	-	-	6	-	6	8
Other Donations	82	-	1	-	83	146
	171	-	27	-	198	319

Total income from other donations for the year ended 31 December 2024 of £319k was split as follows: £160k in restricted funds and £159k in unrestricted funds

3. CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	416	-	-	-	416	476
Church Commissioners'						
Fees from training	-	-	21	-	21	11
Income recharged for Support to parishes	4	-	-	-	4	4
	420	-	21	-	441	491

Total other income from other charitable activities for the year ended 31 December 2024 of £491k was split between funds as follows: £11k in restricted funds and £480k in unrestricted funds

4. OTHER TRADING ACTIVITIES

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Housing income	-	-	182	-	182	291
Rents receivable	11	-	-	-	11	22
	11	-	182	-	193	313

Total income from other trading activities for the year ended 31 December 2024 of £313 was split as follows: £291k in restricted funds and £22k in unrestricted funds

5. INVESTMENT INCOME

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	funds	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends receivable	4	-	580	1,184	1,768	1,867
Interest receivable	-	-	-	630	630	508
Rents receivable	-	-	-	1,330	1,330	1,099
	4	-	580	3,144	3,728	3,474

Total investment income for the year ended 31 December 2024 of £3,474k was split between funds as follows: £2,771k in endowment funds, £613k in restricted funds and £90k in unrestricted funds

6. OTHER INCOME

	Unrestricted funds		Restricted	Endowment	Total funds	Total funds
	General	Designated	Funds	Funds	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of Properties & Glebe	-	-	1,183	2,207	3,390	1,326
Gain on sale of Investments	-	-	-	-	-	1
Sale receipts from churches	-	-	-	-	-	28
Sale of Glebe Mineral Rights	-	-	-	2	2	188
Contribution to office running costs	55	-	-	-	55	52
Recharge of costs	15	-	-	-	15	-
Sale of strip of land	-	-	-	1	1	-
	70	-	1,183	2,210	3,463	1,595

Total other income for the year ended 31 December 2024 of £1,595k was split between funds as follows: £429k in endowment funds, £1,114k in restricted funds and £52k in unrestricted funds

7. RAISING FUNDS

RAISING FUNDS (2025)	Unrestricted funds		Restricted	Endowment	Total funds
	General	Designated	Funds	Funds	2025
	£'000	£'000	£'000	£'000	£'000
Glebe agent's fee	-	-	-	504	504
Parsonage rental costs	-	-	5	-	5
	-	-	5	504	509

7. RAISING FUNDS (continued)

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

8. CHARITABLE ACTIVITIES

CHARITABLE ACTIVITIES (2025)	Unrestricted funds General £'000	Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2025 £'000
Contributions to Archbishops' Council					
Training for Ministry	295	-	-	-	295
National Church Responsibilities	176	-	-	-	176
Grants & Provisions	31	-	-	-	31
Mission agency pension costs	10	-	-	-	10
Retired clergy housing costs	128	-	-	-	128
Pooling of ordinands maintenance grants	108	-	-	-	108
	748	-	-	-	748
Resourcing Ministry and Mission					
Parish Ministry Stipends and national insurance	3,620	-	-	-	3,620
Pension contributions	642	-	-	-	642
Housing costs	734	-	733	-	1,467
Removal and resettlement grants	141	-	-	-	141
Other expenses	84		-	-	84
	5,221	-	733	-	5,954
Support for parish ministry	1,387		649	-	2,036
Support costs	1,227	-	-	-	1,227
	2,614	-	649	-	3,263
Expenditure on Education					
Support for church schools and parishes	110	-	-	-	110
	8,693	-	1,382	-	10,075

8. CHARITABLE ACTIVITIES (continued)

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

9. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (2025)	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2025 £'000
Raisings funds	509	-	-	509
Charitable activities:				
Contributions to Archbishop's Council	-	748	-	748
Resourcing parish ministry	5,954	2,036	1,227	9,217
Education	-	110	-	110
	6,463	2,894	1,227	10,584

ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS (2024)	Activities Undertaken Directly £'000	Grant Funding of Activities £'000	Support Costs £'000	Total costs 2024 £'000
Raisings funds	446	-	-	446
Charitable activities:				
Contributions to Archbishop's Council	-	758	-	758
Resourcing parish ministry	6,106	1,757	1,271	9,134
Education	-	100	-	100
	6,552	2,615	1,271	10,438

10. ANALYSIS OF SUPPORT COSTS

ANALYSIS OF SUPPORT COSTS (2025)	Unrestricted funds		Restricted	Endowment	Total funds
	General £'000	Designated £'000	Funds £'000	Funds £'000	2025 £'000
Central administration	943	-	-	-	943
Governance:					
External audit	35	-	-	-	35
Registrar and Chancellor	151	-	-	-	151
Synodical costs	98	-	-	-	98
	1,227	-	-	-	1,227

10. ANALYSIS OF SUPPORT COSTS (continued)

ANALYSIS OF SUPPORT COST (2024)	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2024 £'000
Central administration	1,000	-	-	-	1,000
Governance:					
External audit	31	-	-	-	31
Registrar and Chancellor	136	-	-	-	136
Synodical costs	104	-	-	-	104
	1,271	-	-	-	1,271

11. ANALYSIS OF GRANTS MADE

	Number	Individuals £'000	Institutions £'000	2025 Total £'000	2024 Total £'000
From unrestricted funds for national Church responsibilities:					
Contributions to Archbishop's Council	6	-	748	748	758
From unrestricted funds:					
Support for Board of Education	1	-	110	110	100
PEV Episcopal Visitors	3	2	-	2	3
Churches Together in Lincolnshire	1	-	10	10	9
Transformation Grants	18	-	53	53	67
Clergy Settlement Grants	14	47	-	47	42
Clergy 1st Appointment Grants	9	28	-	28	31
Clergy Robing Grants	2	2	-	2	-
Ordinands in training	5	80	-	80	36
Ministry Division grants	12	10	-	10	6
Minor Repair & Quick Wins Grants	54	-	235	235	12
Deanery Partnership Grants	4	-	22	22	-
	123	169	430	599	306

In the year ended 31 December 2025 grants of £169k (2024: £118k) were awarded to individuals, £430k (2024: £188k) to institutions.

12. STAFF COSTS

	2025 £'000	2024 £'000
Employee costs during the year were as follows:		
Wages and salaries	1,655	1,732
National insurance contributions	186	168
Pension costs	138	210
	1,979	2,110

12. STAFF COSTS (Continued)

The average number of persons employed by the charity during the year were:	**2025 Number**	**2024 Number**
Administration and financial management	24	24
Property	4	5
Discipleship & Ministry, Stewardship	9	11
Safeguarding & inclusion	5	4
Total for the Charity	42	44

	2025 Number	**2024 Number**
The numbers of staff whose emoluments (including benefits in kind but excluding Pension contributions) amounted to more than £60,000 were as follows:		
£60,000 - £70,000	2	-
£80,001 - £90,000	-	2
£90,000 - £100,00	1	
£120,001 - £130,000	-	1

Pension payments of £20,102 were made in 2025 in respect of the above individuals (2024: £79,697).
There were no members of staff who received employee benefits in excess of £60,000.

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2025 they were the Diocesan Secretary, Deputy Diocesan Secretary, Property Director and the Head of Finance.

Remuneration, pensions, employers NI and expenses for the four employees amounted to £336,311 (2024: £376,964).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee (2024 – None). Trustees received travelling and out of pocket expenses, totalling £6,291 (2024 – £5,869) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	**Housing**
The Rt Revd Stephen Conway	No	No
The Rt Revd Dr Nicholas Chamberlain	No	Yes
The Rt Revd Dr David Court	No	Yes
The Rt Revd Jean Burgess	No	No
The Venerable Alyson Buxton	Yes	No
The Venerable Dr Justine Allain Chapman	Yes	Yes
The Venerable Gavin Kirk	Yes	Yes
The Venerable Eleanor Robertshaw	No	No
The Rev Julie Donn	Yes	No
The Revd Rachel Heskins	Yes	Yes
The Revd Sudharshan Sarvananthan	Yes	Yes
The Rev James Claybern Roundtree	Yes	Yes

12. STAFF COSTS (Continued)

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 97 (2024 – 101) stipendiary clergy as officeholders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2025 £'000	**2024 £'000**
Stipends	3,252	3,223
National insurance contributions	367	281
Pension costs - current year	662	696
	4,281	4,200

The stipends of the Diocesan Bishop and Suffragan Bishops are funded by the Church Commissioners and are in the range £43,620 - £55,660 (2024 range £42,350 - £51,910). The annual rate of stipend, funded by the LDTBF, paid to Archdeacons in 2025 was £43,086 (2024 range £41,792-£43,405) and other clergy who were Trustees were paid in the range £29,967 - £32,728 (2024 range £28,670 - £31,152). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2025 at £12,765 (2024 at £12,393). The value of housing provided to Diocesan Bishops is £33,900.

13. ANALYSIS OF TRANSFERS BETWEEN FUNDS

	Unrestricted funds		**Restricted**	**Endowment**
	General £'000	**Designated £'000**	**Funds £'000**	**Funds £'000**
From General Fund to Designated Fund	(47)	47	-	-
From General Fund to Restricted Fund	(33)		33	
From Restricted Fund to General Fund	22	-	(22)	-
From Designated Fund to Restricted Fund		(125)	125	-
From Endowment Funds Unapplied Total Return to the General Fund	2,967	-	-	(2,967)
	2,909	(78)	136	(2,967)

£47k was transferred from the general fund to the designated fund which related to the unspent element of the Transformation Fund during 2025. This has been transferred to fund future missional projects. The £22k transferred from Restricted Fund to the General Fund relates to £6k costs capitalised during the year on property under the Marshall Charity Grant income and £16k of agreed funding of maintenance grants for ordinands in training. The transfer from General Fund to Restricted Funds relates to the agreed LDTBF contribution to the ongoing projects - £20k to TTCT and £13 to the Ministerial Experience Scheme. The £125k transferred from the Designated Funds to Restricted Funds represents the current year to date costs LDTBF agreed to contribute towards the Strategic Development Fund. 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 & Building

	Freehold Land & Buildings £'000	Office Equipment £'000	Total £'000
Cost of valuation			
At 1 January 2025	54.967	50	55,017
Additions	1,955	37	1,992
Disposals	(4,315)	-	(4,315)
Revaluation	243	-	243
At 31 December 2025	52,850	87	52,937
Depreciation			
At 1 January 2025	-	22	22
Disposals	-	-	-
Charge for the year	-	10	10
At 31 December 2025	-	32	32
Net Book Value			
At 31 December 2025	52,850	55	52,905
At 31 December 2024	54,967	28	54,995

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

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

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

The value which is held in the balance sheet relating to Edward King House is £2,214,655 (2024: £1,705,433). This is considered to be a fair value.

On 31 December there was a housing stock of 150 properties with a value of £50,160,612 (2024: £52,785,975) of which 22 (2024: 25) were let.

Two Value Linked Loans are outstanding with the Church Commissioners amounting to £72,500 (2024: £72,500) of which £4,202 (2024: £5,532) interest is due within a year (note 17). The Board has no financial interest in the value of these houses.

15. TOTAL INVESTMENT ASSETS

	2025 £'000	2024 £'000
Investment properties - 15 (a)	60,724	63,649
Investments – 15 (b)	63,473	60,780
Total investment assets	124,197	124,429

15(a). INVESTMENT PROPERTIES

	2025 £'000	2024 £'000
Market value at 1 January 2025	63,649	59,921
Disposals	(3,722)	(1,729)
(Loss)/Gain on revaluation	797	5,457
Market value as at 31 December 2025	60,724	63,649

The investment properties are revalued by Savills by a RICs registered valuer. These were revalued as at 31st December 2025. During 2025 281.92 acres of development land were disposed of with sale proceeds of £6m. The valuations were undertaken in line with the definition of Market Value as defined in the RICS Red Book, as detailed below:

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

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

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

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

15(b). FIXED ASSET INVESTMENTS

	As at 1 January 2025 £'000	Additions £'000	Disposals £'000	Transfers £'000	Change in Market Value £'000	As at 31 December 2025 £'000
Endowment Funds						
CBF Church of England Fund	8,996	-	-	-	(359)	8,637
Edentree Responsibility & Sustainable Global Equity Fund B	2,234	-	-	-	276	2,510
Cazenove Capital	8,724	-	-	-	590	9,314
LGT Abrdn	13,752		-	-	972	14,724
LGT Wealth Management	12,896		-	-	477	13,373
	46,602	-	-	-	1,956	48,558
Diocesan Pastoral Fund						
CBF Church of England Fund	4,421	-	-	-	(177)	4,244
Edentree Responsibility & Sustainable Global Equity Fund	6,088	-	-	-	753	6,841
Cazenove Capital	2,032	-	-	-	137	2,169
Ballie Gifford	985	-	-	-	(4)	981
	13,526	-	-	-	709	14,235
Trust funds						
M & G Charifund		-	-	-	-	-
CBF Church of England Fund	324	-	-	-	(13)	311
	324	-	-	-	(13)	311
Unrestricted Funds						
Edentree Humphrey Bequest	328	-	-	-	41	369
	328	-	-	-	41	369
Total	60,780	-	-	-	2,693	63,473

16. DEBTORS

	2025 £'000	2024 £'000
Debtors	260	225
Other debtors and prepayments	1,262	771
Interest free loans within the Diocese	-	100
Total debtors	1,522	1,096

17. CREDITORS: amounts falling due within one year

	2025 £'000	2024 £'000
Creditors	441	302
Other taxes and social security	60	51
Other creditors and accruals	435	502
Total creditors: amounts falling due within one year	936	855

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

	2025 £'000	2024 £'000
Church Commissioners value-linked loan	72	72
Total creditors: amounts falling due after more than one year	72	72

Value-linked loans (VLLs) represent amounts advanced to the DBF for the purchase of properties on an equity sharing basis and are repayable on the disposal of the related property.

19. SUMMARY OF FUND MOVEMENTS

SUMMARY OF FUND MOVEMENTS 2025

	As at 1 January 2025 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and Losses £'000	As at 31 December 2025 £'000
UNRESTRICTED FUNDS						
General	1,303	5,685	(8,693)	2,909	41	1,245
DESIGNATED FUNDS						
Pension Reserve	1	-	-	-	-	1
Building Committee Reserve	30	-	-	-	-	30
Clergy Conference	9	-	-	-	-	9
Vat Buffer Fund	100	-	-	-	-	100
Transformation Fund	264	-	-	47	-	311
Resource Church Funding	437	-	-	(125)	-	312
	841	-	-	(78)	-	763
RESTRICTED FUNDS						
Pastoral Account DPA	27,501	2,461	(1,374)	136	887	29,611
Pastoral No.2 Account	27	-	-	-	-	27
Trusts	325	-	-	-	(13)	312
Other Restricted	487	21	(13)	-	-	495
	28,340	2,482	(1,387)	136	874	30,445
ENDOWMENT FUNDS						
Permanent						
Trust for Investment	37,948	-	-	1,865	-	39,813
Unapplied Total Return	42,233	3,144	-	(4,832)	1,956	42,501
Other Investment Assets	38,358	2,210	(504)	-	797	40,861
Expendable						
Parsonage Fund	42,930	-	-	-	-	42,930
	161,469	5,354	(504)	(2,967)	2,753	166,105
Total funds	191,953	13,521	(10,584)	-	3,668	198,558

19. SUMMARY OF FUND MOVEMENTS (continued)

SUMMARY OF FUND MOVEMENTS 2024

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

20. ENDOWED FUND – TOTAL RETURN

ENDOWED FUND – TOTAL RETURN 2025	Trust for Investment £'000	Unapplied Total Return £'000	Other Investment Assets £'000	Total Endowment £'000
At the beginning of the reporting period:	37,948	42,233	38,358	118,539
Income				
DBF Fundraising	-	-	-	-
Dividends		1,814	-	1,814
Rents	-	1,330	-	1,330
Sale of Glebe - Profit	-	-	2,210	2,210
Expenditure				
Stipends Cost	-	-	(504)	(504)
Gain/(Loss) on fixed assets	-	-	-	-
Gain/(Loss) on investments	-	1,956	797	2,753
Transfer to cover stipends	-	(2,967)	-	(2,967)
Indexation	1,865	(1,865)	-	-
Gain on pension	-	-	-	-
Gain on revaluation of property	-	-	-	-
At end of the reporting period	39,813	42,501	40,861	123,175

ENDOWED FUND – TOTAL RETURN 2024	Trust for Investment £'000	Unapplied Total Return £'000	Other Investment Assets £'000	Total Endowment £'000
At the beginning of the reporting period:	36,524	41,965	32,908	111,397
Income				
DBF Funding	-	-	-	-
Dividends	-	1,672	-	1,672
Rents		1,099	-	1,099
Other Glebe Income	-	-	429	429
Expenditure				
Stipends Cost		-	(436)	(436)
(Loss) on fixed asset	-	-	-	-
(Loss) on investments	-	1,623	5,457	7,080
Transfer to cover stipends	-	(2,702)	-	(2,702)
Indexation	1,424	(1,424)	-	-
At end of the reporting period	37,948	42,233	38,358	118,539

The Trustees adopted total return during 2017 and £1.86m was released in 2025 (2024 - £1.4m) from the unapplied total return fund. The Trustees have adopted total return under the Diocesan Stipend Funds (Amendment) Measure 2016. The "other investment assets" represent glebe land assets not included in the Stipends Fund Capital unless disposed where the proceeds are credited to the trust for investment and UTR based on the total return policy.

21. SUMMARY OF ASSETS BY FUND

SUMMARY OF ASSETS BY FUND 2025	Tangible Fixed Assets £'000	Investments £'000	Net Current Assets £'000	Long Term Creditors £'000	Net Assets £'000
Unrestricted funds – General	55	368	822	-	1,245
Unrestricted - designated					
Pension Reserve	-	-	1	-	1
Building Committee Reserve	-	-	30	-	30
Clergy Conference	-	-	9	-	9
Discipleship Donation Fund	-	-	-	-	-
Vat Buffer Fund	-	-	100	-	100
Transformation Fund	-	-	311	-	311
Resource Churches funding	-	-	312	-	312
	-	-	763	-	763
Restricted					
Pastoral Account DPA	13,559	14,235	1,817	-	29,611
Pastoral No.2 Account	-	-	27	-	27
Trusts	-	311	1	-	312
Other Restricted	-	-	495	-	495
	13,559	14,546	2,340	-	30,445
Endowment Permanent					
Trust for Investment	-	28,611	11,202	-	39,813
Unapplied Total Return	-	42,501	-	-	42,501
Other Investment Assets	2,690	38,171	-	-	40,861
Expendable					
Parsonage Fund	36,601	-	6,401	(72)	42,930
	39,291	109,283	17,603	(72)	166,105
Total funds	52,905	124,197	21,528	(72)	198,558

21. SUMMARY OF ASSETS BY FUND (continued)

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

22. DESCRIPTION OF FUNDS

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

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

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

22. DESCRIPTION OF FUNDS (continued)

Designated funds (continued)

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

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

Other Designated Funds
From time-to-time funds are set aside for future expenditure such as the clergy conference and the Transformation Fund. In 2018, the Trustees designated £1.5m as their contribution to the Strategic Development Fund bid which the diocese was successful in securing in December 2018. A remaining balance of £312k is in place at the end of 2025.

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

Trusts
These have been set up as permanent Trusts, so the capital can't be spent. Any income generated from these Trusts is to be spent on New Yourth Ventures and the general purpose of LDTBF.

Endowment Funds

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

Trust for Investment Fund
This fund contains the value of the original glebe portfolio based on the value in 1996. This value formed the basis for the total return calculation. This figure is increased each year in line with inflation by using the December inflation figure of the current year. This inflationary retail price index figure is used to increase the value of the fund. The figure for 2025 was 5.3% increasing the value of the fund to £39.8m.

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

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

22. DESCRIPTION OF FUNDS (continued)

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 2025 the LDTBF had capital expenditure commitments authorised but not contracted for in 2025 of £NIL (2024 - £NIL), and no expenditure contracted for but not yet due in 2025 (2024 - £NIL).

24. OPERATING LEASES

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

	2025 £'000	2024 £'000
Other operating leases		
Amounts due:		
Within one year of the balance sheet date	12	12
In the second to fifth years inclusive of the balance sheet date	12	12
	24	24

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 no active members at the end of the year (2024: 2). The scheme is closed to new members.

Salaried Staff

Defined Benefits Scheme

The employees contributed £373 in the year (2024: £815) and the charge in the Trust's accounts for the year ended 31 December 2025 amounted to £NIL (2024: £15,780).

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

26. PENSIONS (continued)

Stakeholder Pension Provision

Since 2010 new employees have been offered a stakeholder pension. Contributions of £128,106 (2024: £121,073) were made in year on behalf of 40 employees. The contributions relate to unrestricted activities.

Church of England Funded Pension Scheme

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

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

This scheme is considered to be a multi-employer scheme as described in Section 28 of FRS.102. It is not possible to attribute the scheme's assets and liabilities to a specific Responsible Body, and this means contributions are accounted for as if the scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, which were £662k (2024: £696k) plus any figures arising from contributions in respect of the Scheme's deficit (see below). A valuation of the Scheme is carried out once every three years. The 2021 valuation showed the scheme to be fully funded; as such in 2025, the deficit contributions paid were £0 (2024: £0).

The December 2024 valuation revealed a surplus of £560m, based on assets of £2,570m and a funding target of £2,010m, assessed using the following assumptions:

- An average discount rate of 6.0% pa;
- RPI inflation of 3.4% pa (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.7% pa pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increases in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S4NA_L tables, with allowance for improvements in mortality rates from 2017 in line with the CMI2023 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 and 2021 data of 20% (i.e. w = 20%).

The 2024 valuation reflects the benefit improvements that the General Synod agreed in principle in July 2025 (and confirmed in February 2026).

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there were no deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2024 and 31 December 2025 is £NIL.

The movement in the balance sheet liability over 2024 and over 2025 is set out in the table below.

	2025 £'000	2024 £'000
Balance sheet liability as at 1 January	-	-
Deficit Contributions paid	-	-
Interest cost (recognised in the SOFA)	-	-
Re-measurement of the balance sheet liability*(recognised in the SOFA)	-	-
Balance sheet liability as at 31 December	-	-

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

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

27. RELATED PARTY TRANSACTIONS

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

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

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

	2025	2024
	£	£
Old Bolingbroke PCC	-	38,933
Hackthorn w Cold Hanworth PCC	-	17,060
Ulceby PCC	-	9,200
Little Steeping PCC	-	29,000
Huttoft PCC	-	6,205
Total outstanding loans to parishes	-	100,398

28. FUNDS HELD AS CUSTODIAN TRUSTEE

The LDTBF acts as Diocesan Authority or custodian trustee for 804 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. 705 relate to parochial funds with the remaining 99 being held for educational and non-parochial funds. Assets held in this way are not aggregated in these financial statements as the LDTBF does not control them. The assets are held in separate funds identified by the names of the parishes or the trusts to which they relate. They are operated via a separate trust bank account, and all statements are issued to the parishes as and when they are received. The financial assets held in this way may be summarised as follows:

	2025	2024
	£'000	£'000
CBF Church of England Deposit Fund (Capital)	1,479	1,440
CBF Church of England Investment Fund accumulation income	2,169	2,046
CBF Church of England Investment Fund	16,367	17,318
COIF income and accumulation shares	167	176
M & G Charifund	2,696	2,349
M & G Charibond	-	37
Edentree Investment Management	192	171
Miscellaneous Investments	90	90
Total assets held as custodian trustee	23,160	23,627

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