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# **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2023**

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

Company number - 00097256

Registered charity number – 249355

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

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## **Mission Statement**

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

# LINCOLN DIOCESAN TRUST AND BOARD OF FINANCE LIMITED ANNUAL REPORT

For the year ended 31 December 2023

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

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

This combined report satisfies the legal requirements for a:

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

## LEGAL OBJECTS

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

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

The LDTBF has the following statutory responsibilities: -

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

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

## PUBLIC BENEFIT STATEMENT

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

## STRATEGIC REPORT

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

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

## STRATEGIC PRIORITIES

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

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

### 1. Faithful Worship

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

### 2. Confident Discipleship

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

### 3. Joyful Service

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

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

### 4. Ministry

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

### 5. Resources

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

### 6. Partnerships

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

## Progress in the Year

### A New Bishop

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

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

### **Strategy**

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

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

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

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

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

### **Edward King House**

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

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

### **National Funding**

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

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

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

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

### **Safeguarding 2023**

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

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

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

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

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

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

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

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

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

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

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

## **Governance and Leadership**

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

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



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

## **PROVISION OF RESOURCES**

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

### **Church Buildings and Pastoral**

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

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

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

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

### **Property Assets & Trusts**

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

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

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

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

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

### **Volunteers**

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

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

### **Other related parties include**

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

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

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

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

## FINANCIAL REVIEW

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

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

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

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

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

### Operating Financial Performance

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

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

### Covenant pledges

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

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

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

### **Balance sheet position**

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

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

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

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

### **Balance Sheet Funds**

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

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

## **Reserves policy**

### ***Unrestricted reserves***

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

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

### ***Designated funds***

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

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

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

## **Grant making policy**

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

## **Investment policy**

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

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

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

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

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

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

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

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

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

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

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

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

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

**STRUCTURE AND GOVERNANCE**

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



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

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

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

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

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

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

### **Organisational structure**

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

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

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

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

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

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

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

### **Decision making structure**

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

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

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

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

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

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

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

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

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

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

**Assets Committee (Chair: Jane Powell until 1<sup>st</sup> Dec 2023):**

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

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

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

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

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

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

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

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

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

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

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

**Training for Trustees**

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

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

**Remuneration of key management personnel**

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

**Delegation of day to day delivery**

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

**Funds held as Custodian Trustee**

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

**TRUSTEES' RESPONSIBILITIES**

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

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

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

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

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

## **STATEMENT OF DISCLOSURE TO THE AUDITORS**

So far as the Trustees are aware:

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

## **APPOINTMENT OF AUDITORS**

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

## **ADMINISTRATIVE DETAILS**

### **Trustees**

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

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**Ex-officio:**

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

**Elected by Synod:**

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

**Appointed by the Diocesan Bishop:**

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

**Senior staff and advisers**

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

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

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

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

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

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

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

BY ORDER OF THE TRUSTEES

**Muriel Robinson**

Chair

21 March 2024

**David Dadswell**

Secretary

21 March 2024

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

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

### **Opinion**

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

In our opinion, the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

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



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

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

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

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

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

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

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

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

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

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

### **Responsibilities of trustees for the financial statements**

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

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

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

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

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

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### INDEPENDENT AUDITORS'S REPORT (continued)

basis of these financial statements.

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

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

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

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

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

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

#### Use of our report

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

Adam Halsey  
(Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors  
Date: 21 March 2024

10 Queen Street Place  
London EC4R 1AG

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

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

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

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

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

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

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

Company Number –00097256

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

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

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

**Muriel Robinson**  
Chair

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

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

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

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

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**ANALYSIS OF CHANGES IN NET DEBT**

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

## 1. ACCOUNTING POLICIES

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

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

The principal accounting policies and estimation techniques are as follows.

### a) Income

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

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



## 1. ACCOUNTING POLICIES (continued)

### b) Expenditure

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

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

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

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

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

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

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

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

### c) Tangible fixed assets and depreciation

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

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

**1. ACCOUNTING POLICIES (continued)**

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

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

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

**Properties subject to value linked loans**

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

**Investment properties**

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

**Parsonage houses**

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

**d) Non-Property fixed assets**

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

**Depreciation**

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

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

## 1. ACCOUNTING POLICIES (continued)

### **Other investments**

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

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

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

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

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

### **Financial instruments**

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

## e) Other accounting policies

### **Debtors**

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

### **Creditors and provisions**

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

## 1. ACCOUNTING POLICIES (continued)

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

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

### **Funds**

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

### **Endowment funds**

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

### **Trust Funds**

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

### **Reserves Policy**

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

## f) Going Concern

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

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

**2. DONATIONS**

**Parish Contributions**

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

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

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

**Archbishop's Council**

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

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

**Other donations**

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

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

**2. DONATIONS (continued)**

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

**3. CHARITABLE ACTIVITIES**

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

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

**4. OTHER TRADING ACTIVITIES**

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

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

**5. INVESTMENT INCOME**

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

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

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

**6. OTHER INCOME**

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

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

**7 RAISING FUNDS (2023)**

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

**RAISING FUNDS (2022)**

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

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

**8. CHARITABLE  
ACTIVITIES (2023)**

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



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

**8. CHARITABLE  
 ACTIVITIES (2022)**

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

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

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

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

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

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

**10. ANALYSIS OF SUPPORT COSTS (2023)**

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

**ANALYSIS OF SUPPORT COSTS (2022)**

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

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

**11. ANALYSIS OF GRANT MADE**

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

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

**12. STAFF COSTS**

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

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

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

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

**12. STAFF COSTS (Continued)**

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>

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

£80,001 - £90,000	2	2
-------------------	---	---

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

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

**Remuneration of key management personnel**

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

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

**Trustees' emoluments**

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

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

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

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

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

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

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

**12. STAFF COSTS (continued)**

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

**Trustees' emoluments (continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**15. TOTAL INVESTMENT ASSETS**

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

**15(a) INVESTMENT PROPERTIES**

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

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

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

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

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

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

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

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

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

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

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

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

**15 (b). FIXED ASSET INVESTMENTS (continued)**

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

**16. DEBTORS**

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

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

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

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

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

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



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

**19. SUMMARY OF FUND MOVEMENTS  
 (2023)**

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

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

**19. SUMMARY OF FUND MOVEMENTS  
 (2022)**

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

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

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

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

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

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

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

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

## 22. DESCRIPTION OF FUNDS

### General fund

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

### Designated funds

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

### Pension Fund Reserve

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

## 22. DESCRIPTION OF FUNDS (continued)

### Designated funds (continued)

#### Building Committee Reserve

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

#### VAT Buffer Fund

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

#### Other Designated Funds

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

### Restricted Funds

#### Pastoral Fund

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

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

### Endowment Funds

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

#### Trust for Investment Fund

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

#### Unapplied Total Return

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

#### Other Investment Assets

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

#### Parsonage property fund (Expendable Funds)

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

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

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**22. DESCRIPTION OF FUNDS (continued)**

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

**23. CAPITAL COMMITMENTS**

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

**24. OPERATING LEASES**

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

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

**25. POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES**

There were no post balance sheet events.

**26. PENSIONS**

**Salaried Staff**

**Defined Benefits Scheme**

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

**Salaried Staff**

**Defined Benefits Scheme**

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

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

**Stakeholder Pension Provision**

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

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

**Church of England Funded Pension Scheme**

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

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

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

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

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

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

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

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

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

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

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



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

**26. PENSIONS (Continued)**

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

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

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

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

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

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

**27. RELATED PARTY TRANSACTIONS**

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

**Edenham Regional House**

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

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

**27. RELATED PARTY TRANSACTIONS (CONTINUED)**

**Parochial Church Councils**

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

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

**28. FUNDS HELD AS CUSTODIAN TRUSTEE**

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

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

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

**29. PRIOR YEAR COMPARATIVE SOFA**

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