



**THE CATHEDRAL CHURCH**

**OF THE**

**BLESSED VIRGIN MARY OF LINCOLN**

**CONSOLIDATED ACCOUNTS**

**AND**

**ANNUAL REPORT**

**FOR THE YEAR ENDING**

**31 MARCH 2020**

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## **Annual Report for the Year Ended 31 March 2020**

### **Aims, Objectives and Activities**

Lincoln Cathedral was created as an awe-inspiring beacon of worship and hope to the city and county, and to the many hundreds of thousands of pilgrims who have journeyed here over the centuries. Our building stands as testimony, despite war, earthquake, fire, plague and scandal, to the enduring faith and witness of the people of Lincolnshire and the grace of God through the ages. It was built as a place of safety and sanctuary where people may find healing and reconciliation. Its purpose, as it always has been, is to bring everyone who comes through its doors, whether visitor, pilgrim or worshipper, closer to God.

For many this experience is achieved through active worship and participation in the Cathedral community, encompassing the regular rhythm of thirty-five or so weekly services in the Cathedral as well as the great festivals.

Others will experience the love of God through the warmth of the welcome they receive in and around the Cathedral, the generous hospitality they encounter or by sitting for quiet reflection in this sacred space. Others still will be drawn closer to God through the learning and education activities organised by the Cathedral, or by special concerts, occasions or events they attend.

In order to achieve this purpose the Cathedral Chapter and all those who work at the Cathedral, whether staff or volunteer aim to:

- Sustain and resource the ministry of the bishop in his diocese
- Maintain and develop the pattern of daily prayer
- Care for the fabric of the Cathedral, as custodians for the benefit of future generations
- Enable the building to speak boldly and imaginatively
- Raise funds necessary to fulfil the Cathedral's potential
- Be a natural setting for exploration of and engagement with the issues of contemporary society
- Explore the ways in which the life of the Cathedral can be shared more widely
- Ensure best practice in all that we undertake

Chapter's priorities, in this financial year, were to:

- Continue without interval the pattern of Sunday services along with the 35 or so weekday services of Mattins, Holy Communion, lunchtime Eucharist and Evensong
- Continue to deliver Stage 2 of "Lincoln Cathedral Connected", a National Lottery Heritage Fund (NLHF) enabled project which encompasses the aims of fabric restoration, its interpretation and financial sustainability through enhanced visitor experience.
- Deliver the planned programme of work in respect the maintenance and restoration of the cathedral fabric and its precinct in line with budgeted cost and timescales
- Further the strategic priority of financial sustainability, specifically by:
  - Reviewing the management and operating model of our heritage Works Department to ensure efficient working practices and prioritising of works
  - Enabling business planning and maximising income from visitors, events and fundraising activities, as well as from retail, conferencing facilities and hospitality.

- Engage with a wide and diverse demographic of people through the delivery of a well-attended, diverse programme of events and educational activity.

All the activities undertaken in this financial year supported these aims and objectives. In shaping the strategy and planning activities for the year Chapter has given due regard to the Charity Commission's guidance on public benefit.

## **Review of Activities**

### **Ministry**

Lincoln Cathedral stands at the centre of Greater Lincolnshire, above all a place of worship and pilgrimage, to which all are welcome. The Cathedral maintains a steadfast rhythm of daily services each and every day of the year as well as holding those additional services which bring people together to celebrate lives, whether baptism, wedding, funeral or memorial service.

The total number of Sunday communicants in the year (1 April 2019 to 31 March 2020) was 13,758 (2019: 14,271).

Several activities continued during the year under the umbrella of the Cathedral's Spiritual Formation offering. These activities include:

- Stillpoint – Guided Silent Prayer;
- Spiritual Classics Reading Group - Each session discusses different literature;
- Lectio Divinia – Group discussion of the scripture

'Sacred Space' services were held in the period April 2019 to March 2020. This is a less structured service and seeks to encourage those who are new to worship, or wish to try an alternative style of worship. The services offer a gentle and reflective hour or so with time to wonder and a chance to explore our faith through worship, prayer and music.

Outreach activities continue our work to place greater focus on outward facing mission both through worship and through engagement with the needs and concerns of the city and beyond. For those who simply wish to visit the Cathedral, duty chaplains encourage all to be still for a moment, to join together in a moment of quiet reflection and to enjoy an oasis of calm and tranquillity in what can be for some a frantic world.

### **Music**

Our choir of boys, girls and adults had a very busy and successful year between April 2019 and March 2020. They were in exceptionally good form and were singing the services of the daily office very well indeed as well as getting involved with many additional concerts and events. We were fortunate to have many choristers coming towards the end of their time as choristers, but with a lot of experience behind them, and a very fine line-up of five choral scholars – who supported the cathedral's broadcasting effort well into the COVID-19 pandemic when all worship had to move online.

The regular cathedral worship in 2019-20 was enriched with concerts of Bach's *St John Passion*, Handel's *Messiah*, two jazz eucharists and a concert of William Byrd and jazz saxophonist Charlie Parker. There were joint Evensongs with our colleagues from both Southwell and Utrecht Cathedrals and a recording for the new exhibition space as part of Lincoln Cathedral Connected. A chorister



recruitment day in the cathedral and a fundraising event for the music appeal in Fulbeck Hall took place during the summer of 2019. Later that year, at Christmastime, some choristers lead a carol service in Belchford Parish Church and there were the annual Carols by Candlelight concert and Britten's *Ceremony of Carols* as well as performances with live orchestra of the animation *Wallace & Gromit*. A well-attended organ recital series, culminating in Messiaen's *La Nativité du Seigneur* was also held during the year with a number of internationally acclaimed recitalists. The Cathedral Consort, under its new leadership with Assistant Organist Alana Brook, continued to flourish with an ever-increasing number of members.

## **Events**

The events held by Lincoln Cathedral aim to engage a diverse demographic of people with the aim of both displaying the extraordinary architecture, the talents of musicians, artists and actors and inspiring through learning and fun.

The highlight of the year was the superb theatre in the nave production of *Oliver!* during August 2019 which was presented with the audience in-the-round for a more intimate experience and sold more than 6,500 tickets. This was a community project that involved around 150 local people including many children and young people, all of whom gave a high quality and energetic performance following months of committed rehearsal and input. The production also encouraged donations to Lincoln Foodbank on the night of the performances, making palpable the pervasive nature of poverty in society today as well as in Dickens's time, which proved to be overwhelmingly successful.

Many families enjoyed showings of the Wallace and Gromit adventure *The Wrong Trousers*, accompanied by a live orchestra during January 2020. This followed the success and acclaim from the 'Snowman' event during January 2019. There have been numerous live musical events attended by more 2,250 people throughout the period such as a seasonal and liturgical performance of Bach's *St John's Passion*, the annual concern performed by the internationally renowned Hallé Orchestra, a performance by the Cathedral Choir of Handel's *The Messiah* and the traditional organ rendition of Messiaen's *La Nativité du Seigneur* which concluded the year's season of organ concerts.

These events have allowed for engagement with a diverse audience, bringing people to Lincoln Cathedral to share in its hospitality and welcome. In total more than 11,800 people participated in this wide-ranging programme of activity, which has reached more than twice the number of people in the previous financial year.

## **Cathedral and precincts upkeep**

Significant conservation work continues at the west end of the Cathedral which is due to be completed in late 2021. The major restoration works funded by the National Lottery Heritage Fund and other generous donors through the *Lincoln Cathedral Connected* project continue on schedule and include conservation of the southern run of the Romanesque Frieze, the medieval Gallery of Kings and other sculptures, as well as the cleaning and repair of the central niche and great west doorway.

The Gallery of Kings conservation has progressed well during the period, with laser cleaning undertaken in situ, maintaining delicate layers of polychromy. The year also saw the completion of the gable and central niche to good effect which has allowed for lowering of scaffolding and

consolidation of the site. The central niche now incorporates bespoke, specialist carvings created for the area including a stunning, crocketed pinnacle lined with facial features.

In respect to Cathedral fabric, this was a year for project consolidation, bringing phases of work to completion and programming the natural (broadly clockwise) movement of conservation around the building and addressing the requirements of the quinquennial.

The progression of work on the northern face of the Cathedral saw successful completion of flying buttress no.84 - an intrusive project requiring extensive conservation of keystones at height. The major project of restoration and conservation of the southern facing mediaeval lancet windows, of which there are four, also continues with remedial work surrounding these panels being completed to May 2019 and conservation of window SG33 being the main project focus.

Work in the cloisters was delayed due to roosting bats discovered within the void of the ashlar stones; seven species were discovered including the Natterer Bat. A video of this can be found on the Lincoln Cathedral Facebook page.

Quarry restoration was expedited as the site is now exhausted of extracted stone. This involved providing new infill material to the site and raising the site level by about two metres to restore it to its original condition as at 1992 when the site was acquired. The stone excavated will continue to resource the conservation works of the Cathedral fabric for up to fifteen years as the Cathedral searches for alternative viable sources of Lincolnshire Limestone.

The great generosity of individuals and organisations enables these works. We are enormously grateful to all those who have contributed or left in their will significant amounts towards the upkeep of these buildings loved by so many people. As the only Cathedral in its entirety on Historic England's "At Risk" register we aim to deliver a value of £16m of conservation and restoration work each decade to the Cathedral fabric. It is becoming increasingly difficult to attract the level of funding required and Chapter is very conscious of the need to find sustainable sources of funding for the future.

A key objective for the year has been to halt and redress the growing conservation deficit within the property portfolio in a financially sustainable manner. To this end, close property projects have included a number of substantial internal renovations and upgrades to improve rental incomes.

Betterment schemes have included a completed renovation of 4a Vicars Court, now modernised, as well as the extensive internal renovation of 5a Minster Yard. Work to develop Chancery Cottage, a Grade II\* listed building nestled behind the Deanery, was also started with planning permission granted to provide a better arranged living space. This development is a first step of the implementation of the wider close property strategy to standardise the quality of renovation and enhance rental returns that in turn can be reapplied to fund conservation.

A review of the works department and its management structures also continued throughout the period.

### **Visitors**

It is a particular tribute to our dedicated and talented cohort of volunteers and staff that the visitor experience continues to be excellent, having welcomed almost 80,000 paying visitors into the



Cathedral during the year. In January 2020 we established a new role of Commercial Manager, uniting the entirety of our visitor experience offer under one banner and adding support to existing staff. Further developments are being planned as part of *Lincoln Cathedral Connected* which will enhance this further.

### **Lincoln Cathedral Connected**

*Lincoln Cathedral Connected* is a £16.7m development and restoration project largely funded by the National Lottery Heritage Fund ('NLHF'). The project comprises conservation work at the West Front and Exchequergate Arch and the development of the Cathedral's facilities significantly to enhance the visitor offer. A key objective is to improve access to the Cathedral, both intellectually and physically, allowing a greater number of people to enjoy what it has to offer and enriching their lives as a result.

New facilities at the Old Deanery Visitor Centre will provide first class hospitality and welcome through a new shop and refectory, exhibition spaces, improved interpretation and signage, and an excellent education facility. The Cathedral's external lighting system has also been replaced. The Dean's Green, closed for more than 50 years, has been landscaped and will be opened to the public, and will become the main exit from the Cathedral for visitors, and will be a space for refreshment, relaxation and reflection.

During the year significant progress was made to transform the Grade II listed Old Deanery into the new visitor centre with the principal contractor William Birch & Co delivering the majority of the main contract of capital works before a pause in works in line with the national lockdown in March 2020 during the first wave of the coronavirus pandemic.

The Cathedral's external lighting has been completely replaced with a state-of-the-art, low energy system, which illuminated the Cathedral once again in November 2019 after many months in darkness. The new system allows the Cathedral to be lit in almost any colour to mark major national or international events and commemorations, or to project to the city the liturgical calendar.

### **Education and outreach**

The education team has continued to work hard to develop activities for children and young people, ready for the opening of the Old Deanery Visitor Centre. School workshops and Family Event Days have been piloted resulting in some excellent feedback from teachers, parents and children that has been invaluable in understanding the Cathedral's visitors, of all ages and demographics, and how the Cathedral can better engage and tailor its educational provision.

A particular highlight was the 'Big World Wonders' week during February half-term 2020, when a range of daily activities, including lantern-making, a sea-themed collage, geological observation, a theatre production of *The Very Hungry Caterpillar*, and a food worship, received rave reviews from the many children who participated.

The programme of Family Wow! Days continued through the year, with the intention of opening up the Cathedral to families through creative activities and storytelling, encouraging those who perhaps would not ordinarily visit. The introduction of the Swan Trail, encouraging children to explore the cathedral and enjoy spotting St Hugh's famous feathered friend, proved a particular success. There

has also been several family tours and story time sessions, and a well-stocked crafting table with themed activities.

The library staff, with the help of a large team of volunteers, continue to improve the accessibility of the library and its resources to visitors, researchers and students alike. Behind the scenes work such as cataloguing, stock reorganisation and indexing help to make the collections more readily available to external scholars, local historians and Cathedral volunteers.

### **Lincoln Minster Shops**

All elements of the business performed well against challenging targets with only a minimal impact due to the coronavirus pandemic toward the end of the financial year. Work continued in respect to the transition to the Old Deanery Visitor Centre both in respect to capital elements and development of the offer.

As the commercial entity of Lincoln Cathedral, Lincoln Minster Shops Ltd provides the hospitality for large-scale events, including the many graduation ceremonies for Lincoln's major educational establishments. It is always an extraordinary pleasure to host the city's graduates in the Cathedral, which witnesses this significant milestone and celebration in the lives of young people and mature students.

### **People**

The Cathedral is exceptionally fortunate to enjoy the commitment and talent of around 600 volunteers spread across more than 30 different diverse and wide-ranging volunteer groups, co-ordinated by a dedicated Volunteer Office. Our volunteers give a considerable amount of their time and expertise to the Cathedral and without them the institution would not be able to offer its excellent quality of visitor experience or number of tours and events. Certain areas of the Cathedral, for example the Treasury and the Library, could not be made available to the public without the time and commitment offered by volunteer stewards. The Learning Volunteers team has been particularly interactive and encouraging in respect to the family and educational pilot days held as well as the additional education and outreach activities around the Cathedral.

Chapter remains incredibly grateful to all volunteers for their generosity.

The Cathedral employed approximately 130 people during the year. We are committed to the principles of the Living Wage Foundation and remain dedicated to supporting and developing our people, whether employee, volunteer or placement. We were proud to support several apprentice posts furthering heritage conservation skills in the next generations. The Historic Environment Skills 'HES' apprentices have continued in conjunction with Lincolnshire County Council, supporting a joiner and two masons during the year. Our own masonry apprentice, supported by The Association of Friends of Lincoln Cathedral, has successfully continued to the next level of study. The Cathedral remains a committed participant to the Cathedral Workshop Fellowship 'CWF' scheme; equivalent to an undergraduate foundation degree, established by several Anglican Cathedrals with works departments to support heritage skills. During the year, the Cathedral's brick-worker completed the heritage bricklaying course through the CWF, the first student to achieve that distinction, and a joiner began the course.



Lincoln Cathedral is truly blessed by the dedication of its very skilled and committed people, who work as part of a single team, and the Chapter thanks them most sincerely for all that they do.

## **Achievements and Performance**

The activities undertaken during the year and their achievements, reported above, are considered to have been successful in meeting the Cathedral's core purposes and moving forward in its delivery of key priorities.

## **Investment Policy**

The Corporate Body of Lincoln Cathedral ("Lincoln Cathedral") seeks to produce the best financial return within an acceptable level of risk.

The investment objective for long term reserves is to generate a return in excess of inflation over the long term whilst generating an income to support the ongoing activities of Lincoln Cathedral. In this way, income generation should continue to be sustainable in perpetuity.

The current long term investment target is RPI +3.5% or better over a 10-year cycle. The investment objective for short term reserves is to preserve real capital value with minimal levels of risk, ensuring high liquidity of assets in order to meet short term cash flow needs. The long-term investment portfolio has been performing in line with this target but has been substantially impacted at year end by shock impact of the pandemic. This has subsequently shown signs of recovery.

Lincoln Cathedral operates within the ethical guidance of the Church of England.

## **Financial Review**

The Statement of Financial Activities ('SoFA') shows a net surplus before gains/(losses) on investments of £4.7m (2019: £2.4m). The Connected project accounts for £5.1m (2019: £2.15m) of this gain. The development works taking place at the Old Deanery Visitor Centre and the landscaping/lighting elements of the project are capital in nature rather than expensed in the year (unlike Fabric restoration works) and are reflected in the increased tangible fixed assets within the balance sheet (Note 5).

There are substantial losses on investment portfolio holdings (Note 7) across funds at year end, totalling £3.2m, due to the outbreak of the impact on the market caused by the coronavirus pandemic and subsequent UK lockdown in late March 2020. Recovery of market value is expected in the longer term, acknowledging that economic prospects will remain uncertain. The negative impact of the drop in this investment portfolio value is offset within the endowment fund by the revaluation of properties owned and held for rental purposes. The upward investment property revaluation of £8.9m reflects a review and change in estimate of the expected rental yields on property to better reflect market values.

The ongoing strategic aim of improving the precinct housing stock to enhance future financial sustainability has been supported by restricted funds derived from legacies during the year. This £237,000 subsidy has helped to balance operating performance within the unrestricted fund whilst continuing to address the urgent conservation need. The resulting operating surplus of £109,000 shown on the SoFA reflects the unspent element of the Dean's Discretionary Fund received in the year, with is held as a designated fund to support welfare, mission and infrastructure investment as

needed outside of operational budgets. The unrestricted and designated funds have overall suffered a deficit of £74,530 (2019: £240,143 deficit) after investment losses for the year to 31 March 2020.

There have been generous legacies received to the fabric and library funds, supporting operations, however fabric conservation works have significantly outstripped incoming resources during the year. This reflects the continuing and increasing challenge to secure major grants for fabric conservation coupled with an ambitious programme of works.

At the heart of the Cathedral's finances lies the generous giving of ordinary individuals and businesses and their continued support through visiting and participating in our exciting events programme. Grants remain a core element of funding. The SoFA includes £6m of NLHF grant funding in the year in support of the Lincoln Cathedral Connected project, the high value reflecting the momentum of capital build at this stage of development, undertaken at the Old Deanery.

Expenditure totalled £6,233,911 for the year (2019: £5,872,329). The level of spending is reasonably consistent across activities with the exception of Cathedral and precincts upkeep. This was primarily driven by fabric conservation works as described in the sections above, funded by the Lincoln Cathedral Connected project +£150,000 and Fabric Fund +£120,000, coupled with a reduction in major renovation on own use properties within the cathedral precinct -£100,000.

### **Reserves Policy**

The Chapter consider that they should hold sufficient reserves in the unrestricted funds to fund working capital and potential liabilities identified from its review of major risks, and to cover shortfalls in unpredictable voluntary income. An acceptable range of free reserves is three to six months of fixed operational costs, less 'reasonably certain' income for Lincoln Cathedral.

The unrestricted fund stood at £551,971 at 31 March 2020 (2019: £778,956). The unrestricted fund is considered broadly to equate to the free reserves of the charity with all but a small proportion of the investment assets held by the fund being realisable within a short timeframe, in the case of unforeseen circumstances. This level of reserve is not considered to be in line with the requirements of the reserves policy with the total representing around two months of budgeted base operating costs not otherwise met by restricted fund reserves. The significant depletion of reserves for the financial period reflects the volatility in the market value of investments following the initial shock of the coronavirus pandemic and the first lockdown from 23 March 2020. There has been significant recovery in investment values following the year end with positive trends of recovery continuing, albeit slowly. Significant steps have been taken to reduce base operating costs since this time, reducing required reserve levels, and to secure alternative income streams preventing further depletion.

A small number of designated funds totalling £496,535 are held, as described in note 22, which represent specific projects and/or working capital requirements for specific ongoing activities. Designated funds are reviewed each year to ensure the funds are utilised as appropriate.

Reserve levels will continue to be closely monitored to ensure an adequate level of capital is maintained to support the future work of the Cathedral. At the date of signing, reserves levels are forecast to be within an acceptable range, in line with the existing reserves policy, by 31 March 2021.



## **Principal Risks and Uncertainties**

The Chapter keeps under review the major risks and uncertainties that the Cathedral faces and can be summarised under the following categories:

**Governance:** Continuity for members of Chapter is being reviewed and has included a skills audit outlining the requirements for new Chapter members. Induction and communication require strengthening for which a Nominations Committee will be further explored.

**Operational:** Operational risks are being managed with the introduction of a revised organisational structure, regular reporting of top strategic risks and a review of policies and procedures.

**Finance:** Income and expenditure are mapped against budget on a regular basis and reports provided to Chapter. Chapter aims to provide a balanced budget and to work in line with the Reserves Policy. The property conservation deficit is being managed and reported to Masters' Committee.

Chapter and staff sought quickly to respond to the unfolding pandemic in March 2020 by maximising the benefits available from the Government Job Retention Scheme and undertaking an operational review to ensure public and staff safety, continuity of worship and operations and organisational sustainability. Quick and decisive action by the executive appears successfully to have mitigated the immediate challenges.

The Audit and Risk Committee met three times during the year, having been established in the prior, and made progress in its work plan, providing additional assurance in respect to internal controls and risk management to Chapter.

## **Impact of the Coronavirus Pandemic**

Covid-19 has required an immediate rethink of what might crudely be described as our business model. Currently, we largely support both mission and conservation work through revenue derived from donations, visitors, and events. The continued support of donors has remained strong during this difficult period however many planned events have had to be cancelled or postponed, with varying levels of restrictions on gatherings in place in line with the rise and fall of infection rates. The loss of income in the first wave alone amounted to £770,000 and precipitated several critical actions in the early stages of the pandemic. This included

- Undertaking crisis and scenario planning across the organisation
- Undertaking departmental reviews of staffing and activities to identify essential operations
- Ceasing, reducing or delaying non-essential activity
- Revising the works programme on the fabric and close properties to prioritise income generating assets and 'make safe' provision only.

The most difficult of these actions has been to reduce our staffing levels and say farewell to many long serving and dedicated people. It was with regret that the Cathedral Refectory, which we had planned to upscale and to move into the Old Deanery Visitor Centre in Summer 2021, permanently closed its doors. The Refectory offered excellent hospitality and warm welcome but was unfortunately not viable to re-open from its existing location in a covid-secure way. We recognise the difficulty in this

sector across the county and wider country and are working towards re-establishing a quality offer when we are able, recognising how crucial hospitality is to our community and visitors alike.

Both Chapter and Finance Committee have met more frequently, ensuring decision-making is both well informed and able to be made quickly, in line with the rapidly changing and unprecedented environment we find ourselves in. An Executive Management Team has also been established to better co-ordinate operations and will remain a permanent feature going forward.

### **Plans for the future**

A focus of work will remain on the *Lincoln Cathedral Connected* project which will see major milestones over the next financial year. Detailed business planning and operational change will continue to ensure that the Old Deanery Visitor Centre runs smoothly and efficiently during the next financial year. There are also challenging targets to meet in respect to engagement, in line with the deliverable activity plan that underpins the project. To this end, staff roles continue to be reshaped to allocate resource to the management of change and to ensure that the Cathedral's infrastructure is "fit for purpose" as the new facilities and activities are delivered.

The future will require a reimagining of the Cathedrals operations and a "new normal". A strategic document entitled 'Transform and Thrive' has been compiled to consult and communicate this vision, being central to our mission and purpose and setting a direction for "the new normal" in the context of the faithfulness of God and the abiding presence of Christ in our midst. Our building stands as testimony, despite war, earthquake, fire, plague and scandal, to the enduring faith and witness of the people of Lincolnshire and the grace of God down through the ages. The Kingdom of God remains the sustaining vision for Christians and the current situation challenges us to consider how we can participate in the life of God and reach out with God's love to those facing loss and uncertainty as we seek to contribute to God's mission in the world.

In order to be financially and operationally resilient, several issues will need consideration and Chapter's focus, for the next financial year, will be to:

- Continue to offer worship and daily prayer to God whilst meeting the challenge to
  - adapt the way we offer worship
  - reimagine our choral tradition, at least in the short to medium term, due to the concerns about singing and gathering.
  - find safe ways to gather and hold events in the cathedral and its grounds, in line with government guidance and in response to the rise and falls in infection rates
- Continue to engage with a diverse demographic of people and grow our volunteering opportunities, enhancing the Cathedral Community.
- Continue to deliver Stage 2 of "Lincoln Cathedral Connected" both in respect its capital and conservations elements and the planned activities that a primary purpose of the scheme
- Deliver critical works in respect to the maintenance and restoration of the cathedral fabric and its precinct and plan for remedial actions, in line with available resources, to recover from the lockdown period and continue to meet key funding deadlines.
- Further the strategic priority of financial sustainability, specifically by
  - Maximising available funding; targeting core operations and infrastructure investment



- Diversifying income streams where possible and implementing strategies for the long-term objectives of the Cathedral's property portfolio in order to manage risk and maximise yield without compromise to conservation
- Minimising fixed and committed costs to enhance resilience and ability to respond to pressures on finite resources
- Continuing a review of the management and organisational structure in place with a view to optimising efficiencies and ensuring scalable operating models.

To achieve these aims it will be necessary to reconsider the ways in which we engage people. Particularly, the outcomes of the NLHF project activity deliverables, which predicated new audiences and a growth in revenue from increased visitor numbers, will be re-envisioned to meet a changed need for digital engagement and increase focus on community outreach both as a direct response to the negative impact of the pandemic and recognising restrictions in travel and tourism activity. Education and outreach activities will continue to be developed across all age ranges and areas of Cathedral life.

The challenge to raise money for the programme of repairs and restoration of the Cathedral fabric as well as the day-to-day operations is on-going. To that end, promotion of the legacy campaign will continue in conjunction with local solicitors and estate managers as well as applications to grant and trust making bodies and the development of membership schemes, "Adopt A" programmes and congregational giving. The pandemic has highlighted the need to further develop 'regular giving' as a more reliable and predictable method of donation to support the Cathedrals core operations.

We will continue to significantly invest in IT infrastructure to enable greater remote worker and to encourage efficient working with greater accessibility to operational data.

Governance will continue to be strengthened, with early adoption of aspects of the proposed Cathedral Measure where possible. This will include the formation of a Nomination Committee to ensure committee members are appropriately recruited and skilled for vacant roles, committee members are supported and that their inductions to our eclectic organisation is robust.

### **Structure, governance and management**

The Cathedral is governed by a Constitution and Statutes under the Cathedrals Measure 1999 which came into force on 17th November 2000, and was amended in 2005.

Chapter, the College of Canons and the Cathedral Council continue to provide the leadership, management, and the checks and balances required by the Constitution and Statutes.

During the prior year, investigations were commenced in respect of the Dean and Chancellor. While any investigation takes place it is necessary for those involved to step back from their duties to ensure processes undertaken are robust and independent. This also required the Chapter Clerk & Administrator to step back. We were pleased to welcome both the Dean and Chapter Clerk & Administrator back to their posts in March 2020 following the resolution of an investigation into procedural matters. At the date of this report, the Chancellor remains stepped back from duty, having been found not guilty in the Crown Court of criminal charges for an historic safeguarding incident.

Active steps have been taken to ensure that all matters for which the roles are responsible are properly managed during their absence. This included the temporary appointments of Acting Chapter Clerk Rebecca Thompson on a consultant contract from July 2019 and Acting Dean the Venerable Mark Steadman from November 2019. Chapter extends its warm thanks for their sincere efforts during this period.

Chapter itself has undergone substantial change with all lay members having reached the end of their terms since the production of the last annual report and with farewells to both the Precentor the Revd Canon Sally-Anne McDougall in May 2020 and Subdean the Revd Canon John Patrick in December 2020. We would like to recognise the contribution of these members who have helped to shape the vision of the Cathedral over many years not least seeing the Lincoln Cathedral Connected project through from its early conception to its near completion. The Revd Canon Nicholas Brown, an existing non-residentiary Canon member of Chapter, was appointed Precentor with effect from 18 December 2020.

Throughout these changes Chapter has continued to discharge its responsibilities.

#### **Appointment and induction of new Chapter members**

New Chapter members are carefully selected to provide a balance of skills to meet both anticipated challenges ahead and strategic direction and development. All Chapter members are given appropriate induction and opportunities for relevant training. Work continues to develop formal systems of induction to ensure consistency.

#### **Statement of the responsibilities of Chapter**

The Chapter is responsible under requirements laid down by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999 for:

- Preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of the Cathedral and its subsidiary entities;
- Stating that they have complied in all material respects with these regulations or describing which regulations have not been complied with and giving reasons for non-compliance;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Keeping proper accounting records from which the financial position of the Cathedral can be ascertained with reasonable accuracy at any time; and
- Safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Investment Powers**

Under the Cathedral's Measure 1999 the Chapter may invest the Cathedral's funds in any of the following:

- Land



- Funds administered for the Central Board of Finance of the Church of England CCLA Investment Management Ltd.
- Investments in which trustees may invest under the general power of investment in the Trustees Act 2000
- The improvement or development of property belonging to the Cathedral, except that endowment funds may not be used to improve or develop the Cathedral itself and its ancillary buildings unless a total return approach under the Church of England (Miscellaneous Provisions) Measure 2014 has been adopted.

#### **Reference and Administrative details**

**Legal title**      The Corporate Body of the Cathedral Church of the Blessed Virgin Mary of Lincoln

#### **Office**

**Address**          Chapter Office, 4 Priorygate, Lincoln, LN2 1PL

#### **Chapter**

The Very Revd Christine Wilson, Dean  
 The Revd Canon Nicholas Brown (Appointed 11 February 2020)  
 The Revd Canon Sally-Anne McDougall, Precentor (Resigned 15 May 2020)  
 The Revd Canon Dr Paul Overend, Chancellor  
 The Revd Canon John Patrick, Subdean (Resigned 31 December 2020)  
 Mrs Harvey Dowdy, Lay Canon (Appointed 8 November 2019)  
 Mrs Rachel Ford, Lay Canon (Resigned 8 November 2019)  
 Mrs Judith Lockwood, Lay Canon (Resigned 8 November 2019)  
 Mr Simon Parkes, Lay Canon, (Appointed 7 December 2020)  
 Air Vice-Marshal Paul Robinson OBE, Lay Canon (Resigned 1 August 2020)  
 Mr Christopher Shelbourne, Lay Canon (Resigned 7 December 2020)  
 Mr Mark Suthern (Appointed 12 January 2021)  
 The Revd Canon Martyn Taylor, Non-residentiary Canon (Resigned December 2019)  
 Mr Stuart Welch, Lay Canon (Appointed 11 February 2020)

**Chapter Clerk & Administrator**

Mr William Harrison

**Architect & Surveyor of the Fabric**

Mr Nicholas Rank

**Consultant Archaeologist**

Dr Jonathan Clark

**Director of Music and Organist and Master of the Choristers**

Mr Aric Prentice

**Director of Works & Property**

Mr Michael Sheppard

**Librarian**

Mrs Julie Taylor

#### **Finance Committee**

Mr Christopher Shelbourne, Chairman (Resigned 7 December 2020)  
 Mr Simon Parkes, Chairman from (Appointed 7 December 2020)  
 The Very Revd Christine Wilson, Dean  
 The Revd Canon John Patrick, Subdean (Resigned 31 December 2020)  
 The Revd Canon Nick Brown (Appointed 10 March 2020)  
 Mr Charles Coltman (Resigned 7 December 2020)  
 Mr Peter Denby  
 Mr William Harrison  
 Mr John Lockwood MBE DL  
 The Revd Canon Martyn Taylor (Resigned 10 December 2019)  
 Mr Neil Rhodes

Mr Edward Strange (Appointed 21 August 2020)

**Fabric Advisory Committee**

Professor Clifford Price, Chairman  
Mrs Beverley Dowle, Secretary (Resigned 31 Oct 2020)  
Mrs Catherine Dyas, Secretary (Appointed 1 November 2020)  
Professor John Chilton  
The Revd Canon Jeremy Haselock  
Mr John Latham  
Mrs Deirdre Mortimer  
Mr Christopher Nevile  
Ms Anne Riches  
The Venerable Mark Steadman  
Mr David Stocker  
Mr Arthur Ward

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

**Other Professional advisors**

**Bankers** National Westminster Bank Plc  
225 High Street, Lincoln, LN2 1AZ

**Solicitors** Chattertons  
1, Flavian Road, Nettleham Road, Lincoln, LN2 4GR  
(Formerly) Andrew & Co LLP  
St Swithin's Court, 1 Flavian Road, Lincoln, LN2 4GR (Merged 01 December 2019)

**Investment Managers**  
Cazenove Capital Management Limited  
12 Moorgate, London, EC2R 6DA

**Property Management Advisors**  
Savills LLP  
Olympic House, Doddington Road, Lincoln, LN6 3SE

**Insurers**  
Ecclesiastical Insurance Office Plc  
Beaufort House, Brunswick Road, Gloucester, GL1 1JZ



The Very Revd Christine Wilson  
Dean of Lincoln

9 February 2021



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CATHEDRAL CHAPTER OF THE CATHEDRAL CHURCH OF THE BLESSED VIRGIN MARY OF LINCOLN**

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### **Opinion**

We have audited the financial statements of Lincoln Cathedral for the year ended 31 March 2020 which comprise the Consolidated and Entity Only Balance Sheets, the Consolidated Statement of Financial Activities, Consolidated Statement of Cash Flows 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 group's and of the Cathedral's affairs as at 31 March 2020 and of the group'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 Cathedral Measures 1999.

### **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 group 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.

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

As explained more fully in the Statement of the Responsibilities of Chapter, set out on page 13, the members of the Chapter 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 members of the Chapter 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 members of the Chapter are responsible for assessing the group's and the Cathedral'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 Chapter either intends to liquidate the group or the Cathedral or to cease operations, or have no realistic alternative but to do so.

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

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

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members of the Chapter's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members of the Chapter have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the parent entity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The members 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 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**

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

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report has 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 group and the Cathedral and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report.

We have nothing to report in respect of the following matters in relation to which the Cathedral Measures 1999 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Cathedral; or
- the Cathedral's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Chapter Members' remuneration are not made; or
- we have not received all the information and explanations we require for our audit.



**Use of this report**

This report is made solely to the Chapter, as a body. Our audit work has been undertaken so that we might state to the Chapter 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 Cathedral and the Chapter as a body, for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP  
Statutory Auditors  
10 Queen Street Place  
London  
EC4R 1AG

Date: 25 February 2021

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Consolidated Balance Sheet**  
**for the year ending 31 March 2020**

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
<b>Fixed assets</b>						
Investment assets:						
Property	4	-	-	18,035,090	<b>18,035,090</b>	9,252,804
Investments	7	765,298	11,848,370	3,902,605	<b>16,516,273</b>	19,386,666
		765,298	11,848,370	21,937,695	<b>34,551,363</b>	28,639,470
<b>Tangible fixed assets</b>						
Property	5	-	8,612,597	2,514,687	<b>11,127,284</b>	4,693,206
Equipment and plant	8	27,230	47,577	-	<b>74,807</b>	62,675
		27,230	8,660,174	2,514,687	<b>11,202,091</b>	4,755,881
<b>Total fixed assets</b>		<b>792,528</b>	<b>20,508,544</b>	<b>24,452,382</b>	<b>45,753,454</b>	<b>33,395,351</b>
<b>Current assets</b>						
Stock		106,324	1,634	-	<b>107,958</b>	131,537
Debtors	9	394,516	1,524,183	1,194	<b>1,919,893</b>	2,487,901
Property held for resale	4	-	-	159,750	<b>159,750</b>	319,750
Cash at bank and in hand		151,772	1,826,024	62,607	<b>2,040,403</b>	2,434,851
Total current assets		<b>652,612</b>	<b>3,351,841</b>	<b>223,551</b>	<b>4,228,004</b>	5,374,040
<b>Liabilities due within one year</b>						
Loans		-	(856,100)	-	<b>(856,100)</b>	(6,100)
Creditors	10	(390,634)	(1,076,143)	-	<b>(1,466,777)</b>	(1,573,258)
		<b>(390,634)</b>	<b>(1,932,243)</b>	-	<b>(2,322,877)</b>	(1,579,358)
Net current assets		<b>261,978</b>	<b>1,419,598</b>	<b>223,551</b>	<b>1,905,127</b>	<b>3,794,682</b>
<b>Total assets less current liabilities</b>		<b>1,054,506</b>	<b>21,928,142</b>	<b>24,675,933</b>	<b>47,658,581</b>	<b>37,190,033</b>
<b>Liabilities due after one year</b>						
Defined benefit scheme liability	14	(6,000)	-	-	<b>(6,000)</b>	(19,000)
<b>Total net assets</b>		<b>1,048,506</b>	<b>21,928,142</b>	<b>24,675,933</b>	<b>47,652,581</b>	<b>37,171,033</b>
<b>The funds of the cathedral:</b>	<b>22</b>					
HLF Catalyst Endowment Fund		-	-	1,419,124	<b>1,419,124</b>	1,610,247
Endowment		-	-	23,256,809	<b>23,256,809</b>	14,883,254
General fund		551,971	-	-	<b>551,971</b>	778,956
Designated funds		496,535	-	-	<b>496,535</b>	344,080
Alfred Griffin Legacy fund		-	1,453,448	-	<b>1,453,448</b>	1,693,322
Fabric fund		-	10,213,062	-	<b>10,213,062</b>	12,421,368
Lincoln Cathedral Connected		-	7,388,633	-	<b>7,388,633</b>	2,302,813
Other restricted funds		-	2,872,999	-	<b>2,872,999</b>	3,136,993
<b>Total cathedral funds</b>		<b>1,048,506</b>	<b>21,928,142</b>	<b>24,675,933</b>	<b>47,652,581</b>	<b>37,171,033</b>

The financial statements were approved and authorised for issue by the Chapter on 9 February 2021 and signed on their behalf by



The Very Revd Christine Wilson  
Dean



Mr Simon Parkes  
Chairman, Finance Committee



**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Entity Only Balance Sheet**  
**for the year ending 31 March 2020**

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
<b>Fixed assets</b>						
Investment assets:						
Property	4	-	-	18,035,090	<b>18,035,090</b>	9,252,804
Investments		765,298	9,991,402	3,902,605	<b>14,659,305</b>	17,364,064
		<u>765,298</u>	<u>9,991,402</u>	<u>21,937,695</u>	<b>32,694,395</b>	<u>26,616,868</u>
<b>Tangible fixed assets</b>						
Property	5	-	8,612,597	2,514,687	<b>11,127,284</b>	4,693,206
Equipment and plant		11,241	47,577	-	<b>58,818</b>	43,779
		<u>11,241</u>	<u>8,660,174</u>	<u>2,514,687</u>	<b>11,186,102</b>	<u>4,736,985</u>
<b>Total fixed assets</b>		<b>776,539</b>	<b>18,651,576</b>	<b>24,452,382</b>	<b>43,880,497</b>	<b>31,353,853</b>
<b>Current assets</b>						
Stock		59,401	-	-	<b>59,401</b>	64,107
Debtors	9	373,076	1,468,855	1,194	<b>1,843,125</b>	2,419,351
Property held for resale	4	-	-	159,750	<b>159,750</b>	319,750
Cash at bank and in hand		(43,510)	1,714,505	62,607	<b>1,733,602</b>	2,180,490
Total current assets		<u>388,967</u>	<u>3,183,360</u>	<u>223,551</u>	<b>3,795,878</b>	<u>4,983,698</u>
<b>Liabilities due within one year</b>						
Loans		-	(856,100)	-	<b>(856,100)</b>	(6,100)
Creditors	10	(333,138)	(1,069,894)	-	<b>(1,403,032)</b>	(1,516,895)
		<u>(333,138)</u>	<u>(1,925,994)</u>	<u>-</u>	<b>(2,259,132)</b>	<u>(1,522,995)</u>
Net current assets		<b>55,829</b>	<b>1,257,366</b>	<b>223,551</b>	<b>1,536,746</b>	<b>3,460,703</b>
<b>Total assets less current liabilities</b>		<b>832,368</b>	<b>19,908,942</b>	<b>24,675,933</b>	<b>45,417,243</b>	<b>34,814,557</b>
<b>Liabilities due after one year</b>						
Defined benefit scheme liability	14	(6,000)	-	-	<b>(6,000)</b>	(19,000)
<b>Total net assets</b>		<b>826,368</b>	<b>19,908,942</b>	<b>24,675,933</b>	<b>45,411,243</b>	<b>34,795,557</b>
<b>The funds of the cathedral:</b>	22					
HLF Catalyst Endowment Fund		-	-	1,419,124	<b>1,419,124</b>	1,610,247
Endowment		-	-	23,256,809	<b>23,256,809</b>	14,883,254
General fund		551,971	-	-	<b>551,971</b>	778,956
Designated funds		274,397	-	-	<b>274,397</b>	175,889
Alfred Griffin Legacy fund		-	1,453,448	-	<b>1,453,448</b>	1,693,322
Fabric fund		-	10,213,062	-	<b>10,213,062</b>	12,421,368
Lincoln Cathedral Connected		-	7,388,633	-	<b>7,388,633</b>	2,302,813
Other restricted funds		-	853,799	-	<b>853,799</b>	929,707
<b>Total cathedral funds</b>		<b>826,368</b>	<b>19,908,942</b>	<b>24,675,933</b>	<b>45,411,243</b>	<b>34,795,557</b>

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Statement of Financial Activities**  
**for the year ending 31 March 2020**

		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
	Note					
<b>INCOME AND ENDOWMENTS FROM:</b>	<b>2</b>					
Donations and legacies		469,115	830,912	-	<b>1,300,027</b>	1,667,347
Grants in support of mission		246,953	6,201,320	-	<b>6,448,273</b>	3,249,124
Charges and fees arising in the course of mission		54,541	-	-	<b>54,541</b>	61,128
Trading and fundraising		1,540,959	66,713	-	<b>1,607,672</b>	1,722,468
Investments		884,317	643,926	16,982	<b>1,545,225</b>	1,583,159
Other income		8,998	-	-	<b>8,998</b>	26,457
<b>Total income</b>		<b>3,204,883</b>	<b>7,742,871</b>	<b>16,982</b>	<b>10,964,736</b>	8,309,683
<b>EXPENDITURE ON:</b>	<b>3</b>					
Raising funds		1,627,279	334,848	3,663	<b>1,965,790</b>	1,911,947
Ministry		735,346	129,106	-	<b>864,452</b>	870,251
Cathedral and precincts upkeep		609,000	2,606,215	-	<b>3,215,215</b>	2,932,646
Education and outreach		123,844	64,610	-	<b>188,454</b>	157,485
<b>Total expenditure</b>		<b>3,095,469</b>	<b>3,134,779</b>	<b>3,663</b>	<b>6,233,911</b>	5,872,329
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE INVESTMENT GAINS</b>		109,414	4,608,092	13,319	4,730,825	2,437,354
Net (losses)/gains on investments	<b>4, 7</b>	(180,382)	(2,238,009)	8,169,114	5,750,723	391,105
<b>Net income/(expenditure)</b>		<b>(70,968)</b>	<b>2,370,083</b>	<b>8,182,433</b>	<b>10,481,548</b>	2,828,459
<b>Gross transfers between funds</b>	<b>6</b>	(3,562)	3,562	-	-	-
<b>Net movement in funds</b>		<b>(74,530)</b>	<b>2,373,645</b>	<b>8,182,433</b>	<b>10,481,548</b>	2,828,459
Total funds brought forward		1,123,036	19,554,497	16,493,500	<b>37,171,033</b>	34,342,574
<b>Total funds carried forward</b>		<b>1,048,506</b>	<b>21,928,142</b>	<b>24,675,933</b>	<b>47,652,581</b>	37,171,033



**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Statement of cash flows**  
**for the year ending 31 March 2020**

	Note	Total funds £	Prior year funds £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	11	4,291,370	2,167,234
<b>Cash flows from investing activities</b>			
Rent received net of costs		130,479	148,033
Investment income received net of costs		782,592	849,003
Purchase of plant and equipment		(26,960)	(27,791)
Property under construction costs		(6,351,578)	(1,902,590)
Proceeds from sale of investments		220,923	17,612
Purchase of investments		(304,594)	(1,103,804)
Net cash provided by/(used in) investing activities		(5,549,138)	(2,019,537)
<b>Cash flows from financing activities</b>			
Receipt/(Repayment) of borrowing		850,000	-
Receipt of endowment		13,319	26,724
Net cash provided by/(used in) financing activities		863,319	26,724
Change in cash and cash equivalents in the reporting period		(394,448)	174,421
Cash and cash equivalents at the beginning of the reporting period		2,434,851	2,260,430
Cash and cash equivalents at the end of the reporting period		2,040,403	2,434,851
<b>Analysis of cash and cash equivalents</b>		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
Cash in hand		1,969,942	2,364,823
Notice deposits (less than 3 months)		70,461	70,028
Total cash and cash equivalents		<b>2,040,403</b>	<b>2,434,851</b>

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Notes to the Financial Statements**  
**for the year ending 31 March 2020**

**1 Accounting Policies**

The principal accounting policies adopted in the preparation of the financial statements are as follows:

**a) Basis of preparation**

These financial statements have been drawn up in accordance with the Accounting and Reporting Regulations for English Anglican Cathedrals prepared by the Association of English Cathedrals and specified by the Church Commissioners under section 27 of the Cathedrals Measure 1999 as updated 2015 and with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared on a going concern basis.

The Cathedral is an ecclesiastical corporation and an exempt charity and therefore constitutes a public benefit entity as defined by FRS102.

Chapter considers that there are no material uncertainties about the Cathedral's ability to continue as a going concern. Forecast have been adjusted to reflect the impact of the coronavirus pandemic and cash flow is monitored. There are no material areas of estimation uncertainty affecting the accounts.

**b) Income recognition**

Income is recognised when there is entitlement to the funds, any performance conditions have been met, it is probable that income will be received and the amount can be measured reliably.

For legacies, entitlement is taken as when notification has been made by the executor(s) that a distribution will be made, when a distribution is received from the estate or when probate has been granted depending on which is earlier. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified but cannot be reliably measured the legacy is treated as a contingent asset and disclosed if material. Where a legacy is subject to the interest of a life tenant the legacy would not be recognised as income until the death of the life tenant.

Income received in advance of events or services is deferred until the criteria for income recognition is met.



**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Notes to the Financial Statements**  
**for the year ending 31 March 2020**

**1 Accounting Policies (cont..)**

**c) Donated goods and services**

Donated professional services and donated facilities are recognised as income when control exists over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Cathedral which is quantified as the amount the Cathedral would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**d) Third party receipts and payments**

In line with the above, where funding is provided by third parties (e.g. the funding by the Church Commissioners of stipends and associated payroll costs of the Dean, the Commissioners' canons or other clerical or lay staff) these are shown as both income and expenditure.

**e) Fund accounting**

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Designated funds are unrestricted funds which Chapter have decided, at their discretion, to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Cathedral's work or for specific projects.

Endowment funds are restricted in that there is no power to convert the capital into income. They must be held permanently (unless they become expendable by petition or prior design) and cannot be disposed of, although the constituent assets may change over time.

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Notes to the Financial Statements**  
**for the year ending 31 March 2020**

**1 Accounting Policies (cont..)**

**f) Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Cost of raising funds comprise the cost of trading activities, investment property costs, visitor facilities, fundraising event costs and the cost of the development phase of the Lincoln Cathedral Connected project in so far as they relate to the proposed improvements to visitor facilities.

Ministry includes costs associated within the cathedral clergy as well as services and music Cathedral and precincts upkeep consists of the major projects and restoration of the Cathedral's fabric as well as the Cathedral's maintenance and upkeep.

Education and Outreach includes relevant costs as well as the maintenance and running costs of the Wren Library.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Indirect cost allocation is based on an approximate split of staff time being

Raising funds	35%
Ministry	30%
Cathedral & Precincts upkeep	30%
Education & outreach	5%

**g) Cathedral and inventory**

No value has been attributed in the balance sheet to either the cathedral building or to items included in the inventory prepared under S24 of the Care of Cathedrals Measure 2011 as being of architectural, archaeological, artistic or historic interest. Additions to the inventory are written off in the year of acquisition.

**h) Tangible fixed assets**

With the exception of Lincoln Minster Shops Limited, purchases of tools and equipment (including office equipment) of less than £10,000 are written off in the year of purchase within the fund to which they relate.

Shop, restaurant and office fixtures, fittings and equipment in Lincoln Minster Shops Limited are depreciated in line with the H M Revenue and Customs treatment of such assets.



**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Notes to the Financial Statements**  
**for the year ending 31 March 2020**

**1 Accounting Policies (cont..)**

**i) Property**

The endowment property, which excludes the Cathedral itself, includes both investment and non-investment property. Investment property is included at fair value using the traditional valuation method of yield in perpetuity, based on rents receivable as at 31 March 2020. Chapter considers that appropriate professional guidance has been sought to recommend reasonable estimates of yield. Non-investment property is carried at deemed cost.

The Quarry is stated at the cost to acquire access which was obtained in 2008. The access is the land known as 51 Riseholme Road. In the opinion of the Cathedral's administrative body the residual value of the land is such that no write down is deemed necessary.

Depreciation is not charged on the basis of immateriality. The Cathedral has a policy of regular maintenance to maintain properties at their existing value and, given the locale of the Cathedral Close, high residual values are expected.

**j) Investments**

Equity shares and bonds are carried at market value.

**k) Stock**

Stock is stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

**l) Creditors**

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.

**m) Corporation tax**

The Cathedral is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Notes to the Financial Statements**  
**for the year ending 31 March 2020**

**2 Income and Endowments**

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
<b>Donations and legacies</b>					
Congregational giving	79,780	-	-	79,780	73,634
Donations	282,610	261,994	-	544,604	428,690
Tax recoverable under Gift Aid on voluntary contributions	15,871	29,767	-	45,638	33,270
Income from Friends	-	32,148	-	32,148	33,500
Legacies	90,854	507,003	-	597,857	1,098,253
	<b>469,115</b>	<b>830,912</b>	<b>-</b>	<b>1,300,027</b>	<b>1,667,347</b>
<b>Grants in support of mission</b>					
Church Commissioners' grants	209,266	-	-	209,266	181,934
Heritage Lottery Fund grants	-	6,041,785	-	6,041,785	2,215,497
Other revenue and capital grants	37,687	159,535	-	197,222	851,693
	<b>246,953</b>	<b>6,201,320</b>	<b>-</b>	<b>6,448,273</b>	<b>3,249,124</b>
<b>Charges and fees arising in the course of mission</b>					
Facilities and other fees	31,733	-	-	31,733	39,124
Magna Carta	22,808	-	-	22,808	22,004
	<b>54,541</b>	<b>-</b>	<b>-</b>	<b>54,541</b>	<b>61,128</b>
<b>Trading and fundraising</b>					
Charges to visitors	493,967	10,279	-	504,246	524,546
Gift Aid on entrance charges	24,096	-	-	24,096	26,896
Income from lettings of cathedral and other buildings	93,532	-	-	93,532	163,800
Income from fundraising events	313,403	40,112	-	353,515	210,648
Gross income cathedral shop, restaurant and conferencing centre	596,647	-	-	596,647	728,501
Cathedral Quarry	-	16,322	-	16,322	14,449
Cathedral publications	9,461	-	-	9,461	10,339
Outside contracts - Close property maintenance	9,853	-	-	9,853	43,289
	<b>1,540,959</b>	<b>66,713</b>	<b>-</b>	<b>1,607,672</b>	<b>1,722,468</b>
<b>Investments</b>					
Income from investment property	703,629	500	-	704,129	664,122
Income from other investments	179,759	642,706	16,982	839,447	915,004
Interest receivable on short-term deposits	929	720	-	1,649	4,033
	<b>884,317</b>	<b>643,926</b>	<b>16,982</b>	<b>1,545,225</b>	<b>1,583,159</b>
<b>Other Income</b>					
Insurance recoveries	-	-	-	-	-
Other items	8,998	-	-	8,998	26,457
	<b>8,998</b>	<b>-</b>	<b>-</b>	<b>8,998</b>	<b>26,457</b>
<b>Total income</b>	<b>3,204,883</b>	<b>7,742,871</b>	<b>16,982</b>	<b>10,964,736</b>	<b>8,309,683</b>

Of the £8,309,683 received for the year ended 31 March 2019 £3,132,053 related to unrestricted income, £5,147,388 to restricted income and £30,242 was received in to endowment (See Note 24).



**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Notes to the Financial Statements**  
**for the year ending 31 March 2020**

**3 Expenditure**

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
<b>Raising funds</b>					
Cost of facilities for visitors	124,906	1,500	-	126,406	124,816
General marketing costs	24,147	19,266	-	43,413	18,667
Investment property costs	333,704	239,946	-	573,650	516,089
Investment management costs	8,569	31,304	3,663	43,536	35,759
Cost of fundraising	397,824	16,895	-	414,719	307,782
Gross costs of cathedral shop, restaurant and conferencing centre	548,403	-	-	548,403	667,978
Cathedral Quarry	-	3,470	-	3,470	15,090
Cathedral publications	5,046	-	-	5,046	6,661
Lincoln Cathedral Connected	-	-	-	-	13,181
Outside contracts - Close property maintenance	9,853	-	-	9,853	43,289
Allocated support costs	174,827	22,467	-	197,294	162,635
	1,627,279	334,848	3,663	1,965,790	1,911,947
<b>Ministry</b>					
Clergy stipends and working expenses	164,375	-	-	164,375	194,172
Clergy housing costs	33,920	-	-	33,920	29,221
Clergy support costs	40,114	-	-	40,114	51,686
Services and music	331,480	129,106	-	460,586	464,298
Allocated support costs	165,457	-	-	165,457	130,874
	735,346	129,106	-	864,452	870,251
<b>Cathedral and precincts upkeep</b>					
Major repairs and restoration	59,839	2,424,290	-	2,484,129	2,252,114
Maintenance and interior upkeep	439,367	10,696	-	450,063	433,581
Cathedral insurance	109,794	-	-	109,794	108,624
Allocated support costs	-	171,229	-	171,229	138,327
	609,000	2,606,215	-	3,215,215	2,932,646
<b>Education and outreach</b>					
Library and archives	67,129	10,042	-	77,171	68,309
Educational activities	39,863	18,200	-	58,063	44,346
Charitable giving	-	24,425	-	24,425	20,985
Magna Carta	1,688	-	-	1,688	2,164
Allocated support costs	15,164	11,943	-	27,107	21,681
	123,844	64,610	-	188,454	157,485
<b>Total expenditure</b>	<b>3,095,469</b>	<b>3,134,779</b>	<b>3,663</b>	<b>6,233,911</b>	<b>5,872,329</b>

Of the £5,872,329 amount expended for the year ended 31 March 2019 £3,363,757 related to unrestricted income, £2,505,054 to restricted income and £3,518 was expended from endowment (See Note 24).

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
**Notes to the Financial Statements**  
**for the year ending 31 March 2020**

<b>4 Investment property</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>Total Funds 2020 £</b>
Balance Sheet value at 1 April 2019	-	160,000	9,412,554	9,572,554
Transferred from non-investment property	-	-	-	-
Transferred to non-investment property	-	-	(82,500)	(82,500)
Disposal Proceeds	-	(211,741)	-	(211,741)
Revaluation adjustment	-	51,741	8,864,786	8,916,527
Balance Sheet value at 31 March 2020	-	-	18,194,840	18,194,840
<b>Of which</b>				
Current Asset Held for Sale	-	-	159,750	159,750
Fixed Asset	-	-	18,035,090	18,035,090
	-	-	18,194,840	18,194,840

<b>5 Non-investment property</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>Total Funds 2020 £</b>
Balance Sheet value at 1 April 2019	-	2,261,019	2,432,187	4,693,206
Transferred from investment property	-	-	82,500	82,500
Transferred to investment property	-	-	-	-
Acquisitions	-	6,351,578	-	6,351,578
Balance Sheet value at 31 March 2020	-	8,612,597	2,514,687	11,127,284

All non investment properties are held on a freehold basis and are used as follows:

	<b>Quarry £</b>	<b>Cathedral Use £</b>	<b>Trading £</b>	<b>Total £</b>
Balance Sheet value at 1 April 2019	170,477	4,165,979	356,750	4,693,206
Transferred from investment property	-	82,500	-	82,500
Transferred to investment property	-	-	-	-
Additions - Asset under Construction	-	6,351,578	-	6,351,578
Revaluation	-	-	-	-
Valuation as at 31 March 2020	170,477	10,600,057	356,750	11,127,284

Of the above Cathedral Use non-investment property £8,442,120 relates to assets under construction;  
£487,406 of this relates to landscaping.

**6 Gross Transfers between funds**

	<b>Unrestricted Funds £</b>	<b>2020 Restricted Funds £</b>	<b>Endowment Funds £</b>
Contribution from Lincoln Cathedral CIO to Fabric Fund in respect of the Harvest Supper fundraising event			
	(3,562)	3,562	-
	(3,562)	3,562	-



**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
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<b>7 Investments</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>Total Funds 2020 £</b>
Investments at market value 1 April	938,001	13,862,832	4,585,833	<b>19,386,666</b>
Disposal Proceeds	-	(13,809)	4,627	<b>(9,182)</b>
Additions at cost	7,676	289,098	7,820	<b>304,594</b>
Revaluation adjustment	(180,383)	(2,289,750)	(695,672)	<b>(3,165,805)</b>
Transfers	-	-	-	-
Investments at market value 31 March	<b>765,294</b>	<b>11,848,371</b>	<b>3,902,608</b>	<b>16,516,273</b>

**Investments at 31 March 2020 comprise the following**

(Market Values):

Charities Property Fund	30,270	2,241,852	859,920	<b>3,132,042</b>
Cazenove Investment	449,195	3,231,774	1,027,220	<b>4,708,189</b>
M & G Charifund:				
- Income units	29,454	3,679,304	852,379	<b>4,561,137</b>
- Accumulation units	120,662	147,527	348,685	<b>616,874</b>
- Global Dividend Units	-	397,754	263,070	<b>660,824</b>
COIF Charities Fixed Interest Fund	6,924	-	8,124	<b>15,048</b>
Trojan	-	483,774	224,441	<b>708,215</b>
Fidelity	128,789	797,549	225,760	<b>1,152,098</b>
Blackrock	-	354,580	-	<b>354,580</b>
Vontobel 24 Abs	-	104,636	-	<b>104,636</b>
PIMCO	-	101,864	-	<b>101,864</b>
Charity Bond Fund	-	112,884	-	<b>112,884</b>
Other Holdings < £50,000	-	89,535	-	<b>89,535</b>
Investors in Lincoln	-	-	14,000	<b>14,000</b>
Capital Account	-	105,338	79,009	<b>184,347</b>
	<b>765,294</b>	<b>11,848,371</b>	<b>3,902,608</b>	<b>16,516,273</b>

All investments are held within the UK.

**8 Equipment and plant**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>Total Funds 2020 £</b>
Cost at 1 April	198,548	53,011	-	251,559
Additions	-	26,960	-	26,960
Disposals	-	(670)	-	(670)
Cost at 31 March	<b>198,548</b>	<b>79,301</b>	<b>-</b>	<b>277,849</b>
Depreciation at 1 April	164,664	24,219	-	188,883
Depreciation for the year	6,654	8,175	-	14,829
On disposals	-	(670)	-	(670)
Depreciation at 31 March	<b>171,318</b>	<b>31,724</b>	<b>-</b>	<b>203,042</b>
<b>Net book value at 31 March 2020</b>	<b>27,230</b>	<b>47,577</b>	<b>-</b>	<b>74,807</b>
<b>Net book value at 31 March 2019</b>	<b>33,884</b>	<b>28,792</b>	<b>-</b>	<b>62,675</b>

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
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**9 Debtors due within one year**

	2020		2019	
	Group	Entity	Group	Entity
	£	£	£	£
Trade Debtors	49,444	17,297	107,079	48,650
Amounts due from connected entities	-	36,951	-	9,038
Taxation	113,808	127,610	134,572	147,583
Other debtors	(66)	(66)	966	966
Legacy debtors	332,250	332,250	580,175	580,175
Prepayments and accrued income	1,424,457	1,329,083	1,665,109	1,632,939
	<u>1,919,893</u>	<u>1,843,125</u>	<u>2,487,901</u>	<u>2,419,351</u>

**10 Creditors due within one year**

	2020		2019	
	Group	Entity	Group	Entity
	£	£	£	£
Trade creditors	736,925	712,030	871,696	858,244
Amounts owed to connected entities	-	777	-	2,049
Accruals and deferred income	240,917	204,816	180,194	141,234
Taxation and social security	63,071	59,545	64,735	58,735
Other creditors	425,864	425,864	462,733	462,733
	<u>1,466,777</u>	<u>1,403,032</u>	<u>1,579,358</u>	<u>1,522,995</u>

**11 Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	Total Funds	Prior year
	£	funds
	£	£
Net income/(expenditure) for the reporting period	4,730,825	2,437,354
Adjustments for:		
Depreciation charges	14,829	11,727
Income added to Endowment capital	(13,319)	(26,724)
Income from property and investments	(1,526,594)	(1,548,884)
Investment property costs & management fees	613,523	551,849
(Increase)/decrease in stock	23,579	12,564
(Increase)/decrease in debtors	568,008	62,154
(Decrease)/increase in creditors	(119,481)	827,195
Legacy - Gift in kind	-	(160,000)
Net cash provided/(used in) operating activities	<u>4,291,370</u>	<u>2,167,234</u>



**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
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**12 Staff numbers**

The average number of paid employees during the year to 31 March were as follows:

			<b>2020</b>	<b>2019</b>
	<b>Full time</b>	<b>Part time</b>	<b>FTE</b>	<b>FTE</b>
Residentiary Canons	4	-	4.0	4.0
Chapter Office	6	6	9.3	10.5
Raising funds (exc. trading)	6	-	6.0	5.8
Connected Project Team	4	1	4.6	4.6
Trading	6	13	10.4	15.8
Visitor Services	3	13	6.5	5.8
Vergers & interior upkeep	6	5	7.5	7.3
Music & Services	6	11	10.2	10.0
Library & Education	2	-	2.0	2.0
Works Department	30	5	34.0	36.0
	<b>73</b>	<b>54</b>	<b>94.5</b>	<b>101.8</b>

During the year to 31 March 2019 the average number of staff was 127 (2019: 131).

The number of unpaid volunteers during the year was approximately 600 (2019: 610). A reliable estimate of the monetary value of their work cannot be made.

**13 Staff costs**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Salaries and stipends	2,379,605	2,378,053
Apprenticeship Levy	450	686
Employer's national insurance	189,436	191,932
Contribution to defined contribution schemes	114,236	112,590
Operating costs of defined benefit pension schemes	28,101	60,785
	<b>2,711,828</b>	<b>2,744,045</b>
Termination & redundancy payments	-	11,274
<b>Total cost of paid staff</b>	<b>2,711,828</b>	<b>2,755,320</b>

No employees had employee benefits in excess of £60,000 (2019: Nil). Pension costs are allocated to activities in proportion to the related staffing cost.

Termination and redundancy payments are recognised when, by legislation or by contractual or other agreements with employees or their representatives, a commitment is made to make such a payment. During the year no redundancy payments had been committed to and no termination payments were made (2019: 3).

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
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**14 Pensions**

**Church of England Funded Pension Scheme (CEFPS)**

Lincoln Cathedral participates in the Church of England 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 scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme 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 pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020: £41,101, 2019: £41,785), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £28,101 for 2020 (2019: 60,785).

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 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2%pa;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S2NMA\_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter" of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table

% of pensionable stipends	January 2018 to 31 December 2020	January 2021 to 31 December 2022
Deficit repair contributions	11.90%	7.10%

As at 31 December 2017 and 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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



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Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2019 and over 2018 is set out in the table below.

	2019	2018
	£	£
Balance sheet liability at 1 January	19,000	-
Deficit contribution paid	(3,000)	(3,000)
Interest cost (recognised in SoFA)		
Remaining change to the balance sheet liability* (recognised in SoFA)	(10,000)	22,000
<b>Balance sheet liability at 31 December</b>	<b>6,000</b>	<b>19,000</b>

\* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2019	December 2018	December 2017
Discount rate	1.1% pa	2.1% pa	1.4% pa
Price inflation	2.8% pa	3.1% pa	3.0% pa
Increase to total pensionable payroll	1.3% pa	1.6% pa	1.5% pa

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

**Church Workers Pension Fund - Pension Builder 2014**

This scheme is accounted for as a defined contribution scheme. The amounts recognised within the Statement of Financial Activity are the amount of contributions payable for the financial year (See Note 13).

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
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**15 Related party disclosures**

**Indemnity Insurance**

Insurance is in place to protect the cathedral from loss arising from the neglect or default of members of the Council, Chapter or College of Canons and to indemnify those persons against the consequences of any neglect or default on their part. This is at no incremental cost to the Cathedral.

The Chapter is considered to be key management (See Notes 16 and 17 for relevant disclosure).

**16 Remuneration of members of the Chapter**

The remuneration of, and pension provision for, clerical members of the Chapter are paid in accordance with scales laid down annually by the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board. Such payments are made under the authority of the Cathedrals Measure 1999 and the Cathedral constitution.

	<b>Stipend</b>	<b>Pension</b>
	<b>£</b>	<b>£</b>
The Very Revd Christine Wilson	36,930	12,110
The Revd Canon John Patrick	29,033	9,688
The Revd Canon Sally-Anne McDougall	29,033	9,688
The Revd Canon Dr Paul Overend	31,994	9,615

In addition to the above, 1 family members of the Chapter were employed during the year on an arms length basis in respect of seasonal work. Total remuneration was £Nil.

**17 Expenses of members of the Chapter**

In respect of the year ended 31 March 2020 the following aggregate expenses were incurred by the Cathedral in respect of 6 (2019: 6) members of the Chapter:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Clergy housing expenses reimbursed	7,465	8,155
Relocation expenses reimbursed	-	-
Travel, hospitality and conference costs	4,160	6,229
Books, equipment and sundry services costs	3,133	1,131
Choral Scholary Furnishings	-	2,997
	<b>14,758</b>	<b>18,512</b>

These expenses include those reimbursed to members of the Chapter as well as similar payments made direct to third parties.



**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
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**18 Consolidated entities**

The following entities have been consolidated within these financial statements:

<i>Control</i>	<i>Entity</i>	<i>Purpose</i>
100%	Lincoln Minster Shops Ltd	To operate the trading activities of Lincoln Cathedral and contribute surpluses in support of its objectives
100%	Lincoln Cathedral Quarry Limited	To operate the trading activities of Lincoln Cathedral's quarry and contribute surpluses in support of fabric maintenance and restoration
100%	Lincoln Cathedral Music Fund	To support the provision of music at Lincoln Cathedral
	Lincoln Cathedral Learning Arts	To support the mission and wider charitable purposes of Lincoln Cathedral
100%	Culture and Events CIO ("Lincoln Cathedral CIO")	

The Cathedral provides administrative services to and receives donations from its trading subsidiaries.

During the year, an administrative fee of £12,000 (2019: £12,000) was charged to Lincoln Minster Shops Limited. The Cathedral received the following gift aid donations from its trading subsidiaries:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Lincoln Minster Shops Ltd	113,825	110,000
Lincoln Cathedral Quarry Limited	12,410	-

Lincoln Cathedral Music Fund contributed £129,106 (2019: £119,849) towards the cost of the Cathedral's music provision. Of this, £34,000 (2019: £33,000) specifically relates to the funding of four choral scholars.

Lincoln Cathedral CIO contributed £50,000 (2019: £Nil) towards the Cathedral's mission and £3,562 (2019: £400) toward the cost of the Cathedral's fabric restoration.

**19 Non-controlled entities**

The following entities are not controlled by the Cathedral but are principally for its financial benefit and have been summarised for information.

**Lincoln Cathedral Foundation**

The US Foundation's primary purposes are to advance the educational objects of Lincoln Cathedral in the USA. It also fundraises for these purposes and can make contributions to Lincoln Cathedral. In this way it is wholly for the benefit of Lincoln Cathedral. The Lincoln Cathedral Foundation ceased on 25 March 2019.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Gross income	-	4,088
Expenditure:		
Fundraising events	-	(899)
Administrative and miscellaneous expenditure	-	3,523
Contribution to the Baronial Order of Magna Charta	-	14,865
Contribution to Lincoln Cathedral	-	-
	-	17,489
Net income/(expenditure)	-	(13,401)
Net assets	-	-

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
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**19 Non-controlled entities continued..**

**The Association of Friends of Lincoln Cathedral**

The Association of Friends of Lincoln Cathedral makes grants as funds permit to the Dean and Chapter of Lincoln Cathedral towards the worship, maintenance, preservation, improvement or repairs of the fittings, ornaments, furniture and monuments in Lincoln Cathedral, and the furthering of schemes to set forward its beauty, safety or utility.

	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>£</b>	<b>£</b>
Gross income	58,256	85,844
Expenditure:		
Fundraising events	6,792	4,862
Contribution to Lincoln Cathedral	34,457	38,500
Other grants	62,026	16,859
Administrative and miscellaneous expenditure	3,947	8,269
	<u>107,222</u>	<u>68,490</u>
Net income/(expenditure)	<u>(48,966)</u>	<u>17,354</u>
Net assets	<u>327,032</u>	<u>375,998</u>

The above is extracted from independently examined accounts for the years ended 31 December.

**20 Auditor's remuneration**

The financial statements include the following amounts in relation to auditor's remuneration.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit services	24,288	25,600
Other assurance services	5,202	5,020
Other financial services		
Accountancy	-	-
Advisory	333	-
	<u>29,823</u>	<u>30,620</u>
Funded by:		
Restricted funds	14,793	11,860
Unrestricted & designated funds	15,030	18,760

**21 Allocated Support Costs**

	<b>Raising Funds</b>	<b>Ministry</b>	<b>Cathedral &amp; Precincts upkeep</b>	<b>Education &amp; outreach</b>	<b>Total 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Human Resources	121,103	103,803	103,803	17,300	346,009
Office costs	355,312	30,456	30,456	5,185	421,409
Finance	7,712	1,547	2,286	258	11,803
Governance	32,947	29,651	34,684	4,364	101,646
	<u>517,074</u>	<u>165,457</u>	<u>171,229</u>	<u>27,107</u>	<u>880,867</u>

Human Resources are allocated on the basis of staff time, the remaining elements are allocated on a basis of direct cost and attributable staff time.



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**22 Funds**

	Brought forward 1 April 2019	Income	Expenditure	Gains/(losses)	Transfers	Carried forward 31 March 2020
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
Unrestricted fund	778,956	2,077,029	(2,287,457)	(180,382)	163,825	551,971
Lincoln Minster Shops Ltd	144,710	690,178	(548,403)	-	(113,825)	172,660
Lincoln Cathedral CIO	23,481	313,403	(233,844)	-	(53,562)	49,478
Other designated funds	1,739	776	-	-	-	2,515
Dean's Discretionary Fund	88,282	114,022	(20,718)	-	-	181,586
Theological Society	2,811	-	-	-	-	2,811
Lincoln Cathedral Publications	76,999	9,475	(5,047)	-	-	81,427
Organists Recital Fund	3,178	-	-	-	-	3,178
Charities	2,880	-	-	-	-	2,880
	<b>1,123,036</b>	<b>3,204,883</b>	<b>(3,095,469)</b>	<b>(180,382)</b>	<b>(3,562)</b>	<b>1,048,506</b>
<b>Restricted</b>						
Fabric Fund	12,421,366	1,163,683	(1,576,882)	(1,767,924)	(27,181)	10,213,062
Library	590,393	44,176	(24,689)	(7,773)	(31,647)	570,460
Library Manuscript	3,178	-	-	-	-	3,178
Lincoln Cathedral Choir Association	6,099	7,678	(3,386)	-	-	10,391
Lincoln Cathedral Community Association	11,491	25,335	(23,034)	-	-	13,792
Seamen's Chapel	8,097	469	-	(2,108)	-	6,458
Airmen's Chapel	66,204	3,450	-	(15,517)	-	54,137
St John the Baptist Chapel	11,855	3,715	(1,703)	(9,034)	-	4,833
St. Anne's Chapel	16,369	848	-	(3,813)	-	13,404
Cathedral Choir Visits Fund	4,834	-	-	-	-	4,834
Soldiers' Chapel	25,867	1,340	-	(6,026)	-	21,181
George Skelton Memorial Fund	34,683	1,668	-	(6,740)	-	29,611
Fleming Day Trust Fund	23,487	1,216	-	(5,471)	-	19,232
Harries Legacy	119,031	5,602	(1,500)	(22,637)	-	100,496
Silverware and Chalices Fund	7,993	-	(6,330)	-	-	1,663
Scholar Furniture	129	-	-	-	-	129
Alfred Griffin Legacy Fund	1,693,322	29,481	(238,908)	(30,447)	-	1,453,448
Lincoln Cathedral Connected	2,302,813	6,125,018	(1,113,998)	-	74,800	7,388,633
Entity only subtotal	17,347,211	7,413,679	(2,990,430)	(1,877,490)	15,972	19,908,942
Music Fund	2,194,134	312,870	(140,879)	(360,519)	-	2,005,606
Lincoln Cathedral Quarry Ltd	13,152	16,322	(3,470)	-	(12,410)	13,594
	<b>19,554,497</b>	<b>7,742,871</b>	<b>(3,134,779)</b>	<b>(2,238,009)</b>	<b>3,562</b>	<b>21,928,142</b>
<b>Endowment funds</b>						
Endowment Fund	14,779,254	4,150	-	8,369,405	-	23,152,809
HLF Catalyst Endowment Fund	1,610,246	12,832	(3,663)	(200,291)	-	1,419,124
Music Endowment	104,000	-	-	-	-	104,000
	<b>16,493,500</b>	<b>16,982</b>	<b>(3,663)</b>	<b>8,169,114</b>	<b>-</b>	<b>24,675,933</b>
<b>Consolidated total</b>	<b>37,171,033</b>	<b>10,964,736</b>	<b>(6,233,911)</b>	<b>5,750,723</b>	<b>-</b>	<b>47,652,581</b>

**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
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**22 Funds continued..**

<b>Unrestricted funds</b>	<b>Description, nature and purposes of the fund</b>
Unrestricted Fund	the 'free reserves' after allowing for designated funds
Lincoln Minster Shops Ltd	the shareholder funds held within the trading subsidiary
Lincoln Cathedral CIO	the funds held within the charitable organisation
Dean's Discretionary Fund	to support welfare, mission and infrastructure investment
Lincoln Cathedral Publications	a working capital account for publications projects
Organists Recital Fund	a working capital account for organ recital events
Other designated funds	immaterial amounts sets aside for specific purposes in the future
<b>Restricted funds</b>	<b>Description, nature and purposes of the fund</b>
Fabric Fund	for the purpose of maintaining and preserving the fabric of Lincoln Cathedral
Library	for use in connection with the running and maintenance of the Lincoln Cathedral Wren Library
Library Manuscript	restricted income for use in respect to specific manuscripts
Lincoln Cathedral Choir Association	monies received in support of the Lincoln Cathedral Choir
Lincoln Cathedral Community Association	formed under Section 9(3) of the Cathedrals Measure 1999 the association supports the mission of the Cathedral as well as giving c.25% of its income to the diocese and other charities
Seamen's Chapel	for use against costs incurred in respect of the Seamen's Chapel
Airmen's Chapel	for use against costs incurred in respect of the Airmen's Chapel
St John the Baptist Chapel	for use against costs incurred in respect of the St John the Baptist Chapel and specifically for the Retro Choir Reordering project
St. Anne's Chapel	for use against costs incurred in respect of the St Anne's Chapel
Cathedral Choir Visits Fund	monies raised to support Cathedral choir visits and tours
Soldiers' Chapel	for use against costs incurred in respect of the Soldiers' Chapel
George Skelton Memorial Fund	for use against music department costs incurred in respect to choir school fees
Fleming Day Trust Fund	for use against costs incurred in respect of the Fleming Day Chapel
Harries Legacy	is for the benefit of clergy widows and orphans of the Diocese
Silverware and Chalice Fund	the provision of silverware in the sanctuary
Alfred Griffin Legacy Fund	for the preservation of cathedral buildings
Lincoln Cathedral Connected	a project to improve the Cathedral's setting and visitor experience match funded by the National Lottery Heritage Fund
Music Fund	funds held to create a permanent foundation to support Lincoln Cathedral's choir, organists and organ
Lincoln Cathedral Quarry Ltd	the shareholder funds held within the trading subsidiary
<b>Endowment Funds</b>	<b>Description, nature and purposes of the fund</b>
Endowment Fund	the income from this endowment fund is applied to support the unrestricted fund
HLF Catalyst Endowment Fund	for the purposes of funding repair work necessary for the conservation of the Western and Central Towers as planned for 2037 when the fund will become expendable
Music Endowment	the income from this endowment fund may be applied in support of music at Lincoln Cathedral



**The Cathedral Church of the Blessed Virgin Mary of Lincoln**  
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**23 Donations from Charitable Trusts**

We note with gratitude support provided from the following Trusts during the year:

A H Worth Charitable Trust	National Lottery Heritage Fund
Allchurches Trust Ltd	Richard Broyd Trust
Bergne-Coupland Charity	Rothwell Lee Charity and
DCMS Listed Places of Worship Scheme	Grantham Castlegate Chapel
Friends Of Lincoln Cathedral	The Bacon Charitable Trust
J A T Caulfeild Trust	Anonymous Trust
John Dawber Trust	The Kochan Trust
Lincoln Civic Trust Ltd	

**24 Statement of Financial Activities Comparative Summary**

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £
<b>INCOME AND ENDOWMENTS FROM:</b>				
Donations and legacies	334,701	1,332,646	-	<b>1,667,347</b>
Grants in support of mission	203,998	3,045,126	-	<b>3,249,124</b>
Charges and fees arising in the course of mission	61,128	-	-	<b>61,128</b>
Trading and fundraising	1,642,754	79,714	-	<b>1,722,468</b>
Investments	867,609	685,308	30,242	<b>1,583,159</b>
Other Income	21,863	4,594	-	<b>26,457</b>
<b>Total income</b>	<b>3,132,053</b>	<b>5,147,388</b>	<b>30,242</b>	<b>8,309,683</b>
<b>EXPENDITURE ON:</b>				
Raising funds	1,800,270	108,159	3,518	<b>1,911,947</b>
Ministry	747,901	122,350	-	<b>870,251</b>
Cathedral and precincts upkeep	697,953	2,234,693	-	<b>2,932,646</b>
Education and outreach	117,633	39,852	-	<b>157,485</b>
<b>Total expenditure</b>	<b>3,363,757</b>	<b>2,505,054</b>	<b>3,518</b>	<b>5,872,329</b>
Net gains/(losses) on investments	(8,039)	18,991	380,153	<b>391,105</b>
<b>Net income/(expenditure)</b>	<b>(239,743)</b>	<b>2,661,325</b>	<b>406,877</b>	<b>2,828,459</b>
<b>Gross transfers between funds</b>	<b>(400)</b>	<b>400</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>	<b>(240,143)</b>	<b>2,661,725</b>	<b>406,877</b>	<b>2,828,459</b>
Total funds brought forward	1,363,179	16,892,772	16,086,623	<b>34,342,574</b>
Total funds carried forward	1,123,036	19,554,497	16,493,500	<b>37,171,033</b>

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**25 Commitments**

The following commitments have been made in respect to future major expenditure:

	£ Total Contract Value	£ Future Commitment
William Birch & Son Ltd		
Exchequergate Arch - Restoration works	302,354	12,685
Old Deanery Visitor Centre - Capital works	7,822,646	508,759

These commitments form part of the Lincoln Cathedral Connected project and are 79% match-funded by the National Lottery Heritage Fund(NLHF). The following future related grants, not yet received, are also committed to fund these works:

	£
David Ross Foundation	600,000

**26 Guarantees**

No guarantees or charges against of the assets of the cathedral or entities included in the consolidation have been given.