



Archdiocese of Liverpool

Summarised Annual Report 2014



Archbishop McMahon writes:

Financial accounts are a mystery to many people but I hope that you will be able to grasp how the archdiocese is functioning from the clear presentation you will find on these pages. The numbers and charts represent a living church that is carrying out its mission to bring the Good News of Jesus to the world.

A large sum of money has been spent on improving the fabric of our churches and other buildings, which means that future generations of Catholics will have the places for worship and community life that they will need.

Overall the archdiocese is in a good financial position, which will enable us all to face the future with confidence. I am grateful to everyone who works so hard to ensure that the wonderful heritage of faith that we have received from past generations will be secure in the future.

In the archdiocese there are:

- Over 200 places of worship
- 185 primary schools
- 28 secondary schools
- 7 academies
- 2 sixth form colleges
- 85,264 children attending our catholic schools
- 151 active archdiocesan priests
- 64 retired archdiocesan priests
- 106 permanent deacons
- 456 employees

Some key figures

	2014	2013
	£M	£M
Total incoming resources	37.82	39.58
Offertory income	6.19	5.93
Investment income	5.14	4.86
Parish fundraising income	0.27	0.28
Legacies received	0.72	1.06
Total resources expended	41.03	41.40
Parish repair costs	4.42	3.87
Other Parish building running costs	3.04	3.40
Parish employment costs	1.11	1.09
Net outgoing resources	(3.21)	(1.82)
Revaluation gains	7.39	10.32
Net movement in funds	4.17	8.51



Above: Pentecost Sunday procession, 8 June 2014

These summarised accounts may not contain sufficient information to allow for a full understanding of the financial affairs of the archdiocese.

For further information, the full annual accounts, the auditor's report on those accounts and the trustees' annual report should be consulted; copies of these may be obtained from www.liverpoolcatholic.org.uk/accounts. This document was approved by the trustees, signed by the auditor on 15 October 2015 and submitted to the Charity Commission.

Trustee Corporation

Liverpool Roman Catholic Archdiocesan Trustees Incorporated

Trustees of the Trust Corporation

Most Rev M McMahon OP
 Rt Rev T Williams
 Rt Rev V Malone
 Rev Mgr J Butchard
 Rev Mgr J Furnival
 Rev Canon J Kelly
 Rev Canon T Neylon
 Rev Canon A O'Brien
 Rev P Inch
 Rev S Kirwin
 Rev J McLoughlin
 Rev M O'Dowd
 Rev G Timney OSB
 Miss J C Chapman
 Mr J Cowdall

Episcopal Vicar for Finance and Development

Rev S Kirwin

Principal Address

LACE
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 Liverpool L17 1AA

Investment Managers

BlackRock Investment Management (UK) Ltd
 33 King William Street
 London EC4R 9AS

Martin Currie Investment Management Limited
 Saltire Court
 20 Castle Terrace
 Edinburgh EH11 2ES

Auditor

BDO LLP
 5 Temple Square
 Temple Street
 Liverpool L2 5RH

Bankers

HSBC Bank PLC
 99 - 101 Lord Street
 Liverpool L2 6PG

www.liverpoolcatholic.org.uk

For financial reporting purposes, the archdiocese is split into two main categories, the parochial and curial sections. Each section has three sub-categories being unrestricted, designated, and restricted and these are further explained below.

Parochial includes the aggregated performance of the parishes, the assessment fund and expenditure on archdiocesan school building projects.

Curial includes the central administrative function, the cathedral, subsidiaries and various other funds including priests' training and retirement funds.

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the objects of the archdiocese and which have not been designated for any other purpose.

Designated funds are unrestricted funds that have been set aside by the trustees for specific purposes.

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors or that have been raised for particular purposes.

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2014	Parochial Unrestricted Funds £000s	Parochial Designated Funds £000s	Parochial Restricted Funds £000s	Curial Unrestricted Funds £000s	Curial Designated Funds £000s	Curial Restricted Funds £000s	TOTAL 2014 £000s	TOTAL 2013 £000s
INCOMING RESOURCES								
Voluntary income	10,129	428	1,595	359	23	95	12,629	12,772
Activities for generating funds	265	-	-	18,427	-	-	18,692	20,049
Investment income	1,712	244	3	391	2,668	120	5,138	4,859
Charitable activities	222	-	-	262	762	-	1,246	1,214
Other	-	-	-	-	111	-	111	686
TOTAL INCOMING RESOURCES	12,328	672	1,598	19,439	3,564	215	37,816	39,580
RESOURCES EXPENDED								
Charitable activities	(13,460)	(1,487)	(1,124)	(1,229)	(4,030)	(365)	(21,695)	(20,851)
Investment management & governance	(102)	(36)	(1)	(7)	(276)	(15)	(437)	(441)
Cost of generating funds	(68)	-	-	(18,790)	-	-	(18,896)	(20,104)
TOTAL RESOURCES EXPENDED	(13,630)	(1,523)	(1,125)	(20,026)	(4,344)	(380)	(41,028)	(41,396)
NET (OUTGOING) / INCOMING RESOURCES BEFORE TRANSFERS	(1,302)	(851)	473	(587)	(780)	(165)	(3,212)	(1,816)
Transfers	(1,794)	631	(221)	1,242	681	(539)	-	-
NET (OUTGOING) / INCOMING RESOURCES	(3,096)	(220)	252	655	(99)	(704)	(3,212)	(1,816)
Revaluations and gains / (losses) on investment properties	3,500	-	-	314	558	-	4,372	938
Unrealised gains / (losses) on investments and deposits	951	266	10	178	1,466	143	3,014	9,385
NET MOVEMENT IN FUNDS	1,355	46	262	1,147	1,925	(561)	4,174	8,507
Fund balances at 1 January 2014	71,013	(80)	1,540	8,165	71,663	14,647	166,948	158,441
FUND BALANCES AT 31 DECEMBER 2014	72,368	(34)	1,802	9,312	73,588	14,086	171,122	166,948

INCOMING RESOURCES

Parishioners continue to support their parishes and the total offertory was £6.19M (2013: £5.93M). Many parishes benefitted from responsible giving campaigns where sustained increases in giving are experienced.

The Gift Aid Small Donation Scheme has also enabled parishes to recover up to an additional £1,250 per annum for those who complied with the scheme requirements.

Parishioners' responses to appeals and special collections remain generous with £1.59M received in 2014 (2013: £1.66M) with external charities such as CAFOD benefiting in addition to archdiocesan collections for purposes such as Liverpool Archdiocesan Missionary Project (LAMP) and the Priests' Training Fund.

The value of legacies received by the archdiocese was £0.72M in 2014 (2013: £1.06M). The Priests' Training Fund, LAMP and the George Andrew Fund for sick and retired priests continue to benefit from the generosity of parishioners through collection income and bequests.

Activities for generating funds totalled £18.69M (2013: £20.05M), including parish fundraising and those of subsidiary companies. Many people from a variety of different backgrounds come into contact with the archdiocese through events held in the archdiocesan conference centre, in Sefton Park, Liverpool (LACE). Parish centres continue to be a valuable resource to parishes and the activities of subsidiaries in building projects ensure that projects are managed in a cost-efficient manner to the benefit of parishes and schools.

Investment income, comprising dividends, interest and rentals, generated £5.14M (2013: £4.86M). Income derived from cash management activities was £0.21M (2013: £0.63M) with the decrease due to the maturity of a number of higher performance based products.

Income from charitable activities of the archdiocese generated £1.25M (2013: £1.21M) and includes the activities of the Christian Education, Pastoral Formation and Schools departments. Other income was £0.11M (2013: £0.69M).

RESOURCES EXPENDED

Total resources expended reduced from £41.40M in 2013 to £41.03M in 2014. Expenditure on direct charitable activities was £21.70M (2013: £20.85M) with costs categorised within four main areas of activity.

Pastoral work in parishes and that of central departments such as Pastoral Formation, accounted for expenditure of £8.11M (2013: £8.09M). In addition to the various administrative costs of running parishes, £1.12M of proceeds on special collections was paid out to external charities and another £1.01M incurred by parishes in respect of liturgical activities.

£7.47M (2013: £7.27M) was expended on utilities and other property costs. Repair & maintenance costs of £4.42M were incurred in 2014 (2013: £3.87M) and continue to reflect the control exercised through the Financial Advisory Committee and the efforts of the archdiocesan surveyors. The expenditure on the maintenance and repair programme ensures that churches and halls are open to the whole community which benefits not only spiritually but also practically from the provision of pastoral care and many other services.

Through the School Projects Fund, the archdiocese engaged in 547 individual capital and repair projects costing £13.64M, which is funded through government grants and matched by contributions from parishioners and parents of children attending archdiocesan schools. The archdiocese incurred £2.74M (2013: £1.90M) on contributions to building projects and the operations of the Schools and Christian Education Departments.

Clergy costs of £2.79M (2013: £2.96M) were incurred and include £1.63M (2013: £1.66M) in respect of parish clergy with £0.21M (2013: £0.24M) and £0.68M (2013: £0.79M) incurred centrally through the Priests' Training and priests' sickness and retirement funds respectively.

Investment management fees and governance accounted for £0.43M (2013: £0.44M) and the cost of generating funds was £18.90M (2013: £20.10M).

Transfers include items such as parish contributions to retirement and school project funds. Subsidiaries made gift aid donations of £0.37M in 2014 (2013: £0.56M).

FIXED ASSETS

Tangible fixed assets are included at cost and depreciated over their expected useful lives. Listed properties and other functional church properties are depreciated over 100 years and 50 years respectively.

School properties are valued at £nil. No meaningful value can be attributed to these assets since they are not used directly by the archdiocese, do not generate income, and cannot be disposed of while still occupied.

A number of buildings have been retained as investment properties to generate a rental income for individual parishes. Also included are a number of sites that have been cleared or are in the process of being cleared with the objective of being marketed for sale. Cyclical valuations are undertaken and the revaluations created an unrealised gain of £4.64M (2013: £1.24M).

INVESTMENTS

Investments held by the archdiocese, managed within the parameters of an ethical investment policy, amounted to £101.51M with an unrealised gain of £3.01M reported in 2014 (2013: £9.34M gain).

NET CURRENT ASSETS

Net current assets amounted to £14.57M at 2014 compared to £19.66M at 2013. These amounts represent the working capital of the archdiocese and are used to finance the day-to-day activities of all the parishes, parish centres, school building projects and central operations.

RESERVES

The total reserves held at 31 December 2014 amounted to £171.12M (2013: £166.95M). An analysis of designated and restricted funds can be found on page 4.

Unrestricted funds are available for use at the discretion of the trustees. Parochial unrestricted funds were £72.37M at 31 December 2013 (2013: £71.01M). At the same time, curial unrestricted funds were £9.31M (2013: £8.17M).

The level of reserves freely available amounted to 30 months' expenditure, (2013: 31 months), excluding fixed assets held for charitable use. The trustees consider that reserves equating to 36 months' expenditure are sufficient to enable the charity to fulfil all of its obligations and commitments.



Above: Internal redecoration works at Our Lady Immaculate, Bryn

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INDEPENDENT AUDITOR'S STATEMENT TO THE TRUSTEES OF LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

We have examined the summary financial statement for the year ended 31 December 2014.

Respective responsibilities of trustees and auditor

The trustees are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual financial statements, Strategic Report and the Trustees' Report.

We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Our report has been prepared pursuant to the requirements of the Charities SORP and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the terms of our engagement letter dated 22 May 2013 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/3 'The auditors' statement on summary financial statement in the United Kingdom' issued by the Financial Reporting Council. Our report on the charity's full annual financial statements describes the basis of our opinion on those financial statements and on the Trustees' Report.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements and the Trustees' Report of Liverpool Roman Catholic Archdiocesan Trust charity for the year ended 31 December 2014.

BDO LLP, Statutory Auditor, Liverpool, UK 15 October 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

BALANCE SHEET AT 31 DECEMBER 2014	Parochial 2014 £000s	Curial 2014 £000s	Total 2014 £000s	Parochial 2013 £000s	Curial 2013 £000s	Total 2013 £000s
FIXED ASSETS						
Tangible assets						
- investment properties	12,040	7,632	19,672	11,865	5,718	17,583
- other	15,064	20,315	35,379	15,816	20,640	36,456
	27,104	27,947	55,051	27,681	26,358	54,039
Investments	42,492	59,014	101,506	41,112	52,142	93,254
Total Fixed Assets	69,596	86,961	156,557	68,793	78,500	147,293
CURRENT ASSETS						
Stock	-	513	513	-	566	566
Debtors	6,148	3,115	9,263	5,712	3,657	9,369
Balance at bank	10,873	6,816	17,689	10,983	12,613	23,596
CREDITORS						
- amounts falling due within one year	(7,230)	(5,670)	(12,900)	(8,521)	(5,355)	(13,876)
Parish/Curial balances	(5,251)	5,251	-	(4,494)	4,494	-
NET CURRENT ASSETS	4,540	10,025	14,565	3,680	15,975	19,655
NET ASSETS	74,136	96,986	171,122	72,473	94,475	166,948
ACCUMULATED FUNDS						
Restricted funds	1,802	14,086	15,888	1,540	14,647	16,187
Unrestricted funds						
- designated	(34)	73,588	73,554	(80)	71,663	71,583
- general	72,368	9,312	81,680	71,013	8,165	79,178
TOTAL	74,136	96,986	171,122	72,473	94,475	166,948

Part of the reserves of the archdiocese have been designated by the trustees or restricted by the donors for a particular purpose. The notes below provide further details on the make-up of the designated and restricted funds.

RESTRICTED FUNDS	2014 £000s	2013 £000s
Parochial		
Foundation Mass capital	309	299
Other charitable collections	1,493	1,241
Curial		
Priests' Training Fund	2,867	2,857
Cathedral building projects	6,887	6,887
Cathedral other	762	1,381
LAMP	1,294	1,282
Other charitable collections	1,888	1,796
Capital grants	388	444

Purpose of funds

Foundation Mass capital - To provide for the future celebration of memorial Masses.

Priests' Training Fund - Education of students for the priesthood and continuing clergy formation.

Cathedral building projects - English Heritage, European objective 1 and regional development grants to fund work to the cathedral roof, ceremonial steps and crypt developments.

Cathedral other - Golden Book, Foundation Mass capital and other donations made for specific cathedral projects.

LAMP - Liverpool Archdiocesan Missionary Project, to meet the costs of archdiocesan priests in their ministry in Latin America.

Capital grants - English Sports Council grants received to fund construction of Cardinal Heenan Sports Centre.

DESIGNATED FUNDS

	2014 £000s	2013 £000s
Parochial		
School capital and repairs	(465)	(136)
Other funds	431	56
Curial		
Central funds	44,402	44,053
George Andrew Retirement Fund	6,088	5,761
2021 Fund	6,222	5,951
Cathedral Roof Appeal Fund	6,655	6,455
Cathedral other	4,504	3,863
Sabbatical fund	1,813	1,750
Listed building fund	1,902	1,831
Parish reorganisation	1,300	1,300
Other designated funds	702	699

Purpose of funds

School capital and repairs - Funds raised by levies on parishes and schools to support school building and refurbishment projects.

Central funds - To support the archdiocesan central administration.

George Andrew Retirement and 2021 funds - For priests in retirement.

Cathedral Roof Appeal Fund - Donations and investment income set aside to fund the major repairs to the cathedral.

Cathedral - To provide for day-to-day cathedral activities.

Sabbatical fund - To provide for the costs of priests in sabbatical years.

Listed building fund - For the preservation of listed buildings.

Parish reorganisation - To cover costs arising from the reorganisation of inner-city parishes.

Below left: Artists impression of the new St Mary's Catholic High School which is being rebuilt following a fire in 2013 Below: Lourdes Youth Pilgrimage 2014



FUTURE DEVELOPMENTS AND COMMITMENTS

With an ageing profile of Mass-going parishioners and a relative shortage of new priestly vocations, it is anticipated that by 2015 there will only be 100 active archdiocesan priests under the age of 75. Parishes have been grouped into 23 pastoral areas with, for planning purposes, a future expectation of one priest for every 5,000 parishioners. It continues to be the case that up to five additional pastoral areas move forward into the 'formal transition stage' identified through the 'Leaving Safe Harbours' strategic review so that all pastoral areas should be at or beyond that stage of development by the end of 2015.

As part of the implementation of 'Leaving Safe Harbours', local reviews of resources, buildings and finances are being undertaken and each pastoral area will put forward proposals for its own development to the trustees for consideration. It is anticipated that the development proposals may include the refurbishment or closure of churches within a pastoral area, but outside of the strategic review process decisions may from time to time be taken on the continuing use of churches as places of worship following local consultation.

The focus of capital investment in schools across the archdiocese will continue focus on maintaining and improving building condition and, where applicable, the provision of sufficient pupil places. The archdiocese will continue to work closely with local authorities to realise other significant investment opportunities wherever possible; this includes continued joint working through the Liverpool School Investment Programme through which further investment in Catholic schools will be made at Bellerive. St Francis Xavier and St Julie's high schools.

Other capital developments are likely to include the commencement or continuation of significant capital investment in several schools. Phased refurbishment and redevelopment projects will be progressed at St Aidan's and St Cuthbert's primary schools in Wigan and a new sports hall is scheduled for implementation at All Hallows high school in Penwortham. Work on the whole school redevelopment of SS Peter and Paul school in Kirkby will continue alongside continued similar investment in St Mary's school, Blackbrook, and St John Fisher school in Widnes. Capital plans will also be developed to support the newly-established Blessed Sacrament primary school, Liverpool, following an amalgamation process.

The administrative and centrally coordinated pastoral functions of the archdiocese are funded from the central reserves. These funds are particularly dependent on income generated from cash management and investments. Although medium-term projections of interest rates remain low, the level of central reserves increased during the year and is in excess of the reserves policy for the archdiocese as a whole.

The trustees acknowledge the hard work of so many volunteers in our parishes who help in financial and property administration and also those who are involved in what are a variety of roles that assist in the life and service of the Church and trust and the wider society. They would wish to thank them all for all their hard work and dedicated commitment to these aspects of the life of the Church. The monetary value of the volunteers' time is impossible to quantify.

WAYS YOU CAN CONTRIBUTE

- 1 Increase your regular donations
- 2 Complete a Gift Aid declaration if a UK tax payer
- 3 Remember the church in your will
- 4 Donate by a planned giving envelope or standing order