

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

**ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2008**

Registered Charity Number: 232709

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2008

MISSION STATEMENT

Taking to heart the last words of the Lord Jesus, we will go into the world to proclaim the Good News to the whole of creation.

REFERENCE AND ADMINISTRATIVE DETAILS

Corporate Trustee

Liverpool Roman Catholic Archdiocesan Trustees Incorporated– charity number 232709

Trustees of the Corporate Trustee

Most Rev P Kelly (Chairman)
Rt Rev V Malone
Rt Rev T Williams
Rev Mgr J Butchard
Rev Mgr Provost P Cookson (resigned 15 May 2008)
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

Secretary to the Trustees

Mrs V Clarke LLB

Episcopal Vicar for Finance and Development

Rev S Kirwin

Principal address

Liverpool Archdiocesan Centre for Evangelisation
Croxtheth Drive
Liverpool
L17 1AA

Auditors

PKF (UK) LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Bankers

HSBC Bank plc
4 Dale Street
Liverpool
L69 2BZ

Investment managers

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

Martin Currie Investment Management Limited
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2ES

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2008

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Liverpool Roman Catholic Archdiocesan Trust (Archdiocese of Liverpool) is a registered charity (No 232709), the governing instrument of which is a Trust Deed dated 18 March 1963. Its trustee is Liverpool Roman Catholic Archdiocesan Trustees Incorporated, a body incorporated by order of the Charity Commissioners under the Charitable Trustees Incorporation Act 1872. The Trustees of the corporate body (the Trustees) are listed on page one.

Organisational structure and decision making

The affairs of the charity are governed by the Trustees. The Trustees are ultimately responsible for the administration and assets of the charity. The Board of Trustees is chaired by the Archbishop and meets on a monthly basis to provide strategic direction and decision making on key issues.

The Catholic Church has a worldwide nature and identity and could be compared with a gathering together of family, with a common purpose and faith in Jesus Christ. Church law (Canon Law) establishes the rights and responsibilities of each member of this community. Church law applies universally and particularly locally. The world-wide church community, centred on Christ, under the word of God and in communion with the Pope in Rome, is governed by Canon Law. Under Canon Law the Archbishop is responsible for the activities of the Archdiocese. He is assisted in diocesan executive matters by an Auxiliary Bishop and a number of Vicars General and Episcopal Vicars with delegated responsibilities for specific matters. The Vicars General and Episcopal Vicars are also Trustees.

The Archdiocese consists of approximately 200 parishes organised within 24 pastoral areas extending from the Mersey to the Ribble, encompassing Merseyside, parts of Lancashire, Cheshire and Greater Manchester, and the Isle of Man.

The purpose of each pastoral area is to provide for the religious needs of its people and it is overseen by the Parish Priests whose work is coordinated by the Pastoral Area Leader. Each Parish Priest and all clergy are accountable to the Archbishop. Parish priests are obliged by Canon law to act in the person of the parish. They also act as the agents of the Trustees of the Archdiocese, who are responsible for the administration of the Archdiocesan Trust, which includes parish assets. It is a further requirement of Canon law that every parish should have a finance committee to assist the parish priest in the financial administration of the parish. The committee enjoys consultative status and its constitution has been approved by the Trustees.

The Trustees are advised by a number of committees including the Finance Advisory Committee, the Investment Panel, and the Building Projects Committee. A number of specialists are co-opted as members of these committees which meet on a regular basis and their findings are recommended to the Trustees.

Policies affecting the Archdiocese at a national level are formulated by the Catholic Bishops' Conference of England and Wales and applied as appropriate by the Trustees. The Archdiocese is represented on this body by the Archbishop and the Auxiliary Bishop.

Related parties

A number of essential functions of the Archdiocese are operated through its subsidiaries. These include the management of the Metropolitan Cathedral, the management of parish centres and the purchase of stock for supply to such centres, the building services scheme for diocesan buildings and the operation of the conference centre at LACE.

In pursuit of the charitable objectives of the Archdiocese, administrative support is provided to a number of charities whose objects are consistent with those of the Archdiocese. Further details are provided in note 21 to the accounts.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2008

Trustee recruitment and appointment

The power of appointing new or additional Trustees is vested in the Archbishop. The powers of the Trustees are exercisable only with the consent of the Archbishop. The induction process for any newly appointed Trustee is tailored to the requirements of the individual and includes an initial meeting with the Archbishop. The new Trustee receives copies of Charity Commission guidance, and the minutes of the most recent Trustees' meetings, and a copy of the most recent statutory accounts with ongoing training provided for all Trustees.

Risk management

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate exposure to the major risks.

OBJECTIVES AND ACTIVITIES

The objects of the Charity as declared in the governing document are:

- the advancement of the Roman Catholic religion
- the advancement of education
- the relief of poverty
- the cure or alleviation of sickness or disease

ACHIEVEMENTS AND PERFORMANCE

The Archdiocese is committed to implementing the recommendations of the 'Leaving safe harbours' strategic review that was undertaken from September 2005 to June 2006. Discussions at the parish level were on-going through the year with the work in three pilot areas working towards presenting to future meetings of the Archbishops Council and Trustees for future pastoral decisions. With an ageing clergy population and a relative shortage of vocations it is anticipated that by 2015 there will only be 100 active diocesan priests. Parishes have been grouped into 24 Pastoral Areas with a future expectation of 1 priest for every 5000 parishioners

Financial Review

The net movement in funds of the Charity from Parochial and Curial activities is summarised below.

	2008 £000's	2007 £000's
Net (outgoing) / incoming resources	(887)	1,143
Revaluation of investments	(20,135)	4,008
Unrealised loss on deposits	(2,340)	-
Realised gain on investment properties	48	856
Revaluation of investment properties	375	1,978
Net (decrease) / increase	<u>(22,939)</u>	<u>7,985</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2008

Voluntary Income

Parishes continue to benefit from the generosity of their parishioners although weekly offertories totalled £6.18M (2007: £6.34M) representing a small decline since 2007.

A focused approach to giving encouraged by a centrally co-ordinated responsible giving campaign has ensured that the financial responsibilities at the local level are communicated to the people of the individual parishes. The response of parishioners to rising levels of running costs faced by parishes has been to increase the level of giving. Parishes where a campaign has been undertaken in the last year experienced an average increase in offertories of 24%. The importance of the responsible giving campaign which is implemented by small teams of parishioners cannot be lost as without such focus a prolonged decline in offertory giving may be experienced. Parishes where a campaign has yet to be undertaken experienced a fall in offertories in excess of 4% in the last year.

The impact of the 2% reduction in the basic rate of income tax to 20% from April 2008 has been mitigated by the introduction of Gift-aid transitional relief for charities. As the relief is only available for three years the importance of the responsible giving campaign in coming years is increased.

The value of legacies received by the Archdiocese was £1.58M in 2008 (2007:£1.44M). Although the number of parishes reporting a legacy fell in 2008, the value of legacies received in parishes increased by 41%. The Priest Training Fund, LAMP and the George Andrew Retirement Fund continue to benefit from the generosity of parishioners through collection income and bequests.

Fundraising activities

The activities of the parish clubs are consolidated within Archdiocesan Parish Centre Management Company Limited. An ongoing programme of refurbishment has helped ensure that the parish centres remain competitive despite the continued decline of clubs nationally. The existence of parish centres continue to be a valuable resource to parishes and although the company reported a loss of £1.40M (2007:£1.26M) the activities of the parish centres generated an income for the parishes of £2.15M gift aided from a fellow subsidiary, Associated Church Clubs Limited, a bulk purchase scheme for Catholic clubs nationally.

Many people from a variety of different backgrounds come into contact with the Archdiocese through events held in the conference centre. Over 34,000 delegates attended events hosted by archdiocesan groups and the wider community at LACE in 2008 and the conference centre was presented with the Mersey Partnership 'excellence in business tourism' award in May 2008.

Archdiocesan building projects are managed by Tuneside Limited and Archdiocesan Property Services Limited and the activities of the subsidiaries have considerable influence in ensuring that building projects are managed in a cost efficient manner to the benefit of the parishes and schools.

Income includes grants of £2.60M in respect of the major refurbishment projects of the Cathedral Crypt (£1.51M) and the St Mary of the Angels Church in Everton (£1.09M) used by the Liverpool Philharmonic Orchestra as a rehearsal and recording space.

General parochial fundraising income totalled £0.40M (2007: £0.40M). While parishes are often presented with fundraising targets when faced with major building repair projects, further guidance is being developed in respect of general fundraising initiatives.

Although in overall terms our parishes are financially secure, many parishes rely on or benefit from the generosity of fellow parishes through the Assessment Fund and offset banking system. Parishes make voluntary contributions to the Assessment Fund based on income, which is distributed by a committee of Parish Priests to those parishes in need. The offset banking system ensures that those parishes with limited resources are spared the additional cost of interest charges on bank overdrafts.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2008

Investment policy and performance

The Trust Deed authorises the Trustees to invest general funds of the Charity in any manner which the Trust may lawfully invest.

The investment objectives of the Trustees are that the real value of assets should be maintained and enhanced over the long term and generate an agreed rate of return. This is achieved by investing in a portfolio of equities, fixed income stocks, commercial property and cash.

The investment portfolio is managed on a discretionary basis within the parameters of a general ethical investment policy restricting the investment managers from investing in any area that would be incompatible with the objectives of the Trust. The ethical policy with regard to investments states that no investments are to be made in companies which generate more than 10% of their turnover from military activity, the production of anything which threatens the sanctity of life, or the production of pornography.

The Investment Panel has authority delegated from the Trustees to set performance targets and to assess the actual performance of the investment managers against benchmarks with advice from a specialist firm of investment advisors.

The Archdiocesan investment portfolio is split into two funds managed by BlackRock Investment Management (UK) Limited and Martin Currie Investment Management Limited respectively, and representatives of the investment managers meet periodically with the Investment Panel to assess performance.

Investment income generated by the investment managers of the unitised portfolio was £2.88M (2007: £2.52M) and met the budgetary requirements of a percentage return on the value of the fund set by the Investment panel. The Archdiocese experienced an unrealised loss on investments of £20.1M (2007: £4.0M Gain) which represented an unfavourable return against the benchmark. Having considered the investment managers performance in depth the Trustees have decided to retain the services of the current investment advisors but this position is continually reviewed by the Investment Panel. Since the year end the archdiocesan investment values have begun to recover with the investment managers exceeding benchmarks for this period. The latest valuation available at 30th September 2009 was £66.32M and would represent an unrealised gain on revaluation of £7.3M since the year end.

All archdiocesan bank accounts are included within the offset banking system. After daily consideration of commitments and spending patterns, archdiocesan personnel evaluate the cash requirements, the balance being placed in a variety of cash deposits with institutions approved by the Trustees.

The investment objective in respect of cash management is to maximize income from cash balances whilst maintaining sufficient available funds to meet the daily operating requirements and to facilitate the timely payment of liabilities. The Trustees limit deposits with banks other than the archdiocese's principal bankers HSBC to 20% of the total cash balances. Each institution must be recommended to the Trustees by the Financial Advisory Committee.

Cash management activities generated £1.58M (2007: £1.85M). A proportion of available cash had been held by Kaupthing Singer & Friedlander Limited. The company entered administration on 8th October 2008 at which time £4.7M of archdiocesan funds were held by the bank. This represented 11.7% of total funds held at that time. Since the year end the administrators have made a distribution of 20p in the pound. As the timing and extent of any future distributions remain uncertain the Trustees consider it appropriate to create a provision equating to 50% of the sum originally invested. A charge of £2.34M has been included within unrealised losses.

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Investment properties

The Archdiocese sold a number of assets that were no longer being used as functional church properties. The gain on the sale of investment properties in 2008 was £0.05M (2007:£0.86M). Having obtained professional advice the Trustees consider it prudent to retain a number of investment properties while the property market recovers. The Trustees have also retained a number of properties no longer required for functional purposes in order to generate a rental income for individual parishes. A cyclical valuation policy is operated by the Trustees and the revaluations created a gain of £0.37M in 2008 (2007: £1.98M).

CHARITABLE ACTIVITIES

The Charity aims to satisfy its objects through four main areas of charitable activity:

- To provide support to the clergy in training, ministry and retirement
- To support pastoral work in parishes and local communities
- To support and direct lifelong Christian education in parishes and schools
- To preserve and invest in the property infrastructure of the Archdiocese and parishes, facilitating worship and enabling the charitable work of the Church to take place

Clergy support

The increasing age profile of the clergy coupled with falling numbers of active clergy is a vital strategic component of the 'Leaving safe harbours' initiative. The Archdiocese is presently being served by 183 priests, a decline of over 30 in the last 10 years. Each parish within a Pastoral Area will continue to have a designated Parish Priest but with many clergy undertaking responsibility for more than one parish a greater emphasis is being placed on collaboration within the Pastoral Area.

An unrealised loss on investments has contributed to a fall in the value of the George Andrew Retirement Fund. As the number of retired priests increases beyond the present number of seventy eight, the requirements on the fund to provide for the day to day living needs of the retired clergy will increase and the fund value will diminish. The Trustees are undertaking an actuarial assessment of the George Andrew Fund to determine the level of funds required to provide for the retirement costs of currently active clergy. An annual parish collection, 'Provision for priests in retirement', has been introduced in recent years and continues to be generously supported by parishioners. Properties in a number of locations within the Archdiocese have been converted and refurbished to increase the level and variety of accommodation available to retired clergy. The proceeds of the annual collection will help to meet the future costs of converting and maintaining such properties and are held separately from those of the George Andrew Fund.

The year 2008 saw one ordination in the Archdiocese and there are currently nine students preparing for the priesthood in a number of locations including Ushaw College in Durham and Valladolid in Spain. The proceeds of an annual parish collection and a number of legacies and specific donations to the Priests' Training Fund provides for the cost of education of students to the priesthood and for continuing formation.

Pastoral work

While most pastoral work is undertaken locally at the parish level, a number of centrally funded departments and initiatives facilitate and encourage work in the local community. The Christian Education Department focuses on formation in our Catholic schools and is complemented by the activities of the Animate Youth Ministry team based at St Mary's (Lowe House) in St Helens. A team of residential youth workers under the direction of the Youth Chaplain and an advisor for the formation of young people serve in parishes and schools, undertaking confirmation preparation, youth events, pilgrimages and school missions.

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REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2008

The Animate team works with young people from the Archdiocese in our schools and parishes as well as through the youth section of the annual Lourdes Pilgrimage, 'Youth Alive' Masses every month, weekly youth groups and retreat work. Since the year end, the lower hall at St Mary's has been refurbished and will operate as a Youth Cafe for use by school groups during the day with a range of activities at other times.

The Pastoral Formation Department offers training and ongoing support to adults who seek to develop their participation in the mission of the Church. This includes assisting parishes as they develop collaborative ways of working, as well as offering skills training in particular areas such as working with young people, parish catechesis or exploring ways of supporting family life.

Liverpool Archdiocesan Missionary Project (LAMP) provides for the costs associated with Archdiocesan priests serving in Latin America. An annual parish collection and investment income derived from restricted investments currently support the day to day activities of two priests in Peru and one in Bolivia.

Education

The Schools Department of the Archdiocese aims to review and develop the network of Catholic Primary and High Schools so that there are sufficient places within the Archdiocese to meet the expressed needs of parents for a distinctive Catholic education to be provided for their children.

Within the Government's policy for secondary education, the Schools Department ensures equitable treatment for the Catholic sector by proposing to the relevant local authority transformational curriculum and building projects under the 'Building Schools for the Future' programme (BSF). The department is also in consultation with local authorities in respect of the Primary Capital Programme, a national programme to invest in primary school buildings, to ensure that investment in archdiocesan primary schools is maximised.

The majority of schools in the Archdiocese opted to pay their devolved formula capital allocations (DFC) for schools' capital and repair programmes to an archdiocese account in which they are maintained on an individual basis until they are drawn down by the school. The administrative cost savings of operating a single system are significant, and by maintaining the schools DFC funds on a collective basis interest of £427K has been generated and returned to the School Projects Fund to meet the Archdiocese's commitment to an increasing capital build programme. At the year end, the Archdiocese was holding £14.0M on behalf of schools.

Through the School Projects Fund, the Archdiocese engaged in capital and repair projects in excess of £33M at a net cost of £2.87M. Over 450 school building projects were submitted to the Building Projects Committee and approved by the Trustees in the year.

Significant projects during the year included the completion of the new build Christ the King Centre for Learning in Huyton and the commencement of new build primary schools at All Saints' Bootle, Sacred Heart Leigh, St Michael and All Angels' Kirkby and St John's Liverpool. Through the Schools Voluntary Contribution Scheme the Archdiocese is able to offer an enhanced level of support to schools. The scheme generated £236K in 2008 from archdiocesan schools and enabled the Schools Department to support the development of leadership teams and advise on selection and appointment processes through effective induction, in-service and advanced programmes of training following appointment. In 2008 a significant number of new appointments made by governing bodies were supported by archdiocesan officers.

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Property

Parish establishment costs remain the most significant area of expenditure for parishes, with £9.58M (2006: £7.10M) incurred in property running costs. The Archdiocese continues to operate a centrally monitored parish property repair budget and the services of the team of in-house surveyors have ensured that best value is obtained in all aspects of parish building projects. Repair and maintenance costs increased from £2.97M in 2007 to £5.41M in 2008. Included within these costs are £500K expenditure on the refurbishment of St Mary of the Angels where grant aid was received and £410K of necessary costs resulting from the comprehensive fire risk assessment of archdiocesan property.

Work on the "Cathedral experience" project began on site in July 2007 and has continued through 2008. A major part of the work has been to physically link the Lutyen's crypt to the Gibbard cathedral. The link, created by a glazed spiral staircase from the rear of the main cathedral will ensure a single visitor experience and also open the crypt as a destination for exhibitions, conferences and cultural programmes. The project was completed in early 2009 with £2.77M of costs incurred in 2008 supported by the European Regional Development Fund and the North West Development Agency.

Employees

Information about the Archdiocese's activities is communicated to employees in a number of ways including the internal magazine and email. In addition, regular meetings are held with staff on general and specific matters.

It is the policy of the Archdiocese to give full consideration to applications from disabled persons, having due regard to their particular aptitudes and abilities, and to provide opportunities for the retention and retraining of employees who become disabled during their employment. Equal opportunities are also given for the training, career development and promotion of disabled persons.

Reserves policy

At 31 December 2008 the reserves were:

	2008 £000's	2007 £000's
Restricted funds	13,139	11,932
Unrestricted funds: - general	65,538	74,740
- designated	54,280	69,224
	<u>132,957</u>	<u>155,896</u>

Restricted funds represent unexpended balances from collections, donations, legacies and grants restricted by donors to specific purposes including the Priests' Training Fund, Foundation Mass Capital, specific projects in connection with the Metropolitan Cathedral and a capital grant from the English Sports Council. A breakdown of amounts restricted is given and the purpose of the restrictions is explained further in note 14.

Designated funds have been set aside by the Trustees for school projects, central funds, the George Andrew Retirement Fund, the Metropolitan Cathedral Roof Appeal Fund, the Metropolitan Cathedral and the Liverpool Inner-city parish reorganisation. Expenditure is made from these funds on a regular basis. A breakdown of amounts designated is given and the purpose of the designations is explained further in note 15.

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Expenditure on school building projects is controlled by the Building Projects Committee. The current budget is set for the period 2006 to 2010 and utilises a levy on schools and parishes alongside other streams of income generated during the period. At December 2008 the School Project Fund was in a negative reserve position. This is partly attributable to the fall in value of investments but also due to expenditure being incurred early in the budget cycle. Further accelerated expenditure was incurred in 2008 to take advantage of the competitive nature of the construction industry during the year. In 2009 the Trustees approved further expenditure on school projects to match the increased availability of Government funding brought forward from future periods with the expectation of reduced expenditure in the years to 2016.

The level of reserves freely available to spend on any or all of the Charity's purposes amounted to approximately 17 months expenditure, (2007: 26 months). The freely available reserves exclude fixed assets held for charitable use, as these assets could not be realised without undermining the work of the Archdiocese.

The Trustees consider that a level of reserves equating to 36 months expenditure is sufficient to enable the Charity to fulfil all of its obligations and commitments. The decrease in the market value of investments held is the most significant factor contributing to the reduction in freely available reserves. The trustees are optimistic that signs of recovery experienced in the value of investments held in the first nine months of 2009 will contribute to progress towards the stated reserves aspiration.

PLANS FOR FUTURE PERIODS

The Archdiocese is committed to implementing the recommendations of the 'Leaving safe harbours' strategic review. The review of operations within pastoral areas will begin with a period of preparation where clergy and parishioners will prepare for new arrangements and consider potential new structures for operation.

A transitional stage where proposals for the development of the pastoral areas are generated could last for up to three years with an expectation of up to five areas moving to the transitional stage each year. Three areas entered the transitional stage in September 2008. Before the development stage begins, the individual proposals will be considered by the Archbishop and others to ensure that it is consistent with the trustees objectives for the strategic direction of the Archdiocese. Three of the first pilot areas are moving towards seeking such approval for pastoral changes.

As part of the implementation of Leaving safe harbours, a review of resources, buildings and finances will be 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. I.e in Kirkby, the decisions of closure of St Laurence's and St Michael's, the refurbishment of St Joseph's and a new build of St Michaels and All Angels. Outside of the Leaving Safe Harbours process, there may from time-to-time be decisions taken on the continuing use of churches as places of worship following local consultation.

Significant consultation has been undertaken at an archdiocesan level and within Local Education Authorities regarding future schooling requirements within the Archdiocese. Reviews of primary education involving a number of Local Education Authorities are underway in several local authority areas.

The proposals of Knowsley Education Authority have been accepted in the first phase of the "Building Schools for the Future" initiative and will result in a number of new replacement Catholic secondary schools within that authority's area. Further investment through this initiative is now being developed in Liverpool, St Helens, Halton, Wigan and Sefton though it is likely that implementation will take place over a number of years. Capital costs through this programme continue to be met in full by the Government.

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The Archdiocese is in consultation with local authorities in respect of the "Primary capital programme" for primary schools. Commencing in 2009/10, this programme aims to renew at least half of all primary schools buildings by 2022/23. A commitment by the Archdiocese of £12M would be required to finance 10% of the project costs over the life of the programme which is anticipated to be 15 years. Positive negotiations with local authorities have identified at least eleven projects to which Primary capital programme funding will be allocated in the first two years of the programme (2009 – 2011) with a value of around £30M.

The administrative and centrally coordinated pastoral functions of the Archdiocese are funded from the Central Reserves. These funds are particularly dependant on income generated from cash management and investments. Although medium term projections of interest rates remain low, the amount of freely available reserves is in excess of the reserves policy for the Archdiocese as a whole. The reserve balance designated for central operation is of sufficient magnitude to absorb the impact of a lower investment income for a number of years into the future.

In summary, the overall picture is one of consolidation and improvement of existing resources. The Trustees are budgeting carefully in response to Archdiocesan needs and priorities in order to improve the level of reserves and maintain commitments to existing services.

Volunteers

The Trustees acknowledge the hard work of so many volunteers in our parishes who help in financial and property administration and also of those who are employed by the Archdiocese in administration. They would wish to thank them all for all their hard work and dedicated commitment to this aspect of the life of the Church. The monetary value of the volunteers time is impossible to quantify.

AUDITORS

A resolution to re-appoint PKF (UK) LLP as auditors for the ensuing year will be proposed.

Signed on behalf of the Trustees



Rev S Kirwin
Episcopal Vicar for Finance and Development

22 October 2009

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

STATEMENT OF TRUSTEE'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2008

The Trustee is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for the year. In preparing financial statements giving a true and fair view the Trustee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the charity and the group and enable them to ensure that the financial statements comply with applicable law and the trust deed. The Trustee is also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT REPORT OF THE AUDITORS TO THE TRUSTEE
OF LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST
FOR THE YEAR ENDED 31 DECEMBER 2008**

We have audited the financial statements of the group and parent charity Liverpool Roman Catholic Archdiocesan Trust for the year ended 31 December 2008 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the trustee, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustee and auditors

The responsibilities of the trustee for preparing the trustee's report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of trustees' responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, any information contained in the financial statements is inconsistent in any material respect with the trustees' report, if the charity has not kept accounting records in accordance with section 41 of the Charities Act 1993, if the financial statements do not accord with those records, or if we have not received all the information and explanations we require for our audit.

We read the trustee's report and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charity's affairs as at 31 December 2008 and of the group's incoming resources and application of resources in the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Liverpool

28 October 2009

PKF (UK) LLP

Registered Auditor

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Parochial Unrestricted Funds £000's	Parochial Designated Funds £000's	Parochial Restricted Funds £000's	TOTAL Parochial Funds £000's	Curial Unrestricted Funds £000's	Curial Designated Funds £000's	Curial Restricted Funds £000's	TOTAL Curial Funds £000's	TOTAL 2008 £000's	TOTAL 2007 £000's
INCOMING RESOURCES											
Incoming resources from generated funds	2										
Voluntary income	2.1	10,135	625	2,039	12,799	308	493	360	1,161	13,960	14,752
Activities for generating funds	2.2	1,486	-	-	1,486	26,670	-	1,514	28,184	29,670	27,227
Investment income	2.3	1,060	614	15	1,689	162	2,948	95	3,205	4,894	5,149
Incoming resources from charitable activities	3	303	-	-	303	192	480	-	672	975	893
Other incoming resources	4	500	-	-	500	-	186	-	186	686	906
TOTAL INCOMING RESOURCES		13,484	1,239	2,054	16,777	27,332	4,107	1,969	33,408	50,185	48,927
RESOURCES EXPENDED											
Costs of generating funds											
Costs of activities for generating funds		(77)	-	-	(77)	(26,407)	(31)	-	(26,438)	(26,515)	(26,813)
Investment management costs		(88)	(30)	-	(118)	(9)	(124)	-	(133)	(251)	(293)
Charitable activities	5	(15,226)	(2,868)	(1,363)	(19,457)	(1,014)	(3,375)	(330)	(4,719)	(24,176)	(20,565)
Governance costs	7	-	-	-	-	-	(130)	-	(130)	(130)	(113)
TOTAL RESOURCES EXPENDED		(15,391)	(2,898)	(1,363)	(19,652)	(27,430)	(3,660)	(330)	(31,420)	(51,072)	(47,784)
NET(OUTGOING)/ INCOMING RESOURCES BEFORE TRANSFERS		(1,907)	(1,659)	691	(2,875)	(98)	447	1,639	1,988	(887)	1,143
Gross transfers between funds	22	1,456	227	(309)	1,374	(1,911)	131	406	(1,374)	-	-
NET (OUTGOING)/INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS		(451)	(1,432)	382	(1,501)	(2,009)	578	2,045	614	(887)	1,143
OTHER RECOGNISED GAINS / (LOSSES)											
Revaluation of investment properties	10.1	330	-	-	330	-	45	-	45	375	1,978
Realised gains on investment properties		-	-	-	-	-	48	-	48	48	856
Unrealised loss on deposits		-	-	-	-	-	(2,340)	-	(2,340)	(2,340)	-
Unrealised (loss)/gain on investments	11	(6,323)	(2,245)	(68)	(8,636)	(749)	(9,598)	(1,152)	(11,499)	(20,135)	4,008
NET MOVEMENT IN FUNDS		(6,444)	(3,677)	314	(9,807)	(2,758)	(11,267)	893	(13,132)	(22,939)	7,985
Fund balances brought forward at 1 January 2008		70,974	727	1,084	72,785	3,766	68,497	10,848	83,111	155,896	147,911
FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2008	23	64,530	(2,950)	1,398	62,978	1,008	57,230	11,741	69,979	132,957	155,896

All amounts relate to continuing operations.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008

	Notes	Parochial 2008 £000's	Curial 2008 £000's	Total 2008 £000's	Parochial 2007 £000's	Curial 2007 £000's	Total 2007 £000's
FIXED ASSETS							
Tangible assets							
- investment properties	10.1	4,824	5,246	10,070	4,534	5,996	10,530
- other	10.2	18,014	23,479	41,493	20,082	22,031	42,113
		22,838	28,725	51,563	24,616	28,027	52,643
Investments	11	24,623	34,363	58,986	32,741	45,847	78,588
Total Fixed Assets		47,461	63,088	110,549	57,357	73,874	131,231
CURRENT ASSETS							
Stock		-	745	745	-	937	937
Debtors							
- due within one year	12	3,855	8,843	12,698	3,356	6,620	9,976
Balance at bank including deposits		28,616	4,569	33,185	22,400	9,939	32,339
		32,471	14,157	46,628	25,756	17,496	43,252
CREDITORS							
- amounts falling due within one year	13	(16,499)	(7,721)	(24,220)	(11,932)	(6,655)	(18,587)
Parochial/Curial balances		(455)	455	-	1,604	(1,604)	-
Net current assets		15,517	6,891	22,408	15,428	9,237	24,665
NET ASSETS		62,978	69,979	132,957	72,785	83,111	155,896
ACCUMULATED FUNDS							
Restricted funds	14	1,398	11,741	13,139	1,084	10,848	11,932
Unrestricted funds							
- designated	15	(2,950)	57,230	54,280	727	68,497	69,224
- general		64,530	1,008	65,538	70,974	3,766	74,740
		62,978	69,979	132,957	72,785	83,111	155,896

The financial statements were approved and authorised for issue by the Board of Trustees on 22 October 2009 and signed on their behalf by

+ Patrick A Kelly

Most Rev P Kelly, Trustee

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	2008		2007	
	£000's	£000's	£000's	£000's
Operating activities				
Net (outgoing)/incoming resources (page 13)	(887)		1,143	
Investment income and interest receivable	(4,156)		(4,392)	
Surplus on sale of fixed assets held for charity's own use	(500)		(736)	
Depreciation	3,405		3,641	
Decrease/(Increase) in stock	192		(21)	
Increase in debtors	(2,467)		(1,075)	
Increase in creditors	5,636		2,645	
Net cash inflow from operating activities		1,223		1,205
Return on investments and servicing of finance				
Investment income		2,531		2,767
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(3,030)		(1,950)	
Purchase of investment property	-		(231)	
Purchase of listed investments	(1,114)		(1,874)	
	(4,144)		(4,055)	
Proceeds from sale of investment property	894		2,270	
Proceeds from sale of tangible fixed assets	1,038		886	
Proceeds from sale of listed investments	278		1,810	
Net cash (outflow)/inflow from investing activities		(1,934)		911
Management of liquid resources				
Cash management income		1,366		1,366
Increase in cash		3,186		6,249
Cash at 1 January 2008		32,339		26,090
Unrealised loss on deposits		(2,340)		-
Cash at 31 December 2008		33,185		32,339

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

1 PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared in accordance with the Charities Accounts & Report Regulations 2005, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and with applicable accounting standards issued by the UK Accountancy bodies. They are prepared under the historical cost convention modified by the revaluation of investments and investment properties which are included at market value. The financial statements of the Charity include those of the subsidiary undertakings which are consolidated on a line by line basis using appropriate headings for those subsidiaries which prepare their accounts under the Companies Act or SORP formats.

1.2 Incoming resources

Incoming resources are included in the Consolidated Statement of Financial Activities on the basis of amounts receivable for the year. Income from commercial activities is included in the period that the relevant services are provided or goods supplied. Legacies and donations are recognised when the Archdiocese has certainty of receipt, becomes legally entitled to them and they can be measured in financial terms with sufficient reliability.

The Charity receives substantial voluntary help in the work of the Archdiocese but it is not possible to place a financial value on this work and no amounts are therefore included in the financial statements for the value of services donated by volunteers. Gifts of fixed assets are included at valuation and the equivalent is recorded as donation income.

Grants receivable are included in the Consolidated Statement of Financial Activities as soon as the conditions attaching to the grant are satisfied. Grants are mainly in relation to capital projects.

1.3 Resources expended

Resources expended are included in the Consolidated Statement of Financial Activities on the accruals basis. These are based on the amounts payable for work done or services provided in the year.

Costs of generating funds

Costs of generating funds comprises all costs relating to attracting voluntary income, the costs incurred in subsidiary trading and investment management fees.

Charitable activities expenditure

Charitable activities expenditure includes the costs identified as wholly or mainly attributable to achieving the charitable objectives of the charity, including direct staff costs, other direct costs, and apportioned support costs.

Governance costs

Governance costs are those costs related to the governance of the charity, to allow it to operate, and to generate information for public accountability. Direct costs will include audit and accountancy, legal advice to trustees and costs of trustees meetings.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

PRINCIPAL ACCOUNTING POLICIES (continued)

Support costs

All support costs are borne by Central Funds and have been apportioned to governance costs and charitable activities. The share of support costs attributable to governance reflects costs incurred in the preparation of the statutory accounts and the remaining costs have been allocated pro-rata based upon the charitable activity's share of central expenditure.

1.4 Investments and investment gains and losses

Investments and investment properties are included in the financial statements at open market value.

Realised and unrealised gains and losses on investments and investment properties are dealt with in the Consolidated Statement of Financial Activities.

Unrealised gains and losses are calculated as the movement in market value during the year. Realised gains are calculated as the difference between disposal proceeds and market value brought forward.

1.5 Tangible fixed assets – other than property

The cost of motor vehicles, computer equipment, office equipment and fixtures and fittings is capitalised and depreciation is provided to write off the original cost, less any estimated residual value, over the expected useful life of the assets concerned. The rates of depreciation applied are as follows:

	% of cost per annum
Motor vehicles	25
Computer equipment	25
Office equipment and fixtures and fittings	20

Suitable capitalisation thresholds are adopted in the entities comprising the Archdiocese.

1.6 Tangible fixed assets - Functional church property

Prior to 31 December 1997 capital expenditure on functional church property was written off in full as incurred.

At 31 December 1997 the Trustees considered that a reasonable approximation of the net book value of the functional church property held would be established by discounting the insurance values of those assets by 90%. This was the policy employed to include these assets on the balance sheet at estimated historic cost net of accumulated depreciation.

From 1 January 1998 the cost of functional church property has been capitalised and depreciated over its expected useful life of 20 years.

Works of art, treasures and plate are not capitalised in these accounts as they are historic, have extraordinarily long lives and are worth preserving in perpetuity. The Trustees consider that it would be prejudicial to the safe custody of these assets to disclose details of their values and usage in the accounts.

Where functional church property is no longer operational impairment is fully recognised unless there is an investment value.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

PRINCIPAL ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets - School property

The freehold of the land and buildings legally owned by the Archdiocese and occupied rent free on behalf of the Trustees of the governing bodies of Catholic voluntary aided schools, which are separate charities and publicly funded, are valued at nil. The Trustees consider that 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 in the open market or put to alternative use while such occupation, which may be indefinite, continues.

1.8 Impairment

The carrying amounts of the Archdiocese's fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount and is recognised in the Consolidated Statement of Financial Activities.

1.9 Taxation

The Trustees consider that the exemptions from taxation set out in the Income and Corporation Taxes Act 1988 and the Taxation of Chargeable Gains Act 1992 are met, and thus no provision is made for taxation.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.11 Pension scheme

The Charity and eligible employees make defined contributions to a group personal pension scheme. Contributions are also paid to the Teachers Pension Superannuation Fund on which further information is given in note 19 to the financial statements. Contributions payable are charged as Resources Expended in the Consolidated Statement of Financial Activities.

1.12 Operating leases

Operating leases in respect of equipment are charged as resources expended on a straight line basis over the period of the lease. Such operating leases mainly relate to parishes and parish centres.

1.13 Recognition of liabilities

Liabilities are recognised as soon as there is a legal or constructive obligation committing the Archdiocese to pay out resources.

1.14 Fund accounting

The Archdiocese has the following funds which are shown separately in the accounts.

Restricted funds

Restricted funds are funds that are used in accordance with specific restrictions imposed by donors or that have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. Details of the restricted funds held are given in note 14 to the financial statements.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

PRINCIPAL ACCOUNTING POLICIES (continued)

1.14 Unrestricted funds – Designated

Designated funds are unrestricted funds that have been set aside by the Trustees for specific purposes (note 15).

Unrestricted funds – General

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the objects of the Charity and which have not been designated for other purposes.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

2 INCOMING RESOURCES FROM GENERATED FUNDS	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2008 £000's	2007 £000's
2.1 Voluntary income					
PAROCHIAL					
Donations	2,087	2	-	2,089	2,567
Collections	6,942	-	2,039	8,981	9,305
Legacies	1,106	-	-	1,106	783
Other income	-	623	-	623	521
	<u>10,135</u>	<u>625</u>	<u>2,039</u>	12,799	<u>13,176</u>
CURIAL					
Donations	159	-	234	393	362
Collections	119	158	13	290	561
Legacies	30	335	113	478	653
	<u>308</u>	<u>493</u>	<u>360</u>	1,161	<u>1,576</u>
TOTAL	<u>10,443</u>	<u>1,118</u>	<u>2,399</u>	13,960	<u>14,752</u>
2.2 Activities for generating funds					
PAROCHIAL					
Fundraising	396	-	-	396	400
Grant funding	1,090	-	-	1,090	-
	<u>1,486</u>	<u>-</u>	<u>-</u>	1,486	<u>400</u>
CURIAL					
External income from trading subsidiaries as listed in note 20	26,670	-	-	26,670	26,827
Grant funding	-	-	1,514	1,514	-
	<u>26,670</u>	<u>-</u>	<u>1,514</u>	28,184	<u>26,827</u>
TOTAL	<u>28,156</u>	<u>-</u>	<u>1,514</u>	29,670	<u>27,227</u>
2.3 Investment Income					
PAROCHIAL					
Interest and income receivable from unitised portfolio	503	614	15	1,132	1,382
Rents and other income	557	-	-	557	627
	<u>1,060</u>	<u>614</u>	<u>15</u>	1,689	<u>2,009</u>
CURIAL					
Interest and income receivable from unitised portfolio	50	2,879	95	3,024	3,010
Rents and other income	112	69	-	181	130
	<u>162</u>	<u>2,948</u>	<u>95</u>	3,205	<u>3,140</u>
TOTAL	<u>1,222</u>	<u>3,562</u>	<u>110</u>	4,894	<u>5,149</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

3 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2008 £000's	2007 £000's
PAROCHIAL					
Piety stall	156	-	-	156	155
Newspapers	147	-	-	147	140
	<u>303</u>	<u>-</u>	<u>-</u>	<u>303</u>	<u>295</u>
CURIAL					
Cemetery fees	192	-	-	192	246
School Contribution Scheme	-	236	-	236	225
Inspection fees and course income	-	98	-	98	99
Other	-	146	-	146	28
	<u>192</u>	<u>480</u>	<u>-</u>	<u>672</u>	<u>598</u>
TOTAL	<u>495</u>	<u>480</u>	<u>-</u>	<u>975</u>	<u>893</u>
4 OTHER INCOMING RESOURCES					
PAROCHIAL					
Gain on disposal of fixed assets held for the charity's own use	500	-	-	500	736
CURIAL					
Other	-	186	-	186	170
	<u>-</u>	<u>186</u>	<u>-</u>	<u>186</u>	<u>170</u>
TOTAL	<u>500</u>	<u>186</u>	<u>-</u>	<u>686</u>	<u>906</u>
5 CHARITABLE ACTIVITIES					
PAROCHIAL					
Clergy					
Clergy allowances	822	-	-	822	825
Travel	223	-	-	223	219
Healthcare	223	-	-	223	242
Supply	101	-	-	101	108
Other	392	-	-	392	406
	<u>1,761</u>	<u>-</u>	<u>-</u>	<u>1,761</u>	<u>1,800</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

5 CHARITABLE ACTIVITIES	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2008 £000's	2007 £000's
Pastoral					
Diocesan and other collections	-	-	1,363	1,363	1,752
Liturgical and pastoral costs	1,103	-	-	1,103	1,026
Lay personnel costs	1,053	-	-	1,053	1,148
Housekeeping and hospitality	375	-	-	375	395
Printing, postage, stationery	236	-	-	236	253
Equipment hire	172	-	-	172	177
Telephone	152	-	-	152	146
Professional fees	134	-	-	134	162
Other office	82	-	-	82	91
Piety stall	121	-	-	121	116
Newspapers	158	-	-	158	172
Miscellaneous	300	-	-	300	334
	<u>3,886</u>	<u>-</u>	<u>1,363</u>	<u>5,249</u>	<u>5,772</u>
Education					
School building projects	-	2,868	-	2,868	1,338
Property					
Repairs and maintenance	5,414	-	-	5,414	2,968
Depreciation	1,898	-	-	1,898	1,916
Heat and light	1,025	-	-	1,025	1,017
Insurance	631	-	-	631	578
Council tax and water rates	350	-	-	350	320
Grounds maintenance	261	-	-	261	300
	<u>9,579</u>	<u>-</u>	<u>-</u>	<u>9,579</u>	<u>7,099</u>
	<u>15,226</u>	<u>2,868</u>	<u>1,363</u>	<u>19,457</u>	<u>16,009</u>
CURIAL					
Clergy					
Cathedral	68	-	-	68	64
Priests' Training Fund	-	-	194	194	348
Retirement costs	-	510	-	510	442
Permanent Diaconate	-	4	-	4	6
Sabbatical Fund	-	17	-	17	14
Share of central support costs	-	31	-	31	26
Other	-	114	-	114	96
	<u>68</u>	<u>676</u>	<u>194</u>	<u>938</u>	<u>996</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

5 CHARITABLE ACTIVITIES	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2008 £000's	2007 £000's
Pastoral					
Cathedral	339	-	24	363	327
Cemeteries	235	-	-	235	240
Curial	-	33	-	33	32
Tribunal	-	85	-	85	80
Pastoral Formation	-	96	-	96	124
Justice and Peace	-	56	-	56	54
Youth	-	115	-	115	117
Child Protection	-	87	-	87	86
National levies	-	206	-	206	208
Parish reorganisation	-	19	-	19	68
Chaplaincies	-	104	-	104	9
Ecumenical grants	-	37	-	37	42
Share of central support costs	-	271	-	271	262
Other	1	187	112	300	322
	<u>575</u>	<u>1,296</u>	<u>136</u>	<u>2,007</u>	<u>1,971</u>
Education					
Christian Education	-	279	-	279	219
Schools department	-	503	-	503	507
Share of central support costs	-	207	-	207	188
	<u>-</u>	<u>989</u>	<u>-</u>	<u>989</u>	<u>914</u>
Property					
Cathedral	371	-	-	371	337
Depreciation	-	162	-	162	158
Share of central support costs	-	87	-	87	69
Other	-	165	-	165	111
	<u>371</u>	<u>414</u>	<u>-</u>	<u>785</u>	<u>675</u>
	<u>1,014</u>	<u>3,375</u>	<u>330</u>	<u>4,719</u>	<u>4,556</u>
TOTAL	<u>16,240</u>	<u>6,243</u>	<u>1,693</u>	<u>24,176</u>	<u>20,565</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

6	SUPPORT COSTS	Clergy Support £000's	Pastoral £000's	Education £000's	Property £000's	Total allocated to charitable activities £000's	Governance Costs £000's	Total Support Costs 2008 £000's	2007 £000's
	CURIAL								
	Office administration								
	- Finance Department	13	115	87	37	252	58	310	283
	- IT	1	6	5	2	14	-	14	17
	- Office management	7	72	55	23	157	-	157	134
	- Press office	2	20	15	6	43	-	43	38
	- Other	-	3	2	1	6	-	6	8
	Bank charges and interest	6	49	37	16	108	-	108	110
	Other curial	2	6	6	2	16	-	16	11
		31	271	207	87	596	58	654	601

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

7 GOVERNANCE COSTS	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2008 £000's	2007 £000's
CURIAL					
Audit fees	-	72	-	72	57
Share of support costs	-	58	-	58	56
	-	130	-	130	113

In addition other amounts paid to the auditors included within costs of generating funds were £66,000 (2007: £82,000)

8 STAFF COSTS	Total 2008 £000's	Total 2007 £000's
Clergy allowances	877	877
Wages and salaries	7,689	7,427
Social security costs	480	455
Pension costs	72	66
	9,118	8,825

The average number of employees during the year was:	2008 No.	2007 No.
Central employees	92	87
Parish employees (excludes parish clergy)	89	87
Parish club employees (including part time staff)	455	463

The number of employees whose emoluments including taxable benefits in kind, but excluding pension contributions amounted to over £60,000 in the year was in bands as follows:-

	2008 No.	2007 No.
£60,001 to £70,000	-	1
£70,001 to £80,000	1	-

The charity and eligible employees (see note 19) make defined contributions to a group personal pension scheme. The number of higher paid employees in the scheme in 2008 was 1 (2007 1). The total contributions made by the charity in respect of higher paid employees was £4,358 (2007 - £3,950).

9 TRUSTEES

None of the Trustees received any remuneration during the year in respect of their services as Trustees (2007 £Nil), nor were they reimbursed any expenses connected with their duties as Trustees (2007 £Nil).

During the year the Charity held trustees' indemnity insurance, the cost of which is included in the cost of the general insurance policy.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

10 TANGIBLE FIXED ASSETS

10.1 Investment property at valuation	Parochial £000's	Curial £000's	Total £000's
At 1 January 2008	4,534	5,996	10,530
Transfers between categories	295	(295)	-
Transfer from tangible fixed assets	9	-	9
Additions	-	-	-
Disposals	(344)	(500)	(844)
Net surplus on revaluation	330	45	375
At 31 December 2008	4,824	5,246	10,070

Investment properties are included on a market value basis. External revaluations are carried out by Frank Harrington Associates, Chartered Surveyors, on a rolling basis as part of a five year programme. The Trustees have considered the valuations above as a fair reflection of the year end market value.

10.2 Other tangible fixed assets	Parochial Property & Equipment £000's	Curial Fixtures & Equipment £000's	Curial Property £000's	Total £000's
Cost				
At 1 January 2008	38,432	5,516	28,011	71,959
Transfer to investment property	(19)	-	-	(19)
Additions	-	147	2,883	3,030
Disposals	(319)	(3,711)	(148)	(4,178)
At 31 December 2008	38,094	1,952	30,746	70,792
Depreciation				
At 1 January 2008	18,350	4,662	6,834	29,846
Transfer to investment property	(10)	-	-	(10)
Charge for the year	1,898	430	1,077	3,405
Disposals	(158)	(3,698)	(86)	(3,942)
At 31 December 2008	20,080	1,394	7,825	29,299
Net book value				
At 31 December 2008	18,014	558	22,921	41,493
At 31 December 2007	20,082	854	21,177	42,113

11 LISTED INVESTMENTS, at market value	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's
At 1 January 2008	26,729	47,199	4,660	78,588
Additions	656	119	34	809
Disposals	(92)	(167)	(17)	(276)
Unrealised gains	(7,072)	(11,843)	(1,220)	(20,135)
Reclassification	-	-	-	-
At 31 December 2008	20,221	35,308	3,457	58,986

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

11 LISTED INVESTMENTS (cont'd)

The investments are held in a unitised portfolio comprising:

	2008 £000's
UK Equities	28,103
Non UK Equities	9,308
UK Government securities and other fixed interest stocks	14,231
UK Property Unit Trusts	4,367
Cash instruments	2,897
Uninvested cash on deposit	80
	<u>58,986</u>

12 DEBTORS	Parochial £000's	Curial £000's	Total 2008 £000's	Total 2007 £000's
Due within one year				
Trade debtors	-	1,453	1,453	3,410
Other debtors and prepayments	3,855	7,390	11,245	6,566
TOTAL	<u>3,855</u>	<u>8,843</u>	<u>12,698</u>	<u>9,976</u>

13 CREDITORS	Parochial £000's	Curial £000's	Total 2008 £000's	Total 2007 £000's
Amounts falling due within one year				
School funding in advance	14,043	-	14,043	11,245
Trade creditors	-	2,762	2,762	6,248
Other creditors and accruals	2,456	4,959	7,415	1,094
TOTAL	<u>16,499</u>	<u>7,721</u>	<u>24,220</u>	<u>18,587</u>

14 RESTRICTED FUNDS

Unexpended balances from collections, donations, legacies and grants restricted by donors to specific purposes.

	Opening Balance £000's	Net Incoming Resources £000's	Investment Losses £000's	Transfers £000's	Closing Balance £000's
Parochial					
Foundation Mass Capital	444	15	(68)	-	391
Other charitable collections	640	676	-	(309)	1,007
	<u>1,084</u>	<u>691</u>	<u>(68)</u>	<u>(309)</u>	<u>1,398</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

14 RESTRICTED FUNDS (Cont'd)

	Opening Balance	Net Incoming/ (Outgoing) Resources	Investment Losses	Transfers	Closing Balance
	£000's	£000's	£000's	£000's	£000's
Curial					
Priests' Training Fund	2,395	(32)	(651)	99	1,811
Metropolitan Cathedral Roof Appeal Fund	1,805	-	-	200	2,005
Metropolitan Cathedral Steps Development	2,891	-	-	-	2,891
Metropolitan Cathedral English Sports Council capital grants	758	203	(136)	-	825
Other charitable collections	778	-	-	(56)	722
	2,221	1,468	(365)	163	3,487
	10,848	1,639	(1,152)	406	11,741

PURPOSE OF FUNDS

Foundation Mass Capital	- For masses celebrated on the anniversary of the deceased.
Priests' Training Fund	- Education of students to the priesthood and continuing formation.
Metropolitan Cathedral Roof Appeal Fund	- English Heritage and other capital grants received to fund substantial repair work to the Cathedral roof.
Metropolitan Cathedral Steps Development	- European Objective 1 and Regional Development grants contributing towards the cost of ceremonial steps.
Metropolitan Cathedral	- Golden Book, Foundation Mass Fund and other donations made for specific Cathedral projects.
English Sports Council capital grants	- Sports Council grants received to fund construction of Cardinal Heenan Sports Centre.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

15 DESIGNATED FUNDS

Funds set aside by the trustees for the following purposes:

	Opening Balance	Net Incoming/ (Outgoing) Resources	Property/ Investment Losses	Transfers	Closing Balance
	£000's	£000's	£000's	£000's	£000's
Parochial					
School Projects Fund	668	(1,662)	(2,245)	194	(3,045)
Other funds	59	3	-	33	95
	<u>727</u>	<u>(1,659)</u>	<u>(2,245)</u>	<u>227</u>	<u>(2,950)</u>
Curial					
Central Funds	44,219	339	(8,206)	(28)	36,324
George Andrew Retirement Fund	4,979	(174)	(889)	-	3,916
Metropolitan Cathedral Roof Appeal Fund	5,655	-	-	-	5,655
Metropolitan Cathedral Liverpool Inner-city	3,703	64	(910)	-	2,857
Parish Reorganisation	1,334	(19)	-	-	1,315
Other designated funds	8,607	237	(1,840)	159	7,163
	<u>68,497</u>	<u>447</u>	<u>(11,845)</u>	<u>131</u>	<u>57,230</u>

PURPOSE OF FUNDS

- School Projects Funds - Funds raised by levies on parishes and schools to support school building and refurbishment projects.
- Central Funds - Fund to support the archdiocesan central administration and pastoral operation.
- George Andrew Retirement Fund - Fund to support priests in retirement.
- Metropolitan Cathedral Roof Appeal Fund - Donations and investment income set aside to fund substantial repair work to the Cathedral roof.
- Metropolitan Cathedral - Funding day to day Cathedral activities.
- Liverpool Inner-city Parish Reorganisation - Funding costs arising from the reorganisation of the city parishes.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

16 ARCHDIOCESAN BANKING ARRANGEMENTS

An offset banking arrangement exists whereby the net total of the current account balances is invested in short term deposits.

17 GRANTS PAYABLE IN FURTHERANCE OF THE CHARITY'S OBJECTIVES

The Roman Catholic Archdiocese of Liverpool provides full financial support for the furtherance of its activities and objectives but is not considered a grant making organisation.

Annually, several ecumenical grants are made to organisations with similar objectives to those of the Archdiocese. Grants were made to 4 such organisations totalling £37,473 (2007 4 organisations totalling £42,206). In addition, other small ad-hoc grants are made at the discretion of the Archbishop, these totalled £26,467 in 2008 (2007 £15,000).

Presently, the Archdiocese is covering the tuition and living costs of 9 students in various Priest Training Colleges including Ushaw College in Durham and Valladolid in Central Spain.

Special collections are held within each parish in support of certain organisations related to the Church. These collections are passed on to the relevant organisations and are not considered grants made by the Archdiocese. Similarly, national levies are agreed and collected nationally which are fully supported by the Archdiocese but again not considered a grant by this organisation.

18 COMMITMENTS

	Gross	Net of
	£000's	grant
		£000's
At 31 December 2008 commitments to future expenditure were as follows:		
Schools	31,334	2,253
Parochial property	1,164	1,164
Other diocesan property	802	612
	<u>33,300</u>	<u>4,029</u>

19 PENSION ARRANGEMENTS

19.1 Group Personal Pension Scheme

The Archdiocese contributes, for eligible staff, to a group personal pension scheme managed by an independent firm of pension administrators. The Archdiocese has a policy of matching employee contributions up to 6% of pensionable salary and each member has their own individual pension account within the scheme. The Archdiocese is neither liable to finance any funding shortfall nor entitled to benefit from any overfunding.

19.2 The Teachers' Pension Scheme

Contributions are also paid to the Teachers' Pension Agency Superannuation scheme for a small number of eligible staff. Payments in the year were £23,114 (2007: £15,173).

This is a multi-employer scheme. Not less than every five years, the Government Actuary using normal actuarial principles, conducts an actuarial review of the Scheme and the last actuarial report was in October 2006 based upon the period 1 April 2001 to 31 March 2004. The Government Actuary's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

19.2 The Teachers' Pension Scheme (cont'd)

The Contribution rate paid into TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that the accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

From 1 January 2007, as part of the cost-sharing agreement between employers' and teachers' representatives the standard contribution rate has been set at 19.75% of a teacher's salary, the supplementary contribution rate is 0.75%, the total contribution rate is therefore 20.5%, split between employer and employee (the employer pays 14.1%, the employee pays 6.4%), from 2008 there is a 14% limit on employers' contributions.

20 GROUP BODIES

The Charity has interests in subsidiary and associated undertakings, which are consolidated in the financial statements as follows:

Subsidiary Companies	% holding in ordinary shares	Activity	Total Turnover £000's	Profit/ (Loss) £000's	Capital and Reserves £000's
Associated Church Clubs Limited	100	Parish Club Supplies	<u>14,052</u>	<u>-</u>	<u>186</u>
Metropolitan Cathedral Services Limited	100	Cathedral management	<u>345</u>	<u>(176)</u>	<u>10,190</u>
Tuneside Limited	100	Property management	<u>36,718</u>	<u>8</u>	<u>5,442</u>
Cardinal Heenan Sports Centre Limited	100	Sports Centre management	<u>145</u>	<u>(1)</u>	<u>54</u>
Archdiocese Parish Centres Management Company Limited	Guarantee Company	Parish Club management	<u>15,917</u>	<u>(1,399)</u>	<u>(4,085)</u>
Archdiocesan Property Services Limited	Charity Guarantee Company	Property repair management	<u>1,526</u>	<u>(142)</u>	<u>94</u>

The above figures are after Gift Aid to the Archdiocese of £2.6m of which £2.3m is from Associated Church Clubs Limited, and £0.3m from Archdiocesan Property Services Limited.

Associated Church Clubs bulk purchases stock for supply to diocesan parish centres and other members of the scheme operated by the company.

Metropolitan Cathedral Services Limited manages the Metropolitan Cathedral including income generation from its activities, building services and maintenance.

Tuneside Limited co-ordinates the building services scheme for diocesan buildings obligations under the Construction Industry Scheme and operates the Conference Centre at LACE.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

20 GROUP BODIES (cont'd)

Cardinal Heenan Sports Centre Limited's principal activity is the operation of a sports centre within the grounds of Cardinal Heenan Roman Catholic High School, Liverpool.

Archdiocesan Parish Centres Management Company Limited manages the parish centres within the diocese.

Archdiocesan Property Services Limited manages professional services in respect of maintenance, repair and refurbishment of Archdiocesan properties

The companies limited by guarantee are wholly controlled by the Charity. All the companies are incorporated in the United Kingdom.

Associated companies	% holding in ordinary shares	Activity
Inter-Diocesan Fuel Management Limited ("IFM")	11	Fuel and power distribution
Catholic National Mutual Limited	<u>6</u>	Insurance

21 CONNECTED CHARITIES

Charity Number

21.1 Charity with some common trustees

The Nugent Care Society 222930

21.2 Charities with all common trustees

The Apostleship of the Sea 224664

The John Rankin Trust for Liverpool Catholic Clergy 222130

Liverpool Archdiocesan Education Trust 505264

Liverpool RC Archdiocesan Trustees Inc Special Trusts 526575

The Archdiocese makes administrative support available to a number of these charities.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2008

22 TRANSFERS	PAROCHIAL				CURIAL				Total 2008 £000's
	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's	
PAROCHIAL LEVIES AND TRANSFERS									
Assessment Fund grants	483	(483)	-	-	-	-	-	-	-
Assessment Fund grants to Cathedral	-	(250)	-	(250)	50	-	200	250	-
Assessment Fund levies paid	(766)	766	-	-	-	-	-	-	-
Retirement Fund for priests	(159)	-	-	(159)	-	159	-	159	-
School Projects Fund levies	(376)	382	-	6	(6)	-	-	(6)	-
	<u>(818)</u>	<u>415</u>	<u>-</u>	<u>(403)</u>	<u>44</u>	<u>159</u>	<u>200</u>	<u>403</u>	<u>-</u>
OTHER TRANSFERS									
Donations to ordered collections	(13)	-	(309)	(322)	-	60	262	322	-
Reclassification of assets	295	-	-	295	56	(295)	(56)	(295)	-
Parish Centre income payable to parishes	2,050	-	-	2,050	(2,050)	-	-	(2,050)	-
Parish contribution to Parish Centres	(58)	-	-	(58)	58	-	-	58	-
Transfer of interest / rental income	-	(188)	-	(188)	(19)	207	-	188	-
	<u>2,274</u>	<u>(188)</u>	<u>(309)</u>	<u>1,777</u>	<u>(1,955)</u>	<u>(28)</u>	<u>206</u>	<u>(1,777)</u>	<u>-</u>
TOTAL	1,456	227	(309)	1,374	(1,911)	131	406	(1,374)	-

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2008

23 ANALYSIS OF NET ASSETS

	Tangible Fixed Assets £000's	Investments £000's	Current Assets less Creditors £000's	Total 2008 £000's	Total 2007 £000's
Restricted Funds					
- Parochial	-	194	1,204	1,398	1,084
- Curial	5,619	3,263	2,859	11,741	10,848
	<u>5,619</u>	<u>3,457</u>	<u>4,063</u>	<u>13,139</u>	<u>11,932</u>
Designated Funds					
- Parochial	-	6,337	(9,287)	(2,950)	727
- Curial	9,448	28,971	18,811	57,230	68,497
	<u>9,448</u>	<u>35,308</u>	<u>9,524</u>	<u>54,280</u>	<u>69,224</u>
Unrestricted General Funds					
- Parochial	22,838	18,092	23,600	64,530	70,974
- Curial	13,658	2,129	(14,779)	1,008	3,766
	<u>36,496</u>	<u>20,221</u>	<u>8,821</u>	<u>65,538</u>	<u>74,740</u>
Total	<u>51,563</u>	<u>58,986</u>	<u>22,408</u>	<u>132,957</u>	<u>155,896</u>

24 OPERATING LEASES

Throughout the Archdiocese there are numerous low value operating leases primary in relation to equipment. The annual payments in relation to these have not been quantified but they are not deemed to be material to the financial statements.

25. GUARANTEE

An index-linked bank account amounting to £1.208m is used as security against any potential liability in connection with a landfill site.