

**LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST**

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 2011**

**Registered Charity Number: 232709**

# **LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST**

## **ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

<b>CONTENTS</b>	<b>PAGE</b>
<b>Report of the Trustees</b>	<b>1 - 11</b>
<b>Statement of Trustees' Responsibilities</b>	<b>12</b>
<b>Independent Auditor's Report to the Trustees</b>	<b>13 - 14</b>
<b>Consolidated Statement of Financial Activities</b>	<b>15</b>
<b>Consolidated Balance Sheet</b>	<b>16</b>
<b>Charity Balance Sheet</b>	<b>17</b>
<b>Consolidated Cash Flow Statement</b>	<b>18</b>
<b>Notes and Accounting Policies</b>	<b>19 - 41</b>

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### 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

#### Trust Corporation

Liverpool Roman Catholic Archdiocesan Trustees Incorporated ('The trustees')

#### Trustees of the Trust Corporation

Most Rev P Kelly (Chairman)  
Rt Rev V Malone  
Rt Rev T Williams  
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

#### Secretary to the Trustees

Mrs V Clarke LLB

#### Episcopal Vicar for Finance and Development

Rev S Kirwin

#### Principal Address

Liverpool Archdiocesan Centre for Evangelisation  
Croxteth Drive  
Liverpool  
L17 1AA

**Registered Charity Number:** 232709

#### Auditors

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

#### Bankers

HSBC Bank plc  
1 Castle Street  
Liverpool  
L2 4SW

#### 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 TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Constitution

Liverpool Roman Catholic Archdiocesan Trust (The Archdiocese of Liverpool) is a registered charity (No 232709), the governing instrument of which is a trust deed dated 18 March 1963. Its trustees are 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 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. Canon law (the law of the Church) establishes the rights and responsibilities of each member of this community. Church law applies universally and locally. The worldwide 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 archdiocesan 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 day-to-day legal and financial affairs of the archdiocese are administered from the registered office by the episcopal vicar for finance and development, who is assisted by a number of paid employees.

The archdiocese consists of 23 pastoral areas containing over 200 places of worship, extending from the Mersey to the Ribble, encompassing parts of Merseyside, Lancashire, Cheshire, 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 its dean. 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. This committee enjoys consultative status with the parish priest 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.

Some Church policies are developed at a national level by the Catholic Bishops' Conference of England and Wales. The archdiocese is represented on this body by the archbishop and the auxiliary bishop. The policies may be adopted by the trustees after considering the impact on the activities of the archdiocese.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### 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 archdiocesan buildings and the operation of the conference centre at LACE.

For the Apostleship of the Sea Liverpool Archdiocesan Council (No 224664), The John Rankin Trust for Liverpool Catholic Clergy (No 222130) and Liverpool Archdiocesan Education Trust (No 505264) the respective boards of trustees are identical to that of the archdiocese. To reflect the level of reserves under the control of the trustees, the financial performance and position of the three charities have been included within the consolidated accounts of the archdiocese. At December 2011 £4.82M (2010 £4.87M) of reserves were attributable to these charities with the figures for 2010 restated accordingly.

### 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, the minutes of the most recent trustees' meetings and a copy of the most recent statutory accounts. Ongoing training is 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. Discussions at the parish level were ongoing through the year in most areas and in September 2011 the archbishop inaugurated two new Catholic parishes in Leigh, Greater Manchester. The parishes of St Edmund Arrowsmith and St Margaret Clitherow replaced nine previous parishes in the Leigh pastoral area and reflect the reduction in clergy numbers, diminishing congregations, population movements and increasingly expensive building costs. As more pastoral areas move into a 'formal transition' stage of the review, additional support has been made available from central departments to help the local areas' discernment about the pastoral needs and the formulation of sustainable development plans.

In the autumn of 2012 the process of restoring the traditional order of the sacraments of initiation, which began in 2008, will be complete as the parishes begin their process of support to parents and families in their role of handing on the faith to their children. This new approach overcomes the major theological difficulty that many children are not confirmed before they are admitted to the Eucharist and that there is a real loss in not preparing children for Holy Communion by confirming them.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### ACHIEVEMENTS AND PERFORMANCE (continued)

In re-examining the Archdiocese's approach to lifelong faith formation, the Trustees are emphasising the fact that parents are the first educators of their children in the ways of faith.

In the new resources for baptism preparation, introduced in 2012, the focus has moved away from simply preparing for a 'sacramental event' to opportunities for 'sacramental living'. The baptismal resource is an opportunity for adult catechesis for those requesting baptism for their child based on the Rite of Christian Initiation for Adults (RCIA) model. This shift, from merely gathering parents to talk to them about the rite of baptism for their child to presenting them with an opportunity to discuss and engage with their own faith journey, will help parents to be ready to take on their responsibility of handing on the faith to their children.

### Financial Review

The net movement in funds of the charity from parochial and curial activities is summarised below.

	2011 £000's	2010 £000's
Net incoming / (outgoing) resources	372	(1,542)
Revaluation of investments	(3,601)	6,614
Unrealised gain on deposits	141	600
Realised loss on investment properties	(370)	(100)
Revaluation of investment properties	2,797	2,283
Net movement	(661)	7,855

### Voluntary Income

In a difficult economic climate, parishioners continue to support their parishes. Despite a decline in Mass attendances, the weekly parish offertory exceeded £6M (2010: £6.12M).

Many parishes have benefited from the centrally coordinated 'Responsible Giving Campaign'. Implemented by small teams of parishioners, the campaign highlights the rising level of running costs faced by parishes and encourages parishioners to increase their individual level of giving and a greater use of gift aid as a means of donation. Parishes where a campaign has been undertaken have experienced sustained increases in giving while other parishes report falling offertories.

Gift aid recovery remained strong despite transitional relief ending in 2010 and the total recovered exceeded £0.90M as in 2010.

The Gift Aid Small Donation Scheme was introduced to Parliament as The Small Charitable Donation Bill in June 2012 for eligible donations made on or after 6 April 2013. The scheme will enable the archdiocese to claim an amount equivalent to gift aid on individual small donations of £20 or less, up to £1,250 per church, on donations arising from charitable activities within the church building, which is defined by the scheme as a community building. Guidance on the administration of the scheme will be communicated to parishes as further information becomes available.

Parishioners' responses to appeals and special collections remain generous with £1.94M received in 2011 (2010: £2.02M). A number of external charities including CAFOD benefited from the additional income generated.

The value of legacies received by the archdiocese was £0.73M in 2011 (2010:£0.76M). The Priests' Training Fund, LAMP and the George Andrew Fund for retired clergy continue to benefit from the generosity of parishioners through collection income and bequests.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### **Fundraising activities**

The activities of the parish clubs are consolidated within Archdiocesan Parish Centre Management Company Limited. An ongoing programme of refurbishment set at £0.50M annually has helped ensure that the parish centres remain competitive despite difficult market conditions. The parish centres continue to be a valuable resource to parishes and the activities of the company enabled distributions to individual parishes of £1.90M (2010: £2.01M).

Many people from a variety of different backgrounds come into contact with the archdiocese through events held in the LACE conference centre. Conference turnover was £0.31M (2010:£0.48M) and reflects the reduction in conference usage by public sector customers.

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.

Although collectively 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. The Assessment Fund committee, which is made up of parish priests, considers written applications for support from parishes and distributes grants 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.

### **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 managers use tools such as the Ethical Investment Research Service to ensure compliance with archdiocesan policy and are restricted from investing in many pooled funds as the ethical benchmark of such funds cannot be guaranteed.

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 main 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 £2.36M (2010: £2.10M) and met the budgetary requirements of the archdiocese. The archdiocese experienced an unrealised loss on investments of £3.60M (2010: £6.61M gain).

BlackRock Investment Management (UK) Limited also manages investment monies designated to fund priests in retirement. The structure and mix of this investment portfolio reflect the particular needs of the George Andrew Retirement Fund and as such it is managed separately from the main portfolio. The archdiocese also holds £1.80M in a number of cash-related bond products for specific

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### Investment policy and performance (continued)

purposes including £1.38M as a guarantee in favour of the Environment Agency in respect of potential landfill liabilities.

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 Finance Advisory Committee.

Income derived from cash management activities remains historically low with £0.35M generated in the year (2010: £0.50M). Although average cash balances in 2011 have remained consistent with 2010, the reduction in cash management income is due in part to increased investment in index-linked cash products where the final return is based on future economic conditions. The trustees consider it imprudent to reflect any potential interest on these specific products until the interest generated is known with certainty. At December 2011 £2.25M was held in such products.

A proportion of available cash had been held by Kaupthing Singer & Friedlander Limited. This company entered administration on 8 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. To date, the administrators have made distributions of 73p in the pound with their projection of a total return of between 81p and 86p. As the timing and extent of any future distributions remain uncertain, the trustees consider it appropriate to make provision for a sum equating to 19% of that originally invested, a reduction from 22% in 2010. A credit of £0.14M has accordingly been included within unrealised gains.

### Investment properties

The archdiocese sold a number of assets that were no longer being used as functional church properties and reported a realised loss on the disposal of investment properties of £0.37M (2010: £0.10M). The trustees have 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 an unrealised gain of £2.80M in 2011 (2010: £2.28M).

### CHARITABLE ACTIVITIES AND PUBLIC BENEFIT

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

- To support pastoral work in parishes and local communities
- To provide support to the clergy in training, ministry and retirement
- 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

In considering the charitable activities of the archdiocese, the trustees have had regard to the Charity Commission guidance on public benefit.



# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### **Pastoral work**

The celebration of Sunday Masses in parishes within the archdiocese was attended by an average weekly congregation of 54,500 in 2011 and these celebrations as well as other services and events contributed to the spiritual well-being of the public in general.

Many activities coordinated through parishes within the archdiocese are focused on the needs of the vulnerable, both at home and abroad, and significant collections are undertaken on behalf of charities such as CAFOD and natural disaster appeals. The work of the archdiocese extends through chaplaincy provision offering spiritual support throughout universities, hospitals and prisons within the geographical area of operation. A regular and extensive provision of pastoral visiting to the sick at home and in nursing homes is undertaken by clergy and trained lay people.

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 led by the director of youth ministry serves in parishes and schools, undertaking preparation for sacramental celebrations, youth events, pilgrimages and school missions. This interaction informs young people not only about religion but also about basic values which contribute to the common good of society.

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. Through its Marriage and Family Life Ministry, the department aims to support all aspects of marriage and family life including marriage preparation and marriage enrichment and aims to make a contribution to the well-being of society as a whole.

The Justice and Peace Commission was set up in Liverpool in the wake of the Second Vatican Council's restatement of the truth that salvation involves practical things; liberation from the bondage of slavery and debt, freedom from the pangs of hunger, release from the captivity of poverty and entry into the promised land of freedom and prosperity. More than ten years ago the archbishop renewed our commitment by signing, and displaying on the walls of the Cathedral, a preferential option for the poor. The Commission works throughout the geographical area of the archdiocese with many local groups and individuals. It also cooperates with CAFOD and other social justice groups locally and nationally.

For the past three decades Liverpool priests have volunteered to serve in Latin America, standing alongside the poor and deprived, supported by the people of the archdiocese. LAMP (Liverpool Archdiocesan Missionary Project) was established in 1979 to undertake this missionary work and attend to the needs of individuals within the parishes administered by archdiocesan priests operating in Bolivia and Peru. An annual parish collection and investment income derived from restricted investments and legacies currently support the day-to-day activities and pastoral work of the archdiocesan priests in South America, with particular emphasis on youth work and the support of medical needs in their parishes.

### **Clergy support**

At the local level, the clergy are actively involved in directing, coordinating and delivering the strategy of the archdiocese. The clergy are also responsible for the preparation and celebration of Masses as well as baptisms, marriages, funerals and the provision of the sacraments generally. The priests and deacons of the archdiocese provide welfare to the sick, dying and their relatives through visitations and the administration of the sacraments.

Although the archdiocese has benefited from five priestly ordinations in 2012, the increasing age profile of the clergy, coupled with falling numbers of active parishioners, is a vital strategic component

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### **Clergy support (continued)**

of the 'Leaving Safe Harbours' initiative. The archdiocese is presently served by 155 priests and 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.

As the number of 'retired' priests increases beyond the present number of 74, the requirements of the clergy retirement funds (George Andrew Fund and 2021 Fund) to provide for the day-to-day living needs of the priests no longer holding a parish or archdiocesan office will increase and the fund values will diminish. 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 clergy retirement funds.

The archdiocese has six students preparing for the priesthood and the proceeds of an annual parish collection and a number of legacies and specific donations to the Priests' Training Fund provide for the cost of education of students for the priesthood and for continuing formation.

### **Education**

In partnership with the trustees of religious orders, the archdiocese provides a network of schools across a very wide and disparate geographical area embracing eight local education authorities and the Isle of Man.

The Schools Department of the archdiocese ensures that there is in its schools, at both primary and secondary levels, a place available for every baptised Catholic child. Successive external reports give testament to the enduring quality of the network of schools, which continue to place as much emphasis on personal, spiritual and moral formation as on academic progress. In celebrating the uniqueness of the individual and fostering independence alongside responsibility to others, the archdiocesan schools strive to offer mutual support for the common good.

Through the School Projects Fund, the archdiocese engaged in capital and repair projects of just under £19M in the year (2010: £25M). Significant reductions have been made to the levels of government funding available for school building projects. This is reflected in a reduction in the number of projects submitted to the Building Projects Committee and approved by the trustees. Just under 400 projects were approved in 2011 (2010: 500).

The archdiocese contributes up to 10% of the cost of each school building project undertaken. The trust meets its contribution primarily with the support of parishioners and parents who contribute to the annual school levy collection. The School Projects Fund benefited from £0.5M of donations from parents via archdiocesan schools and £0.35M donated from parishioners via parishes.

Significant projects during the year included the ongoing construction of a new primary school, St Austin in St Helens and the creation of single-site primary schools, English Martyrs, Haydock, and Our Lady of Walsingham, Netherton.

Although the mechanism for the funding of school building projects is the subject of a government review, an element of funding is paid directly to schools using a formulaic allocation known as devolved formula capital (DFC). The majority of schools in the archdiocese opt to pay their DFC allocations into 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 £53K (2010: £47K) was generated and returned to the School Projects Fund to help meet the archdiocese's commitment to an ongoing capital build programme. At the year end, the archdiocese was holding £9.70M on behalf of schools. From April 2011, DFC allocations to schools have been reduced to 20%

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### Education (continued)

of their previous levels and it is anticipated that balances held on behalf of schools will diminish further in 2012.

Through the Schools' Voluntary Contribution Scheme the archdiocese is able to offer an enhanced level of support to schools. The scheme generated £0.24M in 2011 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 2011 a significant number of new appointments made by governing bodies were effected with the support of archdiocesan officers.

### Property

Establishment costs remain the most significant area of expenditure for parishes, with £6.32M (2010: £6.42M) incurred in property running costs. Repair and maintenance costs of £3.44M were incurred in 2011 (2010: £3.55M). The ongoing reductions in repair costs can be attributed to the effective control exercised through the Financial Advisory Committee, which recommends for approval repair projects costing in excess of £5,000, and the efforts of the in-house surveying team in obtaining value for money. The management of the maintenance and repair programme ensures that churches and halls are open to the whole community to benefit not only spiritually but also practically from the provision of pastoral care and the many activities provided by our parishes to the wider community.

### Employees

Information about the archdiocese's activities is communicated to employees in a number of ways including intranet and email. In addition, regular meetings are held with staff on general and specific matters, with employee forums for central administrative employees and for those of parish centres.

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 2011 the reserves were:

	<b>2011</b>	<b>2010</b>
	<b>£000's</b>	<b>£000's</b>
Restricted funds	<b>14,167</b>	14,701
Unrestricted funds: - general	<b>75,764</b>	74,320
- designated	<b>62,302</b>	61,369
	<b><u>152,233</u></b>	<b><u>150,390</u></b>

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.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011

### Reserves policy (continued)

Budgetary control over expenditure on school building projects is exercised by the Building Projects Committee. At December 2011 the designated reserves of the School Project Fund were in a negative position of £2.04M (2010: £2.47M). Accelerated expenditure was incurred in 2008 and 2009 to take advantage of the competitive nature of the construction industry and in 2009 the trustees approved additional 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. Despite experiencing an unrealised loss in the value of investments designated to fund school building projects in 2011, it is budgeted that the current negative reserve will reduce to £1.50M by the end of 2013 and be completely eliminated by the end of 2016.

The level of reserves freely available to spend on any or all of the charity's purposes amounted to approximately 23 months' expenditure, (2010: 21 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 and specifically exclude the impact on unrestricted reserves from the introduction of the controlled charities, as listed in note 20.

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. As returns on cash management remain limited it is felt that progress towards the targeted level of reserves will be slower in the short term. The trustees' expectations of meeting the desired levels of reserves in the longer term remain realistic.

### PLANS FOR FUTURE PERIODS

With an ageing profile of parishioners and clergy and a relative shortage of priestly vocations it is anticipated that by 2015 there will only be 100 active archdiocesan priests. Parishes have been grouped into 23 pastoral areas with a future expectation of one priest for every 5,000 parishioners. It is intended that up to five additional pastoral areas will move forward into the 'formal transition stage' identified through the 'Leaving Safe Harbours' strategic review in each of the coming three years. The pastoral areas of Bootle/Litherland and St Helens North and South entered this stage in September 2012.

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.

With potential changes in the Government's allocation and distribution of capital funding for schools, the trustees will prioritise work required to improve the condition of the buildings and infrastructure of schools and, where necessary, to address demand for pupil places.

Future developments will include the completion of a major programme of refurbishment at St Vincent de Paul Primary School in Liverpool alongside further progress in other large refurbishment projects including those at Ursuline Primary School in Crosby, St Teresa of Lisieux Primary School in Liverpool, and St Mary's Primary School in Blackbrook, St Helens. Cooperation with local authorities is ongoing to consider how the archdiocese can provide support to high schools that had anticipated funding through cancelled Building Schools for the Future programmes and for which there now remain significant school buildings challenges. In partnership with Liverpool City Council, the trustees are in the process of considering a new build development for Archbishop Beck Sports College, while providing practical support in the construction of Notre Dame Catholic College, and in developing new build proposals for St John Bosco Arts College, schools not in the trusteeship of the archdiocese.

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

# **LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST**

## **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2011**

### **PLANS FOR FUTURE PERIODS (continued)**

level of central 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 reappoint 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**

18 October 2012

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2011

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and parent charity and of the incoming resources and application of resources of the group for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. They are also responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST FOR THE YEAR ENDED 31 DECEMBER 2011

We have audited the group and parent charity financial statements ("the financial statements") of Liverpool Roman Catholic Archdiocesan Trust for the year ended 31 December 2011 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated cash flow statement and the notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements, which give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2011 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011 and regulations made thereunder.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

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

We have nothing to report in respect of the following matters where regulations made under the Charities Act 2011 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept in respect of the parent charity; or
- the parent charity financial statements do not accord with the accounting records; or
- any information contained in the financial statements is inconsistent in any material respect with the trustees' report; or
- we have not received all the information and explanations we require for our audit.

**PKF (UK) LLP**  
Statutory auditor  
Liverpool, UK

18 October 2012



**LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	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 2011 £000's	TOTAL 2010 £000's
<b>INCOMING RESOURCES</b>											
<b>Incoming resources from generated funds</b>											
Voluntary income	2.1	9,854	557	1,936	<b>12,347</b>	374	172	318	<b>864</b>	<b>13,211</b>	13,358
Activities for generating funds	2.2	287	-	-	<b>287</b>	23,190	-	-	<b>23,190</b>	<b>23,477</b>	23,627
Investment income	2.3	1,324	246	7	<b>1,577</b>	397	1,879	97	<b>2,373</b>	<b>3,950</b>	3,500
<b>Incoming resources from charitable activities</b>	3	282	-	-	<b>282</b>	239	533	2	<b>774</b>	<b>1,056</b>	1,266
<b>Other incoming resources</b>	4	595	-	-	<b>595</b>	-	649	-	<b>649</b>	<b>1,244</b>	481
<b>TOTAL INCOMING RESOURCES</b>		<b>12,342</b>	<b>803</b>	<b>1,943</b>	<b>15,088</b>	<b>24,200</b>	<b>3,233</b>	<b>417</b>	<b>27,850</b>	<b>42,938</b>	42,232
<b>RESOURCES EXPENDED</b>											
<b>Costs of generating funds</b>											
Costs of activities for generating funds		(70)	-	-	<b>(70)</b>	(23,026)	(37)	-	<b>(23,063)</b>	<b>(23,133)</b>	(23,139)
Investment management costs		(106)	(38)	-	<b>(144)</b>	(8)	(156)	(4)	<b>(168)</b>	<b>(312)</b>	(253)
<b>Charitable activities</b>	5	(11,791)	(100)	(1,476)	<b>(13,367)</b>	(1,152)	(4,031)	(422)	<b>(5,605)</b>	<b>(18,972)</b>	(20,206)
<b>Governance costs</b>	7	-	-	-	-	-	(149)	-	<b>(149)</b>	<b>(149)</b>	(176)
<b>TOTAL RESOURCES EXPENDED</b>		<b>(11,967)</b>	<b>(138)</b>	<b>(1,476)</b>	<b>(13,581)</b>	<b>(24,186)</b>	<b>(4,373)</b>	<b>(426)</b>	<b>(28,985)</b>	<b>(42,566)</b>	(43,774)
<b>NET (OUTGOING)/INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>375</b>	<b>665</b>	<b>467</b>	<b>1,507</b>	<b>114</b>	<b>(1,140)</b>	<b>(9)</b>	<b>(1,135)</b>	<b>372</b>	(1,542)
<b>Gross transfers between funds</b>	22	(727)	99	(579)	<b>(1,207)</b>	162	1,307	(262)	<b>1,207</b>	-	-
<b>NET (OUTGOING)/INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS</b>		<b>(352)</b>	<b>764</b>	<b>(112)</b>	<b>300</b>	<b>176</b>	<b>167</b>	<b>(271)</b>	<b>72</b>	<b>372</b>	(1,542)
<b>OTHER RECOGNISED GAINS/(LOSSES)</b>											
Revaluation of investment properties	10.1	837	-	-	<b>837</b>	170	1,790	-	<b>1,960</b>	<b>2,797</b>	2,283
Realised loss on investment properties		(370)	-	-	<b>(370)</b>	-	-	-	-	<b>(370)</b>	(100)
Unrealised gain/loss on deposits		-	-	-	-	-	141	-	<b>141</b>	<b>141</b>	600
Unrealised gain/loss on investments		(1,237)	(346)	(12)	<b>(1,595)</b>	(231)	(1,580)	(195)	<b>(2,006)</b>	<b>(3,601)</b>	6,614
<b>NET MOVEMENT IN FUNDS</b>		<b>(1,122)</b>	<b>418</b>	<b>(124)</b>	<b>(828)</b>	<b>115</b>	<b>518</b>	<b>(466)</b>	<b>167</b>	<b>(661)</b>	7,855
Fund balances brought forward at 1 January 2011		66,537	(2,373)	1,607	<b>65,771</b>	7,957	63,749	13,947	<b>85,653</b>	<b>151,424</b>	143,569
<b>FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2011</b>	23	<b>65,415</b>	<b>(1,955)</b>	<b>1,483</b>	<b>64,943</b>	<b>8,072</b>	<b>64,267</b>	<b>13,481</b>	<b>85,820</b>	<b>150,763</b>	151,424

All amounts relate to continuing operations.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011

	Notes	Parochial 2011 £000's	Curial 2011 £000's	Total 2011 £000's	Parochial 2010 £000's	Curial 2010 £000's Restated	Total 2010 £000's Restated
<b>FIXED ASSETS</b>							
<b>Tangible assets</b>							
- investment properties	10.1	8,577	6,941	15,518	7,926	8,724	16,650
- other	10.3	17,233	22,005	39,238	17,916	22,460	40,376
		<b>25,810</b>	<b>28,946</b>	<b>54,756</b>	<b>25,842</b>	<b>31,184</b>	<b>57,026</b>
<b>Investments</b>	11.1	<b>32,834</b>	<b>44,785</b>	<b>77,619</b>	<b>34,064</b>	<b>46,901</b>	<b>80,965</b>
<b>Total Fixed Assets</b>		<b>58,644</b>	<b>73,731</b>	<b>132,375</b>	<b>59,906</b>	<b>78,085</b>	<b>137,991</b>
<b>CURRENT ASSETS</b>							
<b>Stock</b>		-	677	677	-	763	763
<b>Debtors</b>							
- due within one year	12	2,558	5,584	8,142	3,905	3,508	7,413
<b>Balance at bank including deposits</b>		<b>16,473</b>	<b>8,664</b>	<b>25,137</b>	<b>24,579</b>	<b>2,752</b>	<b>27,331</b>
		<b>19,031</b>	<b>14,925</b>	<b>33,956</b>	<b>28,484</b>	<b>7,023</b>	<b>35,507</b>
<b>LIABILITIES</b>							
<b>Creditors</b>							
- amounts falling due within one year	13	(9,502)	(6,066)	(15,568)	(14,491)	(7,583)	(22,074)
<b>Parochial/Curial balances</b>		<b>(3,230)</b>	<b>3,230</b>	<b>-</b>	<b>(8,128)</b>	<b>8,128</b>	<b>-</b>
<b>Net current assets</b>		<b>6,299</b>	<b>12,089</b>	<b>18,388</b>	<b>5,865</b>	<b>7,568</b>	<b>13,433</b>
<b>NET ASSETS</b>		<b>64,943</b>	<b>85,820</b>	<b>150,763</b>	<b>65,771</b>	<b>85,653</b>	<b>151,424</b>
<b>ACCUMULATED FUNDS</b>							
Restricted funds	14	1,483	13,481	14,964	1,607	13,947	15,554
Unrestricted funds							
- designated	15	(1,955)	64,267	62,312	(2,373)	63,749	61,376
- general		65,415	8,072	73,487	66,537	7,957	74,494
		<b>64,943</b>	<b>85,820</b>	<b>150,763</b>	<b>65,771</b>	<b>85,653</b>	<b>151,424</b>

The financial statements were approved and authorised for issue by the board of trustees on 18 October 2012 and signed on their behalf by

**Most Rev P Kelly**  
Chairman of the Trustees

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## CHARITY BALANCE SHEET AT 31 DECEMBER 2011

	Notes	Parochial 2011 £000's	Curial 2011 £000's	Total 2011 £000's	Parochial 2010 £000's	Curial 2010 £000's	Total 2010 £000's
						Restated	Restated
<b>FIXED ASSETS</b>							
<b>Tangible assets</b>							
- investment properties	10.2	8,577	5,699	14,276	7,926	7,482	15,408
- other	10.4	17,233	3,926	21,159	17,916	3,907	21,823
		<b>25,810</b>	<b>9,625</b>	<b>35,435</b>	25,842	11,389	37,231
<b>Investments</b>	11.2	<b>32,834</b>	<b>41,711</b>	<b>74,545</b>	34,064	43,751	77,815
Investment in related companies	11.3	-	20,295	20,295	-	19,660	19,660
<b>Total Fixed Assets</b>		<b>58,644</b>	<b>71,631</b>	<b>130,275</b>	59,906	74,800	134,706
<b>CURRENT ASSETS</b>							
<b>Debtors</b>							
- due within one year	12	2,558	3,204	5,762	3,905	1,570	5,475
<b>Balance at bank including deposits</b>		<b>16,473</b>	<b>9,489</b>	<b>25,962</b>	24,579	1,254	25,833
		<b>19,031</b>	<b>12,693</b>	<b>31,724</b>	28,484	2,824	31,308
<b>CREDITORS</b>							
- amounts falling due within one year	13	(9,502)	(498)	(10,000)	(14,491)	(3,134)	(17,625)
<b>Parochial/Curial balances</b>		<b>(3,230)</b>	<b>3,464</b>	<b>234</b>	(8,128)	10,129	2,001
<b>Net current assets</b>		<b>6,299</b>	<b>15,659</b>	<b>21,958</b>	5,865	9,819	15,684
<b>NET ASSETS</b>		<b>64,943</b>	<b>87,290</b>	<b>152,233</b>	65,771	84,619	150,390
<b>ACCUMULATED FUNDS</b>							
Restricted funds	14	1,483	12,684	14,167	1,607	13,094	14,701
Unrestricted funds							
- designated	15	(1,955)	64,257	62,302	(2,373)	63,742	61,369
- general		65,415	10,349	75,764	66,537	7,783	74,320
		<b>64,943</b>	<b>87,290</b>	<b>152,233</b>	65,771	84,619	150,390

The financial statements were approved and authorised for issue by the board of trustees on 18 October 2012 and signed on their behalf by

**Most Rev P Kelly**  
Chairman of the Trustees

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	2011		2010	
	£000's	£000's	£000's	£000's
				Restated
<b>Operating activities</b>				
Net incoming / (outgoing) resources (page 15)	372		(1,542)	
Investment income and interest receivable	(2,786)		(2,597)	
(Profit) / Deficit on sale of fixed assets held for Charity's own use	(1,111)		79	
Depreciation	1,687		2,043	
Decrease / (increase) in stock	86		(61)	
(Increase) / Decrease in debtors	(652)		141	
(Increase) in creditors	(6,506)		(844)	
<b>Net cash outflow from operating activities</b>		<b>(8,910)</b>		<b>(2,781)</b>
<b>Return on investments and servicing of finance</b>				
Investment income		2,355		2,047
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	(893)		(2,239)	
Purchase of investment property	(435)		(18)	
Purchase of listed investments	(564)		(1,520)	
	<b>(1,892)</b>		<b>(3,777)</b>	
Proceeds from sale of investment property	4,178		-	
Proceeds from sale of tangible fixed assets	1,271		36	
Proceeds from sale of listed investments	309		273	
<b>Net cash inflow / (outflow) from investing activities</b>		<b>3,866</b>		<b>(3,468)</b>
<b>Management of liquid resources</b>				
Cash management income		354		536
Decrease in cash		(2,335)		(3,666)
Cash at 1 January 2011 (as restated)		27,331		30,937
Unrealised gain on deposits		141		600
<b>Cash at 31 December 2011</b>		<b>25,137</b>		<b>27,331</b>

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### 1 PRINCIPAL ACCOUNTING POLICIES

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with the Charities Accounts & Report Regulations 2005, the Charities Act, current statutory requirements and 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.

#### 1.2 Basis of consolidation

The consolidated financial statements 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. No separate statement of financial activities has been prepared for the charity.

The consolidated accounts also include the net assets and transactions of other charities under the control of the charity.

The accounts do not include the net assets and results of connected charities.

#### 1.3 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.

#### 1.4 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.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### PRINCIPAL ACCOUNTING POLICIES (continued)

#### 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.

#### 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.

#### 1.5 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.

#### 1.6 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:

	<b>% of cost per annum</b>
Motor vehicles	25
Computer equipment	25
Office equipment and fixtures and fittings	20

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

#### 1.7 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 to 31 December 2008 the cost of functional church property was capitalised and depreciated over its expected useful life of 20 years. From 2009 listed properties and other functional church properties have been depreciated over useful economic lives of 100 years and 50 years respectively. Commercial properties are considered to have useful economic lives of 20 years.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### PRINCIPAL ACCOUNTING POLICIES (continued)

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. They are considered to be heritage assets for the purposes of SORP 2005. 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.

#### 1.8 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.

#### 1.9 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.

#### 1.10 Taxation

No provision is made for taxation as the charity is entitled to the various exemptions afforded by the Income Tax Act 2007.

#### 1.11 Stocks

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

#### 1.12 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.

#### 1.13 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.

#### 1.14 Recognition of liabilities

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

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### PRINCIPAL ACCOUNTING POLICIES (continued)

#### 1.15 Liquid resources

Liquid resources are those associated with the cash management of the archdiocese.

#### 1.16 Fund accounting

The archdiocese has the following funds which are shown separately in the financial statements.

##### **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 provided in note 14 to the financial statements.

##### **Unrestricted funds – Designated**

Designated funds are unrestricted funds that have been set aside by the trustees for specific purposes and are detailed in note 15 to the financial statements.

##### **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 2011

2 INCOMING RESOURCES FROM GENERATED FUNDS	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2011 £000's	2010 £000's
<b>2.1 Voluntary income</b>					
<b>PAROCHIAL</b>					
Donations	2,545	30	-	2,575	2,700
Collections	6,739	-	1,936	8,675	9,130
Legacies	570	-	-	570	98
Other income	-	527	-	527	431
	9,854	557	1,936	12,347	12,359
<b>CURIAL (restated)</b>					
Donations	138	43	91	272	224
Collections	76	-	30	106	104
Legacies	160	129	197	486	671
	374	172	318	864	999
<b>TOTAL</b>	10,228	729	2,254	13,211	13,358
<b>2.2 Activities for generating funds</b>					
<b>PAROCHIAL</b>					
Fundraising	287	-	-	287	297
	287	-	-	287	297
<b>CURIAL (restated)</b>					
Fundraising	12	-	-	12	11
External income from trading subsidiaries as listed in note 20	23,178	-	-	23,178	23,319
	23,190	-	-	23,190	23,330
<b>TOTAL</b>	23,477	-	-	23,477	23,627
<b>2.3 Investment Income</b>					
<b>PAROCHIAL</b>					
Interest and income receivable from unitised portfolio	634	246	7	887	822
Rents and other income	690	-	-	690	601
	1,324	246	7	1,577	1,423
<b>CURIAL (restated)</b>					
Interest and income receivable from unitised portfolio	148	1,654	97	1,899	1,777
Rents and other income	249	225	-	474	300
	397	1,879	97	2,373	2,077
<b>TOTAL</b>	1,721	2,125	104	3,950	3,500

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

<b>3 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>	<b>Unrestricted Funds £000's</b>	<b>Designated Funds £000's</b>	<b>Restricted Funds £000's</b>	<b>2011 £000's</b>	<b>2010 £000's</b>
<b>PAROCHIAL</b>					
Piety stall	173	-	-	<b>173</b>	164
Newspapers	109	-	-	<b>109</b>	137
	<u>282</u>	<u>-</u>	<u>-</u>	<u><b>282</b></u>	<u>301</u>
<b>CURIAL (restated)</b>					
Cemetery fees	239	-	-	<b>239</b>	267
School Contribution Scheme	-	258	-	<b>258</b>	231
Inspection fees and course income	-	151	-	<b>151</b>	109
Other	-	124	2	<b>126</b>	358
	<u>239</u>	<u>533</u>	<u>2</u>	<u><b>774</b></u>	<u>965</u>
<b>TOTAL</b>	<u><b>521</b></u>	<u><b>533</b></u>	<u><b>2</b></u>	<u><b>1,056</b></u>	<u><b>1,266</b></u>
<b>4 OTHER INCOMING RESOURCES</b>					
<b>PAROCHIAL</b>					
Gain on disposal of fixed assets held for the charity's own use	595	-	-	<b>595</b>	(95)
<b>CURIAL</b>					
Gain on disposal of fixed assets held for the charity's own use.	-	516	-	<b>516</b>	16
Other	-	133	-	<b>133</b>	560
	<u>-</u>	<u>649</u>	<u>-</u>	<u><b>649</b></u>	<u>576</u>
<b>TOTAL</b>	<u><b>595</b></u>	<u><b>649</b></u>	<u><b>-</b></u>	<u><b>1,244</b></u>	<u><b>481</b></u>
<b>5 CHARITABLE ACTIVITIES</b>					
<b>PAROCHIAL</b>					
<b>Clergy</b>					
Clergy allowances	816	-	-	<b>816</b>	884
Travel	255	-	-	<b>255</b>	240
Healthcare	-	-	-	-	(12)
Supply	104	-	-	<b>104</b>	98
Other	364	-	-	<b>364</b>	369
	<u>1,539</u>	<u>-</u>	<u>-</u>	<u><b>1,539</b></u>	<u>1,579</u>

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

5 CHARITABLE ACTIVITIES	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2011 £000's	2010 £000's Restated
<b>Pastoral</b>					
Diocesan and other collections	-	-	1,476	1,476	1,756
Liturgical and pastoral costs	1,129	-	-	1,129	1,064
Lay personnel costs	1,009	-	-	1,009	1,022
Housekeeping and hospitality	385	-	-	385	423
Printing, postage, stationery	258	-	-	258	267
Equipment hire	151	-	-	151	163
Telephone	151	-	-	151	156
Professional fees	85	-	-	85	94
Other office	102	-	-	102	100
Piety stall	129	-	-	129	132
Newspapers	151	-	-	151	161
Miscellaneous	381	-	-	381	585
	<u>3,931</u>	<u>-</u>	<u>1,476</u>	<u>5,407</u>	<u>5,921</u>
<b>Education</b>					
School building projects	-	100	-	100	826
<b>Property</b>					
Repairs and maintenance	3,439	-	-	3,439	3,546
Depreciation	687	-	-	687	548
Heat and light	972	-	-	972	1,130
Insurance	617	-	-	617	561
Council tax and water rates	355	-	-	355	370
Grounds maintenance	251	-	-	251	265
	<u>6,321</u>	<u>-</u>	<u>-</u>	<u>6,321</u>	<u>6,420</u>
	<u>10,252</u>	<u>100</u>	<u>1,476</u>	<u>11,828</u>	<u>14,746</u>
<b>CURIAL</b>					
<b>Clergy</b>					
Cathedral	58	-	-	58	58
Priests' Training Fund	-	-	289	289	336
Retirement costs	-	789	-	789	698
Permanent Diaconate	-	17	-	17	15
Sabbatical Fund	-	-	-	-	6
Share of central support costs	-	48	-	48	55
Other	-	131	-	131	163
	<u>58</u>	<u>985</u>	<u>289</u>	<u>1,332</u>	<u>1,331</u>

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

5 CHARITABLE ACTIVITIES	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2011 £000's	2010 £000's Restated
<b>Pastoral</b>					
Cathedral	308	-	17	325	346
Cemeteries	264	-	-	264	250
Curial	-	36	-	36	55
Tribunal	-	90	-	90	81
Pastoral Formation	-	233	-	233	182
Justice and Peace	-	50	-	50	50
Youth	-	123	-	123	117
Child Protection	-	111	-	111	83
National levies	-	202	-	202	247
Parish reorganisation	-	2	-	2	12
Chaplaincies	-	140	-	140	169
Ecumenical grants	-	44	-	44	41
Share of central support costs	-	420	-	420	381
Other	170	294	116	580	474
	<u>742</u>	<u>1,745</u>	<u>133</u>	<u>2,620</u>	<u>2,488</u>
<b>Education</b>					
Christian Education	-	304	-	304	264
Schools Department	-	520	-	520	524
Share of central support costs	-	267	-	267	244
	<u>-</u>	<u>1,091</u>	<u>-</u>	<u>1,091</u>	<u>1,032</u>
<b>Property</b>					
Cathedral	352	-	-	352	341
Depreciation	-	83	-	83	89
Share of central support costs	-	51	-	51	64
Other	-	76	-	76	115
	<u>352</u>	<u>210</u>	<u>-</u>	<u>562</u>	<u>609</u>
	<u>1,152</u>	<u>4,031</u>	<u>422</u>	<u>5,605</u>	<u>5,460</u>
<b>TOTAL</b>	<u>12,943</u>	<u>4,131</u>	<u>1,898</u>	<u>18,972</u>	<u>20,206</u>

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

	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 2011 £000's	2010 £000's
<b>6 SUPPORT COSTS</b>								
<b>CURIAL</b>								
Office administration								
- Finance Department	18	159	101	19	297	61	<b>358</b>	295
- IT	1	6	4	1	12	-	<b>12</b>	19
- Office management	7	58	37	7	109	-	<b>109</b>	187
- Press office	3	27	17	3	50	-	<b>50</b>	52
- Other	-	-	-	-	-	-	-	17
Bank charges and interest	18	160	102	20	300	-	<b>300</b>	219
Other curial	1	10	6	1	18	-	<b>18</b>	16
	<b>48</b>	<b>420</b>	<b>267</b>	<b>51</b>	<b>786</b>	<b>61</b>	<b>847</b>	<b>805</b>

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

7 GOVERNANCE COSTS	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2011 £000's	2010 £000's Restated
<b>CURIAL</b>					
Audit fees	-	88	-	<b>88</b>	115
Share of support costs	-	61	-	<b>61</b>	61
	<u>-</u>	<u>149</u>	<u>-</u>	<u><b>149</b></u>	<u>176</u>

In addition other amounts paid to the auditors included within costs of generating funds were £88,837 (2010: £79,000)

8 STAFF COSTS	Total 2011 £000's	Total 2010 £000's
Clergy allowances	<b>898</b>	960
Wages and salaries	<b>7,636</b>	7,110
Social security costs	<b>396</b>	374
Pension costs	<b>239</b>	187
	<u><b>9,169</b></u>	<u>8,631</u>

  

	2011 No.	2010 No.
The average number of employees during the year was:		
Central employees	<b>95</b>	92
Parish employees (excludes parish clergy)	<b>90</b>	89
Parish club employees (including part-time staff)	<u><b>383</b></u>	<u>406</u>

There were no employees whose emoluments including taxable benefits in kind, but excluding pension contributions amounted to over £60,000 in the current or prior year.

## 9 TRUSTEES

None of the trustees received any remuneration during the year in respect of their services as trustees (2010: £Nil), nor were they reimbursed any expenses connected with their duties as trustees (2010: £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 2011

### 10 TANGIBLE FIXED ASSETS

#### 10.1 Investment property at valuation – Group

	Parochial £000's	Curial £000's Restated	Total £000's Restated
At 1 January 2011	7,926	8,724	16,650
Transfers from other tangible fixed assets (note 10.3)	184	-	184
Additions	-	435	435
Disposals	(370)	(4,178)	(4,548)
Net surplus/(deficit) on revaluation	837	1,960	2,797
<b>At 31 December 2011</b>	<b>8,577</b>	<b>6,941</b>	<b>15,518</b>

#### 10.2 Investment property at valuation – Charity

	Parochial £000's	Curial £000's	Total £000's
At 1 January 2011	7,926	7,482	15,408
Transfers from other tangible fixed assets (note 10.4)	184	-	184
Additions	-	435	435
Disposals	(370)	(4,178)	(4,548)
Net surplus/(deficit) on revaluation	837	1,960	2,797
<b>At 31 December 2011</b>	<b>8,577</b>	<b>5,699</b>	<b>14,276</b>

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.

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

10.3 Other tangible fixed assets – Group	Parochial Property & Equipment £000's	Curial Fixtures & Equipment £000's Restated	Curial Property £000's	Total £000's Restated
<b>Cost or valuation</b>				
At 1 January 2011 (restated)	38,660	1,980	29,397	<b>70,037</b>
Transfer to investment property	(459)	-	-	<b>(459)</b>
Additions	295	211	387	<b>893</b>
Disposals	(367)	(522)	(1,234)	<b>(2,123)</b>
<b>At 31 December 2011</b>	<b>38,129</b>	<b>1,669</b>	<b>28,550</b>	<b>68,348</b>
<b>Depreciation</b>				
At 1 January 2011	20,744	1,324	7,593	<b>29,661</b>
Transfer to investment property	(275)	-	-	<b>(275)</b>
Charge for the year	687	301	699	<b>1,687</b>
Disposals	(260)	(514)	(1,189)	<b>(1,963)</b>
<b>At 31 December 2011</b>	<b>20,896</b>	<b>1,111</b>	<b>7,103</b>	<b>29,110</b>
<b>Net book value</b>				
<b>At 31 December 2011</b>	<b>17,233</b>	<b>558</b>	<b>21,447</b>	<b>39,238</b>
At 31 December 2010	17,916	656	21,804	40,376

The property within Cardinal Heenan Sports Centre (included in curial property) was revalued at the prior year end by Edward Symmons LLP, Chartered Surveyors. The trustees consider the valuation to be a fair reflection of the year end market value.

### 10.4 Other tangible fixed assets – Charity

#### Cost

At 1 January 2011	38,660	125	5,684	<b>44,469</b>
Transfer to investment property	(459)	-	-	<b>(459)</b>
Additions	295	9	99	<b>403</b>
Disposals	(367)	(10)	-	<b>(377)</b>
<b>At 31 December 2011</b>	<b>38,129</b>	<b>124</b>	<b>5,783</b>	<b>44,036</b>
<b>Depreciation</b>				
At 1 January 2011	20,744	118	1,784	<b>22,646</b>
Transfer to investment property	(275)	-	-	<b>(275)</b>
Charge for the year	687	5	84	<b>776</b>
Disposals	(260)	(10)	-	<b>(270)</b>
<b>At 31 December 2011</b>	<b>20,896</b>	<b>113</b>	<b>1,868</b>	<b>22,877</b>
<b>Net book value</b>				
<b>At 31 December 2011</b>	<b>17,233</b>	<b>11</b>	<b>3,915</b>	<b>21,159</b>
At 31 December 2010	17,916	7	3,900	21,823



# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### 11 INVESTMENTS

11.1 Listed investments - Group, at market value	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's
At 1 January 2011 (restated)	29,382	45,395	4,388	79,165
Additions	561	-	3	564
Disposals	(114)	(177)	(18)	(309)
Unrealised losses	(1,468)	(1,926)	(207)	(3,601)
<b>At 31 December 2011</b>	<b>28,361</b>	<b>43,292</b>	<b>4,166</b>	<b>75,819</b>

Index linked investments - Group	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's
At 1 January 2011 & 31 December 2011	1,800	-	-	1,800
<b>TOTAL</b>	<b>30,161</b>	<b>43,292</b>	<b>4,166</b>	<b>77,619</b>

The listed investments are held in a unitised portfolio comprising:

	2011 £000's
UK Equities	40,718
Non-UK Equities	14,041
UK Government securities and other fixed interest stocks	13,641
UK Property Unit Trusts	5,341
Cash instruments	2,078
Uninvested cash on deposit	-
	<u>75,819</u>

11.2 Listed investments - Charity, at market value	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's
At 1 January 2011	26,732	45,395	4,388	76,515
Additions	505	-	3	508
Disposals	(114)	(174)	(18)	(306)
Net gain/(loss) on revaluation	(1,337)	(1,928)	(207)	(3,472)
<b>At 31 December 2011</b>	<b>25,786</b>	<b>43,293</b>	<b>4,166</b>	<b>73,245</b>

Index linked investments - Charity	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's
At 1 January 2011 & 31 December 2011	1,300	-	-	1,300
<b>TOTAL</b>	<b>27,086</b>	<b>43,293</b>	<b>4,166</b>	<b>74,545</b>

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### 11 INVESTMENTS (continued)

	2011 £000's	2010 £000's
11.3 Investments in related companies		
At cost	<b>20,295</b>	19,660

Investments in related companies comprise the cost of shareholdings in the subsidiary companies listed in note 20.

12 DEBTORS	Parochial	Curial	Total 2011	Total 2010
Group	£000's	£000's	£000's	£000's Restated
<b>Due within one year</b>				
Trade debtors	-	1,492	<b>1,492</b>	1,005
Other debtors and prepayments	2,558	4,092	<b>6,650</b>	6,408
<b>TOTAL</b>	<b>2,558</b>	<b>5,584</b>	<b>8,142</b>	<b>7,413</b>
<b>Charity</b>				
Other debtors and prepayments	2,558	3,204	<b>5,762</b>	5,475
<b>TOTAL</b>	<b>2,558</b>	<b>3,204</b>	<b>5,762</b>	<b>5,475</b>
13 CREDITORS	Parochial	Curial	Total 2011	Total 2010
Amounts falling due within one year	£000's	£000's	£000's	£000's Restated
<b>Group</b>				
School funding in advance	8,831	-	<b>8,831</b>	13,646
Trade creditors	-	3,404	<b>3,404</b>	3,676
Other creditors and accruals	671	2,662	<b>3,333</b>	4,752
<b>TOTAL</b>	<b>9,502</b>	<b>6,066</b>	<b>15,568</b>	<b>22,074</b>
<b>Charity</b>				
School funding in advance	8,831	-	<b>8,831</b>	13,646
Other creditors and accruals	671	498	<b>1,169</b>	3,979
<b>TOTAL</b>	<b>9,502</b>	<b>498</b>	<b>10,000</b>	<b>17,625</b>

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### 14 RESTRICTED FUNDS

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

	Opening Balance	Net Incoming Resources	Investment Gains	Transfers	Closing Balance
	£000's Restated	£000's	£000's	£000's	£000's
<b>Parochial - Group and Charity</b>					
Foundation Mass capital	256	7	(12)	(5)	246
Other charitable collections	1,351	460	-	(575)	1,236
	<u>1,607</u>	<u>467</u>	<u>(12)</u>	<u>(580)</u>	<u>1,482</u>
<b>Curial - Group</b>					
Priests' Training Fund	2,641	(84)	(110)	87	2,534
Metropolitan Cathedral Roof Appeal Fund	2,205	-	-	-	2,205
Metropolitan Cathedral Steps Development	2,891	-	-	-	2,891
Metropolitan Cathedral English Sports Council capital grants	1,123	74	(22)	-	1,175
Other charitable collections	612	-	-	(56)	556
	4,475	1	(63)	(293)	4,120
	<u>13,947</u>	<u>(9)</u>	<u>(195)</u>	<u>(262)</u>	<u>13,481</u>
Less English Sports Council capital grants and other	(853)	1	-	55	(797)
<b>Curial - Charity</b>	<u>13,094</u>	<u>(8)</u>	<u>(195)</u>	<u>(207)</u>	<u>12,684</u>

### PURPOSE OF FUNDS

Foundation Mass capital	- To provide for the future celebration of Masses.
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 2011

### 15 DESIGNATED FUNDS

Funds set aside by the Trustees for the following purposes:

	Opening Balance	Net (Outgoing)/ Incoming Resources	Property/ Investment Gains	Transfers	Closing Balance
	£000's	£000's	£000's	£000's	£000's
<b>Parochial - Group and Charity</b>					
School Projects Fund	(2,468)	635	(346)	139	(2,040)
Other funds	95	30	-	(40)	85
	<u>(2,373)</u>	<u>665</u>	<u>(346)</u>	<u>99</u>	<u>(1,955)</u>
<b>Curial – Group and Charity</b>					
Central funds	39,325	(809)	932	691	40,139
George Andrew Retirement Fund	5,078	(375)	(111)	416	5,008
Metropolitan Cathedral Roof Appeal Fund	5,855	-	-	200	6,055
Metropolitan Cathedral Liverpool inner-city parish reorganisation	3,667	63	(147)	-	3,583
Other designated funds	1,303	(2)	-	-	1,301
	<u>8,514</u>	<u>(10)</u>	<u>(323)</u>	<u>-</u>	<u>8,181</u>
	<u>63,742</u>	<u>(1,133)</u>	<u>351</u>	<u>1,307</u>	<u>64,267</u>

### PURPOSE OF FUNDS

School Projects Fund	-	Funds raised by levies on parishes and schools to support school building and refurbishment projects.
Central funds	-	Funds 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 2011

### 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 archdiocese 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 four such organisations totalling £44,011 (2010: £40,831). In addition, other small ad hoc grants are made at the discretion of the archbishop, these totalled £24,587 in 2011 (2010: £36,077).

The archdiocese covered the tuition and living costs of nine individuals studying for the priesthood in the year.

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 to be 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

	<b>Gross</b>	<b>Net of</b>
	<b>£000's</b>	<b>grant</b>
		<b>£000's</b>
At 31 December 2011 commitments to future expenditure were as follows:		
Schools	19,098	1,649
Parochial property	692	692
Other diocesan property	12	12
	<u>19,802</u>	<u>2,353</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 £20,525 (2010: £21,942).

This is a multi-employer scheme. The archdiocese is unable to identify its share of the underlying assets and liabilities of the scheme. Therefore contributions to the scheme have been accounted for as if it were a defined contribution scheme. Not less than every four years, the Government Actuary using normal actuarial principles conducts an actuarial review of the Scheme.

The last actuarial report was in October 2006, based upon the period 1 April 2001 to 31 March 2004 and was on a prospective basis. 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

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### 19.2 The Teachers' Pension Scheme (continued)

£166,500M. The notional value of the assets at the valuation date was £162,500M. The assumed gross rate of return is 6.5% and assumed salary scale increases 5.0%.

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 and the supplementary contribution rate at 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 AND RELATED PARTY TRANSACTIONS

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

Subsidiary Companies	% holding in ordinary shares	Total Turnover £000's	Total Expenditure £000's	Profit/ (Loss) £000's	Capital and Reserves £000's
Associated Church Clubs Limited	100	<u>14,225</u>	<u>(14,309)</u>	<u>(84)</u>	<u>98</u>
Metropolitan Cathedral Services Limited	100	<u>310</u>	<u>(389)</u>	<u>(79)</u>	<u>11,310</u>
Tuneside Limited	100	<u>22,152</u>	<u>(22,336)</u>	<u>(184)</u>	<u>5,010</u>
Cardinal Heenan Sports Centre Limited	100	<u>226</u>	<u>(226)</u>	<u>-</u>	<u>(242)</u>
Archdiocese Parish Centres Management Company Limited	Guarantee Company	<u>17,340</u>	<u>(17,497)</u>	<u>(157)</u>	<u>(3,185)</u>
Archdiocesan Property Services Limited	Charity Guarantee Company	<u>1,165</u>	<u>(1,182)</u>	<u>(17)</u>	<u>215</u>

The above figures are after Gift Aid to the Archdiocese of £994,077 (2010: £2,664,132) of which £65,000 (2010: £115,000) is from Tuneside Limited, £259,077 (2010: £327,132) from Archdiocesan Property Services Limited and £670,000 (2010: £2,110,000) from Archdiocesan Parish Centres Management Company Limited.

Associated Church Clubs Limited bulk purchases stock for supply to archdiocesan 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 coordinates the building services scheme for archdiocesan 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 2011

### 20 GROUP BODIES AND RELATED PARTY TRANSACTIONS (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 Archdiocese.

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.

The operations of a number of other registered charities which have common trustees are considered to be under the control of the charity and therefore their incoming resources and resources expended and net assets have been consolidated with those of the charity on these accounts.

The charities concerned are as follows:

<b>Controlled charities</b>	<b>Total Incoming Resources 2011 £000's</b>	<b>Total Resources Expended 2011 £000's</b>	<b>Net incoming resources 2011 £000's</b>	<b>Accumulated funds 2011 £000's</b>
The Apostleship of the Sea	81	(26)	(55)	3,649
The John Rankin Trust for Liverpool Catholic Clergy	4	-	4	180
Liverpool Archdiocesan Education Trust	60	-	60	995
<b>Controlled charities</b>	<b>Total Incoming Resources 2010 £000's</b>	<b>Total Resources Expended 2010 £000's</b>	<b>Net incoming resources 2010 £000's</b>	<b>Accumulated funds 2010 £000's</b>
The Apostleship of the Sea	122	(132)	(10)	3,752
The John Rankin Trust for Liverpool Catholic Clergy	4	-	4	184
Liverpool Archdiocesan Education Trust	60	-	60	935

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

The charitable purpose of the Apostleship of the Sea is the spiritual and temporal welfare of seafarers.

The John Rankin Trust provides grants for the benefit of any catholic clergy engaged in clerical duties in Liverpool and the surrounding area.

Liverpool Archdiocesan Education Trust acquires and holds property for education purposes.

Under Financial Reporting Standard 8, disclosure is not required of transactions within the group as all of the subsidiary companies are wholly owned and consolidated in these financial statements.

<b>Associated companies</b>	<b>% holding in ordinary shares</b>	<b>Activity</b>
Inter-Diocesan Fuel Management Limited	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
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# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2011

### 22 TRANSFERS

	PAROCHIAL				CURIAL				Total 2011 £000's
	Unrestricted	Designated	Restricted	Total	Unrestricted	Designated	Restricted	Total	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
<b>PAROCHIAL LEVIES AND TRANSFERS</b>									
Assessment Fund grants	530	(530)	-	-	-	-	-	-	-
Assessment Fund grants to Cathedral	-	(250)	-	(250)	50	200	-	250	-
Assessment Fund levies	(739)	739	-	-	-	-	-	-	-
George Andrew Fund for priests	(405)	-	-	(405)	(11)	416	-	405	-
School Projects Fund levies	(325)	334	-	9	(9)	-	-	(9)	-
	<u>(939)</u>	<u>293</u>	<u>-</u>	<u>(646)</u>	<u>30</u>	<u>616</u>	<u>-</u>	<u>646</u>	<u>-</u>
<b>OTHER TRANSFERS</b>									
Donations to ordered collections	252	-	(579)	(327)	36	496	(205)	327	-
Reclassification of assets	-	-	-	-	-	-	-	-	-
Capital transfers	(40)	(194)	-	(234)	96	195	(57)	234	-
	<u>212</u>	<u>(194)</u>	<u>(579)</u>	<u>(561)</u>	<u>132</u>	<u>691</u>	<u>(262)</u>	<u>561</u>	<u>-</u>
<b>TOTAL</b>	<b><u>(727)</u></b>	<b><u>99</u></b>	<b><u>(579)</u></b>	<b><u>(1,207)</u></b>	<b><u>162</u></b>	<b><u>1,307</u></b>	<b><u>(262)</u></b>	<b><u>1,207</u></b>	<b><u>-</u></b>

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### 23 ANALYSIS OF NET ASSETS - GROUP

	Tangible Fixed Assets  £000's	Investments  £000's	Current Assets less Creditors £000's	Total 2011  £000's	Total 2010  £000's Restated
<b>Restricted Funds</b>					
- Parochial	-	241	1,242	<b>1,483</b>	1,607
- Curial	-	3,925	9,556	<b>13,481</b>	13,947
	-	4,166	10,798	<b>14,964</b>	15,554
<b>Designated Funds</b>					
- Parochial	-	7,543	(9,498)	<b>(1,955)</b>	(2,373)
- Curial	9,741	35,750	18,776	<b>64,267</b>	63,749
	9,741	43,293	9,278	<b>62,312</b>	61,376
<b>Unrestricted General Funds</b>					
- Parochial	25,810	25,050	14,555	<b>65,415</b>	66,537
- Curial	19,205	5,110	(16,243)	<b>8,072</b>	7,957
	45,015	30,160	(1,688)	<b>73,487</b>	74,494
<b>Total</b>	<b>54,756</b>	<b>77,619</b>	<b>18,388</b>	<b>150,763</b>	151,424

# LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

## NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2011

### 23 ANALYSIS OF NET ASSETS – CHARITY (Continued)

	Tangible Fixed Assets £000's	Investments £000's	Current Assets less Creditors £000's	Total 2011 £000's	Total 2010 £000's
<b>Restricted Funds</b>					
- Parochial	-	241	1,242	<b>1,483</b>	1,607
- Curial	-	3,925	8,759	<b>12,684</b>	13,094
	-	4,166	10,001	<b>14,167</b>	14,701
<b>Designated Funds</b>					
- Parochial	-	7,542	(9,497)	<b>(1,955)</b>	(2,373)
- Curial	8,463	56,046	(252)	<b>64,257</b>	63,742
	8,463	63,588	(9,749)	<b>62,302</b>	61,369
<b>Unrestricted General Funds</b>					
- Parochial	25,810	25,051	14,554	<b>65,415</b>	66,537
- Curial	1,162	2,035	7,152	<b>10,349</b>	7,783
	26,972	27,086	21,706	<b>75,764</b>	74,320
<b>Total</b>	<b>35,435</b>	<b>94,840</b>	<b>21,958</b>	<b>152,233</b>	150,390

### 24 OPERATING LEASES

Throughout the archdiocese there are numerous low value operating leases primarily 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 product amounting to £1.38M is used as security against any potential liability in connection with a landfill site.

### 26 RESTATEMENT OF BALANCES

As referred to in the Report of the Trustees the prior year balance sheet and statement of financial activities have been restated due to three charitable entities being consolidated into the financial statements. Details of the 2011 and 2010 results of these entities can be found in note 20. At December 2011 £4.82M (2010 £4.87M) of reserves were attributable to these charities.