

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

**ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2010**

Registered Charity Number: 232709

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2010

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

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

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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 managers and staff.

The Archdiocese consists of 24 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 the Pastoral Area Leader. Each Parish Priest and all clergy are accountable to the Archbishop. Parish Priests are obliged by Canon Law to act in the person of the parish. They also act as the agents of the Trustees of the Archdiocese, who are responsible for the administration of the Archdiocesan Trust, which includes parish assets. It is a further requirement of Canon Law that every parish should have a finance committee to assist the Parish Priest in the financial administration of the parish. 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.

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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.

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

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. On-going 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 that was undertaken from September 2005 to June 2006. Discussions at the parish level were ongoing through the year in most areas and more formally with the original three pilot areas and three additional pastoral areas working towards presenting recommendations to the Archbishops Council and Trustees for future pastoral decisions. During the year five more pastoral areas moved into a 'formal transition' stage of review and have been given additional support from the central diocesan departments to help the local areas' discernment about the pastoral needs and the formulation of a sustainable development plan.

Financial Review

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

	2010	2009
	£000's	£000's
Net outgoing resources	(1,623)	(3,794)
Revaluation of investments	6,451	8,928
Unrealised gain on deposits	600	705
Realised loss on investment properties	(100)	(75)
Revaluation of investment properties	2,258	246
Net increase	7,586	6,010

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Voluntary Income

Parishes continue to benefit from the generosity of their parishioners and weekly offertories totalled £6.12M (2009: £6.11M) despite a decline in mass attendances.

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

The impact of the 2% reduction in the basic rate of income tax to 20% from April 2008 was mitigated by the introduction of Gift Aid transitional relief for charities which enabled the Archdiocese to recover tax on gift aided donations at a level consistent with a basic rate of tax of 22%. Gift aid recovery was in excess of £0.9M in 2010 but a consistent level of giving in 2011 would see a fall of £0.1M as the relief ended in April 2011.

The Archdiocese has been vocal in responding to Government proposals to introduce a small donation scheme which would allow each charity to reclaim an amount equivalent to gift aid on up to £5,000 of individual donations of £10 or less. Approaches made in conjunction with other dioceses have been successful in calling for the Government to acknowledge that our parishes would be treated in the same way for gift aid purposes as parishes of other religious denominations that are registered individually as charities. Although the proposals are still in their infancy, it is hoped that each parish would be able to benefit individually from such a small donation scheme.

Parishioners' responses to appeals and special collections remain generous with £2.02M received in 2010 (2009 £1.92M). A number of external charities including CAFOD benefited from the additional income generated.

The value of legacies received by the Archdiocese was £0.76M in 2010 (2009:£0.80M). 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.

Fundraising activities

The activities of the parish clubs are consolidated within Archdiocesan Parish Centre Management Company Limited. An ongoing programme of refurbishment set at £0.5M 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 generated parish income of £2.01M (2009: £1.15M).

Many people from a variety of different backgrounds come into contact with the Archdiocese through events held in the LACE conference centre which was presented with the Mersey Partnership 'Excellence in Business Tourism' award in early 2010.

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.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

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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 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 £2.10M (2009: £2.12M) and met the budgetary requirements of the Archdiocese. The Archdiocese experienced an unrealised gain on investments of £6.5M (2009: £8.9M) which represented a favourable return against the benchmark but in the second half of 2011 investment values have fallen. The latest valuation available at 30 September 2011 was £69.62M and would represent an unrealised loss on revaluation of £7.63M since the year end.

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

The Archdiocese holds £1.8M of cash products held for specific purposes including £1.3M as a guarantee in favour of the Environment Agency in respect of potential landfill liabilities. Given the nature of the products and the long term nature of the liabilities to which they attach, the Trustees have reclassified the products as investments. The comparative figures have been restated accordingly.

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.

Cash management activities generated £0.50M (2009: £0.45M). Although average cash balances in 2010 have been slightly lower than 2009, incremental improvements in rates achieved have ensured that interest earned remained consistent with the prior year. A proportion of available cash had been held by Kaupthing Singer & Friedlander Limited. The 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 63p in the pound with their projection of a total return of between 78p and 84p. As the timing and extent of any future distributions remain uncertain, the Trustees consider it appropriate to make provision for a sum equating to 22% of that originally invested, a reduction from 35% in 2009. A credit of £0.6M has accordingly been included within unrealised gains.

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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 £0.10M (2009: £0.08M). 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 £2.26M in 2010 (2009: £0.25M).

Included with investment properties are a number of sites that have been cleared or are in the process of being cleared with the ultimate objective of being marketed for sale. Having previously included the costs of clearing the sites within debtors as recoverable costs, the Trustees now consider these sites and the costs incurred to be investment properties and have restated the comparative figures accordingly.

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.

Pastoral work

The celebration of Mass in parishes within the Archdiocese was attended by an average weekly congregation of 58,000 in 2010 and contributed to the spiritual well-being of the public in general. Just under 7,000 baptisms were conducted in our parishes as well as 906 marriage ceremonies and 4,806 funeral services.

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 under the direction of the Youth Chaplain and an advisor for the formation of young people serve in parishes and schools, undertaking preparation for sacramental confirmation, 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 on-going 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.

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Pastoral work (cont'd)

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 co-operates 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 priests in LAMP, 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 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.

The increasing age profile of the clergy coupled with falling numbers of active parishioners is a vital strategic component of the 'Leaving Safe Harbours' initiative. The Archdiocese is presently served by 159 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 76, the requirements on the George Andrew Fund to provide for the day to day living needs of the retired clergy will increase and the fund value will diminish. The Trustees are considering the recommendations arising from an actuarial assessment to determine the level of funds required to provide for the retirement costs of currently active clergy. An annual parish collection, 'Provision for Priests in Retirement', has been introduced in recent years and continues to be generously supported by parishioners. Properties in a number of locations within the Archdiocese have been converted and refurbished to increase the level and variety of accommodation available to retired clergy. The proceeds of the annual collection will help to meet the future costs of converting and maintaining such properties and are held separately from those of the George Andrew Fund.

The Archdiocese has nine 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.

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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 stages, 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.

The majority of schools in the Archdiocese opted to pay their devolved formula capital allocations (DFC) for schools' capital and repair programmes to an Archdiocese account in which they are maintained on an individual basis until they are drawn down by the school. The administrative cost savings of operating a single system are significant, and by maintaining the schools DFC funds on a collective basis interest of £47K has been generated and returned to the School Projects Fund to help meet the Archdiocese's commitment to an on-going capital build programme. At the year end, the Archdiocese was holding £13.6M on behalf of schools. From April 2011, DFC allocations to schools have been reduced to 20% of their previous levels and it is anticipated that balances held on behalf of schools will diminish significantly through 2011 and 2012.

Through the School Projects Fund, the Archdiocese engaged in capital and repair projects in excess of £25M at a net cost of £0.83M (2009: £2.20M). The reduced cost to the Archdiocese reflects the lower levels of funding made available by the Government and the decisions of the Trustees in 2008 and 2009 to accelerate expenditure to take advantage of competitive conditions in the construction industry. Funding for school building projects is derived primarily from collections in parishes and from parents and just under 500 school building projects were submitted to the Building Projects Committee and approved by the Trustees in the year.

Significant projects during the year included the completion of new buildings at All Saints and St Edmund Arrowsmith Catholic Centres for Learning in Kirkby and Whiston and Faith Primary School in Everton.

Through the Schools Voluntary Contribution Scheme the Archdiocese is able to offer an enhanced level of support to schools. The scheme generated £231K in 2010 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 2010 a significant number of new appointments made by governing bodies were effected with the support of archdiocesan officers.

Property

Parish establishment costs remain the most significant area of expenditure for parishes, with £6.42M (2009: £8.67M) incurred in property running costs. Repair and maintenance costs of £3.55M were incurred in 2010 (2009:£5.41M) and the reduction in repair costs can be attributed to the effective control exercised through the Financial Advisory Committee who approve repair projects costing in excess of £5,000 and the efforts of the in-house surveying team in obtaining value for money. The expenditure on 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.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

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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 an employee forum for central administrative employees.

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 2010 the reserves were:

	2010	2009
	£000's	£000's
Restricted funds	15,311	14,570
Unrestricted funds: - general	69,866	66,457
- designated	61,376	57,940
	<u>146,553</u>	<u>138,967</u>

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

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

Budgetary control over expenditure on school building projects is exercised by the Building Projects Committee. At December 2010 the designated reserves of the School Project Fund were in a negative position. A fall in value of investments experienced in 2008 contributed to the reduction in reserves. 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. It is budgeted that the current negative reserve would be reduced to £1.5M by the end of 2013 and 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 22 months' expenditure, (2009: 20 months'). The freely available reserves exclude fixed assets held for charitable use, as these assets could not be realised without undermining the work of the Archdiocese.

The Trustees consider that a level of reserves equating to 36 months' expenditure is sufficient to enable the Charity to fulfil all of its obligations and commitments. Since the year end investment values have diminished and 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.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

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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 24 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 four years.

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

The Trustees are considering their response to the outcomes of the Government's 2010-11 Review of Capital Education and the potential changes that this may generate in the allocation and distribution of capital funding for schools. A consultation process on such matters is to conclude in late 2011 with formal announcements to follow in due course. The level of funding made available by Government in 2011 has been reduced by 20% in terms of LCVAP grant and 80% for school devolved formula capital allocations and the levels of funding anticipated for 2012 are as yet unclear. With the funding allocated to archdiocesan annual capital programmes 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 progression of the new build development at the Enterprise Academy in Liverpool and significant enlargement of accommodation at St James' CPS in Orrell. The work to rationalise into one building at English Martyrs' CPS in Haydock and Our Lady of Walsingham CPS in Netherton will also be concluded. Co-operation with local authorities is ongoing to consider how the Archdiocese can provide support to high schools that anticipated funding through cancelled Building Schools for the Future programmes and for which there now remains significant challenges with those school buildings.

The administrative and centrally coordinated pastoral functions of the Archdiocese are funded from the Central Reserves. These funds are particularly dependent on income generated from cash management and investments. Although medium term projections of interest rates remain low, the level of Central Reserves 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

20 October 2011

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2010

The Trustees are responsible for preparing the Report of the Trustees' 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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is in appropriate 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 1993 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 2010

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 2010 which comprise the consolidated statement of financial activities, the consolidated and parent charity balance sheets, the consolidated cash flow statement and the related 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 44 of the Charities Act 1993. 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 43 of the Charities Act 1993 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with appropriate 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 annual report 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 2010 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 1993 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 2010 (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 1993 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
- any information or explanation to which we are entitled has not been afforded to us.

PKF (UK) LLP
Statutory auditor
Liverpool, UK

20 October 2011

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2010

	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 2010 £000's	TOTAL 2009 £000's
INCOMING RESOURCES											
Incoming resources from generated funds											
Voluntary income	2.1	9,882	455	2,022	12,359	332	161	483	976	13,335	12,912
Activities for generating funds	2.2	297	-	-	297	23,319	-	-	23,319	23,616	28,525
Investment income	2.3	1,181	236	6	1,423	219	1,606	111	1,936	3,359	3,706
Incoming resources from charitable activities	3	301	-	-	301	267	551	148	966	1,267	958
Other incoming resources	4	(95)	-	-	(95)	-	576	-	576	481	109
TOTAL INCOMING RESOURCES		11,566	691	2,028	14,285	24,137	2,894	742	27,773	42,058	46,210
RESOURCES EXPENDED											
Costs of generating funds											
Costs of activities for generating funds		(75)	-	-	(75)	(23,022)	(75)	-	(23,097)	(23,172)	(27,018)
Investment management costs		(99)	(31)	-	(130)	(6)	(114)	(3)	(123)	(253)	(221)
Charitable activities	5	(12,165)	(825)	(1,789)	(14,779)	(993)	(3,875)	(470)	(5,338)	(20,117)	(22,631)
Governance costs	7	-	-	-	-	-	(139)	-	(139)	(139)	(134)
TOTAL RESOURCES EXPENDED		(12,339)	(856)	(1,789)	(14,984)	(24,021)	(4,203)	(473)	(28,697)	(43,681)	(50,004)
NET (OUTGOING)/INCOMING RESOURCES BEFORE TRANSFERS		(773)	(165)	239	(699)	116	(1,309)	269	(924)	(1,623)	(3,794)
Gross transfers between funds	22	(1,717)	143	(413)	(1,987)	898	821	268	1,987	-	-
NET (OUTGOING)/INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS		(2,490)	(22)	(174)	(2,686)	1,014	(488)	537	1,063	(1,623)	(3,794)
OTHER RECOGNISED GAINS/(LOSSES)											
Revaluation of investment properties	10.1	2,586	-	-	2,586	-	(328)	-	(328)	2,258	246
Realised loss on investment properties		(100)	-	-	(100)	-	-	-	-	(100)	(75)
Unrealised gain on deposits		-	-	-	-	-	600	-	600	600	705
Unrealised gain on investments	11.1	2,168	658	20	2,846	231	3,016	358	3,605	6,451	8,928
NET MOVEMENT IN FUNDS		2,164	636	(154)	2,646	1,245	2,800	895	4,940	7,586	6,010
Fund balances brought forward at 1 January 2010		64,373	(3,009)	1,761	63,125	2,084	60,949	12,809	75,842	138,967	132,957
FUND BALANCES CARRIED FORWARD AT 31 DECEMBER 2010	23	66,537	(2,373)	1,607	65,771	3,329	63,749	13,704	80,782	146,553	138,967

All amounts relate to continuing operations.

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2010

	Notes	Parochial 2010 £000's	Curial 2010 £000's	Total 2010 £000's	Parochial 2009 £000's	Curial 2009 £000's Restated	Total 2009 £000's Restated
FIXED ASSETS							
Tangible assets							
- investment properties	10.1	7,926	7,482	15,408	5,304	7,792	13,096
- other	10.2	17,916	22,415	40,331	17,294	23,086	40,380
		<u>25,842</u>	<u>29,897</u>	<u>55,739</u>	<u>22,598</u>	<u>30,878</u>	<u>53,476</u>
Investments	11.1	<u>34,064</u>	<u>44,829</u>	<u>78,893</u>	<u>29,992</u>	<u>41,239</u>	<u>71,231</u>
Total Fixed Assets		<u>59,906</u>	<u>74,726</u>	<u>134,632</u>	<u>52,590</u>	<u>72,117</u>	<u>124,707</u>
CURRENT ASSETS							
Stock		-	763	763	-	702	702
Debtors							
- due within one year	12	3,905	3,426	7,331	2,070	5,432	7,502
Balance at bank including deposits		<u>24,579</u>	<u>1,807</u>	<u>26,386</u>	<u>26,763</u>	<u>2,388</u>	<u>29,151</u>
		<u>28,484</u>	<u>5,996</u>	<u>34,480</u>	<u>28,833</u>	<u>8,522</u>	<u>37,355</u>
CREDITORS							
- amounts falling due within one year	13	(14,491)	(8,068)	(22,559)	(15,901)	(7,194)	(23,095)
Parochial/Curial balances		<u>(8,128)</u>	<u>8,128</u>	<u>-</u>	<u>(2,397)</u>	<u>2,397</u>	<u>-</u>
Net current assets		<u>5,865</u>	<u>6,056</u>	<u>11,921</u>	<u>10,535</u>	<u>3,725</u>	<u>14,260</u>
NET ASSETS		<u>65,771</u>	<u>80,782</u>	<u>146,553</u>	<u>63,125</u>	<u>75,842</u>	<u>138,967</u>
ACCUMULATED FUNDS							
Restricted funds	14	1,607	13,704	15,311	1,761	12,809	14,570
Unrestricted funds							
- designated	15	(2,373)	63,749	61,376	(3,009)	60,949	57,940
- general		<u>66,537</u>	<u>3,329</u>	<u>69,866</u>	<u>64,373</u>	<u>2,084</u>	<u>66,457</u>
		<u>65,771</u>	<u>80,782</u>	<u>146,553</u>	<u>63,125</u>	<u>75,842</u>	<u>138,967</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 20 October 2011 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 2010

	Notes	Parochial 2010 £000's	Curial 2010 £000's	Total 2010 £000's	Parochial 2009 £000's	Curial 2009 £000's	Total 2009 £000's
						Restated	Restated
FIXED ASSETS							
Tangible assets							
- investment properties	10.1	7,926	7,482	15,408	5,304	7,792	13,096
- other	10.3	17,916	3,907	21,823	17,294	3,996	21,290
		<u>25,842</u>	<u>11,389</u>	<u>37,231</u>	<u>22,598</u>	<u>11,788</u>	<u>34,386</u>
Investments	11.2	34,064	43,751	77,815	29,992	40,219	70,211
Investment in related companies	11.3	-	19,660	19,660	-	19,660	19,660
Total Fixed Assets		<u>59,906</u>	<u>74,800</u>	<u>134,706</u>	<u>52,590</u>	<u>71,667</u>	<u>124,257</u>
CURRENT ASSETS							
Stock							
Debtors							
- due within one year	12	3,905	1,570	5,475	2,070	2,447	4,517
Balance at bank including deposits		24,579	1,254	25,833	26,763	3,046	29,809
		<u>28,484</u>	<u>2,824</u>	<u>31,308</u>	<u>28,833</u>	<u>5,493</u>	<u>34,326</u>
CREDITORS							
- amounts falling due within one year	13	(14,491)	(3,134)	(17,625)	(15,901)	(1,189)	(17,090)
Parochial/Curial balances		<u>(8,128)</u>	<u>10,129</u>	<u>2,001</u>	<u>(2,397)</u>	<u>6,122</u>	<u>3,725</u>
Net current assets		<u>5,865</u>	<u>9,819</u>	<u>15,684</u>	<u>10,535</u>	<u>10,426</u>	<u>20,961</u>
NET ASSETS		<u>65,771</u>	<u>84,619</u>	<u>150,390</u>	<u>63,125</u>	<u>82,093</u>	<u>145,218</u>
ACCUMULATED FUNDS							
Restricted funds							
Unrestricted funds	14	1,607	13,094	14,701	1,761	12,145	13,906
- designated	15	(2,373)	63,749	61,376	(3,009)	60,949	57,940
- general		66,537	7,776	74,313	64,373	8,999	73,372
		<u>65,771</u>	<u>84,619</u>	<u>150,390</u>	<u>63,125</u>	<u>82,093</u>	<u>145,218</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 20 October 2011 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 2010

	2010		2009	
	£000's	£000's	£000's	£000's
				Restated
Operating activities				
Net outgoing resources (page 15)	(1,623)		(3,794)	
Investment income and interest receivable	(2,536)		(2,937)	
Deficit on sale of fixed assets held for Charity's own use	79		323	
Depreciation	2,037		1,939	
(Increase)/decrease in stock	(61)		43	
Decrease in debtors	185		2,683	
Decrease in creditors	(537)		(1,125)	
Net cash outflow from operating activities		(2,456)		(2,868)
Return on investments and servicing of finance				
Investment income		1,987		2,446
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(2,239)		(1,420)	
Purchase of investment property	(18)		(1,129)	
Purchase of listed investments	(1,484)		(1,765)	
	(3,741)		(4,314)	
Proceeds from sale of investment property	-		1,096	
Proceeds from sale of tangible fixed assets	36		99	
Proceeds from sale of listed investments	273		248	
Net cash outflow from investing activities		(3,432)		(2,871)
Management of liquid resources				
Cash management income		536		354
Decrease in cash		(3,365)		(2,939)
Cash at 1 January 2010 (as restated)		29,151		31,385
Unrealised gain on deposits		600		705
Cash at 31 December 2010		26,386		29,151

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

1 PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared in accordance with the Charities Accounts & Report Regulations 2005, the 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. 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.

1.2 Incoming resources

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

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

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

1.3 Resources expended

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

Costs of generating funds

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

Charitable activities expenditure

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

Governance costs

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

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

PRINCIPAL ACCOUNTING POLICIES (continued)

Support costs

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

1.4 Investments and investment gains and losses

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

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

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

1.5 Tangible fixed assets – other than property

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

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

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

1.6 Tangible fixed assets - Functional church property

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

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

From 1 January 1998 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.

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

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

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

PRINCIPAL ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets - School property

The freehold of the land and buildings legally owned by the Archdiocese and occupied rent-free on behalf of the Trustees of the governing bodies of Catholic voluntary aided schools, which are separate charities and publicly funded, are valued at £Nil. The Trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the Archdiocese, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.

1.8 Impairment

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

1.9 Taxation

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

1.10 Stocks

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

1.11 Pension scheme

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

1.12 Operating leases

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

1.13 Recognition of liabilities

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

1.14 Liquid resources

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

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

PRINCIPAL ACCOUNTING POLICIES (continued)

1.15 Fund accounting

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

Restricted funds

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

Unrestricted funds – Designated

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

Unrestricted funds – General

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

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

2 INCOMING RESOURCES FROM GENERATED FUNDS	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2010 £000's	2009 £000's
2.1 Voluntary income					
PAROCHIAL					
Donations	2,676	24	-	2,700	2,365
Collections	7,108	-	2,022	9,130	8,791
Legacies	98	-	-	98	327
Other income	-	431	-	431	506
	<u>9,882</u>	<u>455</u>	<u>2,022</u>	<u>12,359</u>	<u>11,989</u>
CURIAL					
Donations	109	32	65	206	359
Collections	67	-	37	104	90
Legacies	156	129	381	666	474
	<u>332</u>	<u>161</u>	<u>483</u>	<u>976</u>	<u>923</u>
TOTAL	<u>10,214</u>	<u>616</u>	<u>2,505</u>	<u>13,335</u>	<u>12,912</u>
2.2 Activities for generating funds					
PAROCHIAL					
Fundraising	297	-	-	297	420
	<u>297</u>	<u>-</u>	<u>-</u>	<u>297</u>	<u>420</u>
CURIAL					
External income from trading subsidiaries as listed in note 20	23,319	-	-	23,319	28,105
	<u>23,319</u>	<u>-</u>	<u>-</u>	<u>23,319</u>	<u>28,105</u>
TOTAL	<u>23,616</u>	<u>-</u>	<u>-</u>	<u>23,616</u>	<u>28,525</u>
2.3 Investment Income					
PAROCHIAL					
Interest and income receivable from unitised portfolio	580	236	6	822	754
Rents and other income	601	-	-	601	565
	<u>1,181</u>	<u>236</u>	<u>6</u>	<u>1,423</u>	<u>1,319</u>
CURIAL					
Interest and income receivable from unitised portfolio	61	1,542	111	1,714	2,183
Rents and other income	158	64	-	222	204
	<u>219</u>	<u>1,606</u>	<u>111</u>	<u>1,936</u>	<u>2,387</u>
TOTAL	<u>1,400</u>	<u>1,842</u>	<u>117</u>	<u>3,359</u>	<u>3,706</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

3 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2010 £000's	2009 £000's
PAROCHIAL					
Piety stall	164	-	-	164	193
Newspapers	137	-	-	137	120
	<u>301</u>	<u>-</u>	<u>-</u>	<u>301</u>	<u>313</u>
CURIAL					
Cemetery fees	267	-	-	267	184
School Contribution Scheme	-	231	-	231	233
Inspection fees and course income	-	109	-	109	103
Other	-	211	148	359	125
	<u>267</u>	<u>551</u>	<u>148</u>	<u>966</u>	<u>645</u>
TOTAL	<u>568</u>	<u>551</u>	<u>148</u>	<u>1,267</u>	<u>958</u>
4 OTHER INCOMING RESOURCES					
PAROCHIAL					
Loss on disposal of fixed assets held for the charity's own use	(95)	-	-	(95)	(323)
CURIAL					
Gain on disposal of fixed assets held for the charity's own use.	-	16	-	16	-
Other	-	560	-	560	432
	<u>-</u>	<u>576</u>	<u>-</u>	<u>576</u>	<u>432</u>
TOTAL	<u>(95)</u>	<u>576</u>	<u>-</u>	<u>481</u>	<u>109</u>
5 CHARITABLE ACTIVITIES					
PAROCHIAL					
Clergy					
Clergy allowances	884	-	-	884	864
Travel	240	-	-	240	233
Healthcare	(12)	-	-	(12)	(22)
Supply	98	-	-	98	114
Other	369	-	-	369	378
	<u>1,579</u>	<u>-</u>	<u>-</u>	<u>1,579</u>	<u>1,567</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

5 CHARITABLE ACTIVITIES	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2010 £000's	2009 £000's
Pastoral					
Diocesan and other collections	-	-	1,789	1,789	1,377
Liturgical and pastoral costs	1,064	-	-	1,064	1,044
Lay personnel costs	1,022	-	-	1,022	962
Housekeeping and hospitality	423	-	-	423	408
Printing, postage, stationery	267	-	-	267	251
Equipment hire	163	-	-	163	158
Telephone	156	-	-	156	147
Professional fees	94	-	-	94	105
Other office	100	-	-	100	86
Piety stall	132	-	-	132	146
Newspapers	161	-	-	161	155
Miscellaneous	585	-	-	585	484
	<u>4,167</u>	<u>-</u>	<u>1,789</u>	<u>5,956</u>	<u>5,323</u>
Education					
School building projects	-	825	-	825	2,205
	<u>-</u>	<u>825</u>	<u>-</u>	<u>825</u>	<u>2,205</u>
Property					
Repairs and maintenance	3,546	-	-	3,546	5,411
Depreciation	548	-	-	548	632
Heat and light	1,130	-	-	1,130	1,412
Insurance	561	-	-	561	539
Council tax and water rates	370	-	-	370	381
Grounds maintenance	264	-	-	264	297
	<u>6,419</u>	<u>-</u>	<u>-</u>	<u>6,419</u>	<u>8,672</u>
	<u>12,165</u>	<u>825</u>	<u>1,789</u>	<u>14,779</u>	<u>17,767</u>
CURIAL					
Clergy					
Cathedral	69	-	-	69	68
Priests' Training Fund	-	-	336	336	146
Retirement costs	-	698	-	698	444
Permanent Diaconate	-	15	-	15	-
Sabbatical Fund	-	6	-	6	34
Share of central support costs	-	55	-	55	48
Other	-	163	-	163	146
	<u>69</u>	<u>937</u>	<u>336</u>	<u>1,342</u>	<u>886</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

5 CHARITABLE ACTIVITIES	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2010 £000's	2009 £000's
Pastoral					
Cathedral	313	-	33	346	372
Cemeteries	250	-	-	250	298
Curial	-	55	-	55	31
Tribunal	-	81	-	81	81
Pastoral Formation	-	182	-	182	130
Justice and Peace	-	50	-	50	46
Youth	-	117	-	117	124
Child Protection	-	83	-	83	103
National levies	-	247	-	247	203
Parish reorganisation	-	12	-	12	-
Chaplaincies	-	169	-	169	111
Ecumenical grants	-	41	-	41	37
Share of central support costs	-	381	-	381	325
Other	19	218	101	338	409
	582	1,636	134	2,352	2,270
Education					
Christian Education	-	264	-	264	281
Schools Department	-	524	-	524	518
Share of central support costs	-	244	-	244	260
	-	1,032	-	1,032	1,059
Property					
Cathedral	342	-	-	342	390
Depreciation	-	89	-	89	88
Share of central support costs	-	64	-	64	64
Other	-	117	-	117	107
	342	270	-	612	649
	993	3,875	470	5,338	4,864
TOTAL	13,158	4,700	2,259	20,117	22,631

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

6	SUPPORT COSTS	Clergy Support £000's	Pastoral £000's	Education £000's	Property £000's	Total allocated to charitable activities £000's	Governance Costs £000's	Total Support Costs 2010 £000's	2009 £000's
	CURIAL								
	Office administration								
	- Finance Department	17	120	77	20	234	61	295	329
	- IT	1	10	6	2	19	-	19	13
	- Office management	13	96	62	16	187	-	187	195
	- Press office	4	27	17	4	52	-	52	43
	- Other	1	9	6	1	17	-	17	9
	Bank charges and interest	16	112	72	19	219	-	219	152
	Other curial	3	7	4	2	16	-	16	15
		55	381	244	64	744	61	805	756

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

7 GOVERNANCE COSTS	Unrestricted Funds £000's	Designated Funds £000's	Restricted Funds £000's	2010 £000's	2009 £000's
CURIAL					
Audit fees	-	78	-	78	75
Share of support costs	-	61	-	61	59
	<u>-</u>	<u>139</u>	<u>-</u>	<u>139</u>	<u>134</u>

In addition other amounts paid to the auditors included within costs of generating funds were £79,000 (2009: £81,000)

8 STAFF COSTS	Total 2010 £000's	Total 2009 £000's
Clergy allowances	960	930
Wages and salaries	7,110	7,551
Social security costs	374	440
Pension costs	187	161
	<u>8,631</u>	<u>9,082</u>

The average number of employees during the year was:

	2010 No.	2009 No.
Central employees	92	94
Parish employees (excludes parish clergy)	89	89
Parish club employees (including part-time staff)	406	425

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 (2009: £Nil), nor were they reimbursed any expenses connected with their duties as Trustees (2009: £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 2010

10 TANGIBLE FIXED ASSETS

10.1 Investment property at valuation – Group and Charity

	Parochial £000's	Curial £000's Restated	Total £000's Restated
At 1 January 2010	5,304	7,792	13,096
Transfers from other tangible fixed assets (note 10.2)	136	-	136
Additions	-	18	18
Disposals	(100)	-	(100)
Net surplus/(deficit) on revaluation	2,586	(328)	2,258
At 31 December 2010	7,926	7,482	15,408

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

10.2 Other tangible fixed assets – Group

	Parochial Property & Equipment £000's	Curial Fixtures & Equipment £000's	Curial Property £000's	Total £000's
Cost or valuation				
At 1 January 2010	37,762	2,053	29,750	69,565
Transfer to investment property (note 10.1)	(206)	-	-	(206)
Additions	1,402	328	509	2,239
Disposals	(298)	(472)	(863)	(1,633)
At 31 December 2010	38,660	1,909	29,396	69,965
Depreciation				
At 1 January 2010	20,468	1,392	7,325	29,185
Transfer to investment property (note 10.1)	(70)	-	-	(70)
Charge for the year	548	369	1,120	2,037
Disposals	(202)	(464)	(852)	(1,518)
At 31 December 2010	20,744	1,297	7,593	29,634
Net book value				
At 31 December 2010	17,916	612	21,803	40,331
At 31 December 2009	17,294	661	22,425	40,380

The property within Cardinal Heenan Sports Centre (included in Curial property) was revalued at the year end by Edward Symmons LLP, Chartered Surveyors.

10.3 Other tangible fixed assets – Charity

Cost				
At 1 January 2010	37,762	118	5,684	43,564
Transfer to investment property	(206)	-	-	(206)
Additions	1,402	7	-	1,409
Disposals	(298)	-	-	(298)
At 31 December 2010	38,660	125	5,684	44,469
Depreciation				
At 1 January 2010	20,468	105	1,701	22,274
Transfer to investment property	(70)	-	-	(70)
Charge for the year	548	13	83	644
Disposals	(202)	-	-	(202)
At 31 December 2010	20,744	118	1,784	22,646
Net book value				
At 31 December 2010	17,916	7	3,900	21,823
At 31 December 2009	17,294	13	3,983	21,290

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010	24,947	40,483	4,001	69,431
Additions	1,372	88	24	1,484
Disposals	(107)	(151)	(15)	(273)
Unrealised gains	2,399	3,674	378	6,451
At 31 December 2010	28,611	44,094	4,388	77,093

Index linked investments - Group	Unrestricted £000's Restated	Designated £000's	Restricted £000's	Total £000's Restated
At 1 January 2010 & 31 December 2010	1,800	-	-	1,800
TOTAL	30,411	44,094	4,388	78,893

The listed investments are held in a unitised portfolio comprising:

	2010 £000's
UK Equities	40,863
Non-UK Equities	15,173
UK Government securities and other fixed interest stocks	13,197
UK Property Unit Trusts	5,900
Cash instruments	2,481
Uninvested cash on deposit	(521)
	<u>77,093</u>

11.2 Listed investments - Charity, at market value	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's
At 1 January 2010	24,427	40,483	4,001	68,911
Additions	1,362	88	24	1,474
Disposals	(107)	(151)	(15)	(273)
Net gain on revaluation	2,351	3,674	378	6,403
At 31 December 2010	28,033	44,094	4,388	76,515

Index linked investments - Charity	Unrestricted £000's Restated	Designated £000's	Restricted £000's	Total £000's Restated
At 1 January 2010 & 31 December 2010	1,300	-	-	1,300
TOTAL	29,333	44,094	4,388	77,815

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

11 INVESTMENTS (cont'd)

	2010 £000's	2009 £000's
11.3 Investments in related companies		
At cost	19,660	19,660

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

12 DEBTORS	Parochial	Curial	Total 2010	Total 2009
Group	£000's	£000's	£000's	£000's Restated
Due within one year				
Trade debtors	-	1,005	1,005	1,298
Other debtors and prepayments	3,905	2,421	6,326	6,204
TOTAL	3,905	3,426	7,331	7,502
Charity				
Other debtors and prepayments	3,905	1,570	5,475	4,517
TOTAL	3,905	1,570	5,475	4,517
13 CREDITORS	Parochial	Curial	Total 2010	Total 2009
Amounts falling due within one year	£000's	£000's	£000's	£000's
Group				
School funding in advance	13,646	-	13,646	14,772
Trade creditors	-	3,676	3,676	2,782
Other creditors and accruals	845	4,392	5,237	5,541
TOTAL	14,491	8,068	22,559	23,095
Charity				
School funding in advance	13,646	-	13,646	14,772
Other creditors and accruals	845	3,134	3,979	2,318
TOTAL	14,491	3,134	17,625	17,090

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

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	£000's	£000's	£000's	£000's
Parochial - Group and Charity					
Foundation Mass capital	425	6	20	(195)	256
Other charitable collections	1,336	233	-	(218)	1,351
	<u>1,761</u>	<u>239</u>	<u>20</u>	<u>(413)</u>	<u>1,607</u>
Curial - Group					
Priests' Training Fund	2,227	84	198	130	2,639
Metropolitan Cathedral Roof Appeal Fund	2,205	-	-	-	2,205
Metropolitan Cathedral Steps Development	2,891	-	-	-	2,891
Metropolitan Cathedral English Sports Council capital grants	1,012	71	42	-	1,125
Other charitable collections	664	-	-	(54)	610
	<u>3,810</u>	<u>114</u>	<u>118</u>	<u>192</u>	<u>4,234</u>
	<u>12,809</u>	<u>269</u>	<u>358</u>	<u>268</u>	<u>13,704</u>
Less English Sports Council capital grants	(664)	-	-	54	(610)
	<u>12,145</u>	<u>269</u>	<u>358</u>	<u>322</u>	<u>13,094</u>
Curial - Charity					

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 2010

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
Parochial - Group and Charity					
School Projects Fund	(3,089)	(190)	658	153	(2,468)
Other funds	80	25	-	(10)	95
	<u>(3,009)</u>	<u>(165)</u>	<u>658</u>	<u>143</u>	<u>(2,373)</u>
Curial – Group and Charity					
Central funds	37,925	(1,036)	2,100	336	39,325
George Andrew Retirement Fund	4,218	(385)	325	285	4,443
Metropolitan Cathedral Roof Appeal Fund	5,655	-	-	200	5,855
Metropolitan Cathedral Liverpool inner-city parish reorganisation	3,313	75	279	-	3,667
Other designated funds	1,315	(12)	-	-	1,303
	<u>8,523</u>	<u>49</u>	<u>584</u>	<u>-</u>	<u>9,156</u>
	<u>60,949</u>	<u>(1,309)</u>	<u>3,288</u>	<u>821</u>	<u>63,749</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 2010

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 £40,831 (2009: four organisations totalling £36,860). In addition, other small ad hoc grants are made at the discretion of the Archbishop, these totalled £36,077 in 2010 (2009: £25,770).

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

	Gross	Net of
	£000's	grant
		£000's
At 31 December 2010 commitments to future expenditure were as follows:		
Schools	16,329	1,285
Parochial property	424	424
Other diocesan property	20	20
	<hr/>	<hr/>
	16,773	1,729

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 £21,942 (2009: £23,815).

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 2010

19.2 The Teachers' Pension Scheme (cont'd)

£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>15,169</u>	<u>(15,195)</u>	<u>(26)</u>	<u>152</u>
Metropolitan Cathedral Services Limited	100	<u>369</u>	<u>(505)</u>	<u>(136)</u>	<u>10,754</u>
Tuneside Limited	100	<u>29,368</u>	<u>(29,493)</u>	<u>(125)</u>	<u>5,169</u>
Cardinal Heenan Sports Centre Limited	100	<u>68</u>	<u>(359)</u>	<u>(291)</u>	<u>(243)</u>
Archdiocese Parish Centres Management Company Limited	Guarantee Company	<u>19,396</u>	<u>(19,492)</u>	<u>(96)</u>	<u>(3,029)</u>
Archdiocesan Property Services Limited	Charity Guarantee Company	<u>1,687</u>	<u>(1,627)</u>	<u>60</u>	<u>232</u>

The above figures are after Gift Aid to the Archdiocese of £2,664,132 of which £115,000 is from Tuneside Limited, £327,132 from Archdiocesan Property Services Limited, £112,000 from Metropolitan Cathedral Services Limited and £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 2010

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.

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.

Associated companies	% holding in ordinary shares	Activity
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

21.2 Charities with all common trustees:

The Apostleship of the Sea 224664

The John Rankin Trust for Liverpool Catholic Clergy 222130

Liverpool Archdiocesan Education Trust 505264

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

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2010

22 TRANSFERS

	PAROCHIAL				CURIAL				Total 2010 £000's
	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's	Unrestricted £000's	Designated £000's	Restricted £000's	Total £000's	
PAROCHIAL LEVIES AND TRANSFERS									
Assessment Fund grants	532	(532)	-	-	-	-	-	-	-
Assessment Fund grants to Cathedral	-	(250)	-	(250)	50	200	-	250	-
Assessment Fund levies	(771)	771	-	-	-	-	-	-	-
George Andrew Fund for priests	(415)	-	-	(415)	-	415	-	415	-
School Projects Fund levies	(335)	344	-	9	(9)	-	-	(9)	-
	<u>(989)</u>	<u>333</u>	<u>-</u>	<u>(656)</u>	<u>41</u>	<u>615</u>	<u>-</u>	<u>656</u>	<u>-</u>
OTHER TRANSFERS									
Donations to ordered collections	90	-	(413)	(323)	-	52	271	323	-
Reclassification of assets	(818)	-	-	(818)	818	-	-	818	-
Capital transfers	-	(190)	-	(190)	39	154	(3)	190	-
	<u>(728)</u>	<u>(190)</u>	<u>(413)</u>	<u>(1,331)</u>	<u>857</u>	<u>206</u>	<u>268</u>	<u>1,331</u>	<u>-</u>
TOTAL	<u>(1,717)</u>	<u>143</u>	<u>(413)</u>	<u>(1,987)</u>	<u>898</u>	<u>821</u>	<u>268</u>	<u>1,987</u>	<u>-</u>

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

23 ANALYSIS OF NET ASSETS - GROUP

	Tangible Fixed Assets £000's	Investments £000's	Current Assets less Creditors £000's	Total 2010 £000's	Total 2009 £000's
Restricted Funds					
- Parochial	-	251	1,356	1,607	1,761
- Curial	-	4,137	9,567	13,704	12,809
	-	4,388	10,923	15,311	14,570
Designated Funds					
- Parochial	-	7,921	(10,294)	(2,373)	(3,009)
- Curial	10,391	36,173	17,185	63,749	60,949
	10,391	44,094	6,891	61,376	57,940
Unrestricted General Funds					
- Parochial	25,842	25,892	14,803	66,537	64,373
- Curial	19,506	4,519	(20,696)	3,329	2,084
	45,348	30,411	(5,893)	69,866	66,457
Total	55,739	78,893	11,921	146,553	138,967

LIVERPOOL ROMAN CATHOLIC ARCHDIOCESAN TRUST

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2010

23 ANALYSIS OF NET ASSETS – CHARITY (Cont'd)

	Tangible Fixed Assets £000's	Investments £000's	Current Assets less Creditors £000's	Total 2010 £000's	Total 2009 £000's
Restricted Funds					
- Parochial	-	251	1,356	1,607	1,761
- Curial	-	4,137	8,957	13,094	12,145
	-	4,388	10,313	14,701	13,906
Designated Funds					
- Parochial	-	7,921	(10,294)	(2,373)	(3,009)
- Curial	10,391	55,835	(2,477)	63,749	60,949
	10,391	63,756	(12,771)	61,376	57,940
Unrestricted General Funds					
- Parochial	25,842	25,892	14,803	66,537	64,373
- Curial	998	3,439	3,339	7,776	8,999
	26,840	29,331	18,142	74,313	73,372
Total	37,231	97,475	15,684	150,390	145,218

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 has been restated in respect of £1.8m relating to an index linked product previously included in cash balances and now included as investments and £2.65m previously within debtors as recoverable costs and now classified as investment properties. Neither of these restatements have an impact on the result for the year.