



Archdiocese of Liverpool

Summarised Annual Report 2010



Archbishop Kelly writes:

Serious financial issues face everyone. I pray that our Lord will never let me fail to notice the burden of increased cost of food and keeping warm. We often hear assurances that front line services will not be curtailed. But this report makes it clear how important the back line services are to keep a watching brief on all expenditure, ensure all legal matters are in place and that all decisions with financial repercussions are properly scrutinised. The report of the Auditors shows that our affairs are well managed and stand up to close examination. But above all there shines through the financial generosity of so many to enable us all to know and share the light, comfort and challenge which is life in Our Lord.

+ Patrick Kelly

In the Archdiocese there are:

Over 200 Places of worship
 187 Primary schools
 37 Secondary schools
 2 Sixth form colleges
 82 Parish centres
 159 Active diocesan priests
 10 Priests working in other dioceses
 76 Retired priests
 107 Permanent deacons
 587 Full-time equivalent employees
 (As at November 2010)

FINANCIAL SUMMARY

	2010	2009
	£M	£M
Total incoming resources	42.06	46.21
Offertory income	6.12	6.11
Investment income	3.36	3.71
Parish fundraising income	0.27	0.29
Legacies received	0.76	0.80
Total resources expended	43.68	50.00
Parish property costs	6.42	8.67
Parish personnel costs	2.23	2.15
Net outgoing resources	(1.62)	(3.79)
Gains & revaluations	9.21	9.80
Net movement in funds	7.59	6.01



Above: Opening of St Michael and All Angels church, Kirkby (2010)

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

For further information, the full annual accounts, the auditor's report on those accounts and the trustees' annual report should be consulted; copies of these may be obtained from www.liverpoolcatholic.org.uk.

The full annual accounts which were approved by the trustees on 20 October 2011, have been audited, signed by the auditor on 20 October 2011 and a copy submitted to the Charity Commissioners.

Trustee Corporation

Liverpool Roman Catholic Archdiocesan Trustees Incorporated

Trustees of the Trust Corporation

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

Episcopal Vicar for Finance and Development

Rev S Kirwin

Principal Address

LACE
 Croxteth Drive
 Liverpool L17 1AA

Investment Managers

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

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

Auditor

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

Bankers

HSBC Bank PLC
 1 Castle Street
 Liverpool L2 4SW

www.liverpoolcatholic.org.uk

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

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

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

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

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

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2010	Parochial Unrestricted Funds £000's	Parochial Designated Funds £000's	Parochial Restricted Funds £000's	Curial Unrestricted Funds £000's	Curial Designated Funds £000's	Curial Restricted Funds £000's	TOTAL 2010 £000's	TOTAL 2009 £000's
INCOMING RESOURCES								
Voluntary income	9,882	455	2,022	332	161	483	13,335	12,912
Activities for generating funds	297	-	-	23,319	-	-	23,616	28,525
Investment income	1,181	236	6	219	1,606	111	3,359	3,706
Charitable activities	301	-	-	267	551	148	1,267	958
Other	(95)	-	-	-	576	-	481	109
TOTAL INCOMING RESOURCES	11,566	691	2,028	24,137	2,894	742	42,058	46,210
RESOURCES EXPENDED								
Charitable activities	(12,165)	(825)	(1,789)	(993)	(3,875)	(470)	(20,117)	(22,631)
Investment management & governance	(99)	(31)	-	(6)	(253)	(3)	(392)	(355)
Cost of generating funds	(75)	-	-	(23,022)	(75)	-	(23,172)	(27,018)
TOTAL RESOURCES EXPENDED	(12,339)	(856)	(1,789)	(24,021)	(4,203)	(473)	(43,681)	(50,004)
NET (OUTGOING) / INCOMING RESOURCES BEFORE TRANSFERS	(773)	(165)	239	116	(1,309)	269	(1,623)	(3,794)
Transfers	(1,717)	143	(413)	898	821	268	-	-
NET (OUTGOING) / INCOMING RESOURCES	(2,490)	(22)	(174)	1,014	(488)	537	(1,623)	(3,794)
Revaluation of and gains / (losses) on investment properties	2,486	-	-	-	(328)	-	2,158	171
Unrealised gain on investments and deposits	2,168	658	20	231	3,616	358	7,051	9,633
NET MOVEMENT IN FUNDS	2,164	636	(154)	1,245	2,800	895	7,586	6,010
Fund balances at 1 January 2010	64,373	(3,009)	1,761	2,084	60,949	12,809	138,967	132,957
FUND BALANCES AT 31 DECEMBER 2010	66,537	(2,373)	1,607	3,329	63,749	13,704	146,553	138,967

INCOMING RESOURCES

Voluntary income includes offertories and collections such as those for LAMP and contributions towards the School Projects Fund along with income tax recovered under Gift Aid. General parish offertories increased slightly from £6.11M to £6.12M.

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 amount of tax recovered under Gift Aid remained comparable with 2009 but the benefits of transitional relief ended in 2011. Parishes where a 'responsible giving' campaign has been undertaken in recent years experienced average increases in offertories of 24%. Where a campaign has yet to be undertaken the average offertory fell by over 4% in recent years.

The value of legacies received by the Archdiocese was £0.76M in 2010 (2009: £0.8M). The Priests' Training Fund, LAMP and the George Andrew Fund continue to benefit from the generosity of parishioners through collection income and bequests.

Investment income, which includes cash management interest, fell from £3.71M to £3.36M with historically low interest rates experienced throughout the year.

Activities for generating funds include parish fundraising efforts and the activities of subsidiary companies.

Parish fundraising activities generated £0.29M. In addition to ongoing initiatives, parishes are often presented with fundraising targets when faced with major building projects.

Income from subsidiaries was £23.32M. This includes the activities of the parish clubs and the LACE conference centre.

RESOURCES EXPENDED

Total resources expended fell by 13% from £50.00M in 2009 to £43.68M in 2010.

Expenditure on charitable activities fell by 11% from £22.63M to £20.18M. The two most significant items of expenditure within this category are property costs and personnel costs.

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). 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.

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.

Lay personnel costs amounted to £7.67M in 2010 (2009: £8.15M) and the average number of people employed was 587 including 406 parish club employees.

The cost of generating funds in respect of subsidiaries was £23.02M.

FIXED ASSETS

Tangible fixed assets are included at cost and depreciated over their expected useful lives. Listed properties and other functional church properties are depreciated over 100 years and 50 years respectively. Additions of £2.24M include the completion of St Michael & All Angels Church for £1.25M in Kirkby and £0.47M of internal improvements to parish centres.

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

A number of buildings have been retained as investment properties to generate a rental income for individual parishes. Also included are a number of sites that have been cleared or are in the process of being cleared with the objective of being marketed for sale. Having previously included the site clearance costs within debtors as recoverable costs, the trustees now consider these sites to be investment properties and have restated the comparatives accordingly. Cyclical valuations are undertaken and the revaluations created an unrealised gain of £2.26M in 2010.

INVESTMENTS

Investments held by the Archdiocese, managed within the parameters of an ethical investment policy, amounted to £78.89M and included £1.8M of assets previously shown as cash. The 2009 figures have been restated. An unrealised gain of £6.45M was reported in 2010 (2009: £8.93M). The latest valuation available at 30 September 2011 would represent a loss of £7.63M in 2011.

NET CURRENT ASSETS

Net Current Assets amounted to £11.92M at 2010 compared to £14.26M at 2009. These amounts, made up of stocks, amounts recoverable and cash balances less creditors, represent the working capital of the Archdiocese and are used to finance the day-to-day activities of all the parishes, clubs, school building projects and central operations.

RESERVES

The total reserves held at December 2010 amounted to £146.55M (2009: £138.97M). They are held for the purposes outlined on page 4.



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Top: Work begins at Hope Academy.
Bottom: Hope Primary School opens.

www.flickr.com/photos/liverpoolcatholic

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

We have examined the summarised financial statements of the group and parent charity Liverpool Roman Catholic Archdiocesan Trust.

This statement is made solely to the trustees, as a body in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the trustees those matters we have agreed to state to them in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees are responsible for preparing the summarised financial statements in accordance with the recommendations of the Charities SORP.

Our responsibility is to report to you our opinion on the consistency of the summarised financial statements with the full financial statements and trustees' report. We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarised financial statements.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/3 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom. Our report on the full annual financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summarised financial statements are consistent with the full financial statements and the trustees' report of Liverpool Roman Catholic Archdiocesan Trust for the year ended 31 December 2010.

PKF (UK) LLP, Statutory Auditor, Liverpool
21 October 2011

BALANCE SHEET AT 31 DECEMBER 2010	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	7,926	7,482	15,408	5,304	7,792	13,096
- other	17,916	22,415	40,331	17,294	23,086	40,380
	25,842	29,897	55,739	22,598	30,878	53,476
Investments	34,064	44,829	78,893	29,992	41,239	71,231
Total Fixed Assets	59,906	74,726	134,632	52,590	72,117	124,707
CURRENT ASSETS						
Stock	-	763	763	-	702	702
Debtors	3,905	3,426	7,331	2,070	5,432	7,502
Balance at bank	24,579	1,807	26,386	26,763	2,388	29,151
CREDITORS						
- amounts falling due within one year	(14,491)	(8,068)	(22,559)	(15,901)	(7,194)	(23,095)
Parish/Curial balances	(8,128)	8,128	-	(2,397)	2,397	-
NET CURRENT ASSETS	5,865	6,056	11,921	10,535	3,725	14,260
NET ASSETS	65,771	80,782	146,553	63,125	75,842	138,967
ACCUMULATED FUNDS						
Restricted funds	1,607	13,704	15,311	1,761	12,809	14,570
Unrestricted funds						
- designated	(2,373)	63,749	61,376	(3,009)	60,949	57,940
- general	66,537	3,329	69,866	64,373	2,084	66,457
	65,771	80,782	146,553	63,125	75,842	138,967

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

RESTRICTED FUNDS

	2010 £000's	2009 £000's
Parochial		
Foundation Mass capital	256	425
Other charitable collections	1,351	1,336
Curial		
Priests Training Fund	2,639	2,227
Cathedral Roof Appeal	2,205	2,205
Cathedral steps development	2,891	2,891
Cathedral	1,125	1,012
Other charitable collections	4,234	3,810
Capital grants	610	664

Purpose of funds

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

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

Cathedral Roof Appeal - English Heritage grants received to fund substantial work to the Cathedral roof.

Cathedral Steps Development - European Objective 1 and regional development grants contributing towards the ceremonial steps.

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

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

Unrestricted funds are available for use at the discretion of the Trustees. Parochial unrestricted funds were £66.54M at 31 December 2010 (2009: £64.37M). At the same time, Curial unrestricted funds were £3.33M (2009: £2.08M).

The level of reserves freely available amounted to 22 months' expenditure, (2009: 20 months) and excludes fixed assets held for charitable use.

DESIGNATED FUNDS

	2010 £000's	2009 £000's
Parochial		
School capital and repairs	(2,468)	(3,089)
Other funds	95	80
Curial		
Central funds	39,325	37,925
George Andrew Retirement Fund	4,443	4,218
Cathedral Roof Appeal Fund	5,855	5,655
Cathedral	3,667	3,313
Parish reorganisation	1,303	1,315
Other designated funds	9,156	8,523

Purpose of funds

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

Central funds - To support the archdiocesan central administration.

George Andrew Retirement Fund - For priests in retirement.

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

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

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



Above: The Cathedral Choir celebrated its 50th anniversary in 2010.
Left: Liverpool's bishops make their Ad Limina visit to Rome.

FUTURE DEVELOPMENTS AND COMMITMENTS

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 remain significant challenges with their 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 are in excess of the reserves policy for the Archdiocese as a whole. The reserve balance designated for central operations is of sufficient magnitude to absorb the impact of a lower investment income for a number of years into the future.

WAYS YOU CAN CONTRIBUTE

- 1 Increase your regular donations
- 2 Complete a Gift Aid declaration

- 3 Remember the Church in your will
- 4 Help your parish on a finance or fundraising committee