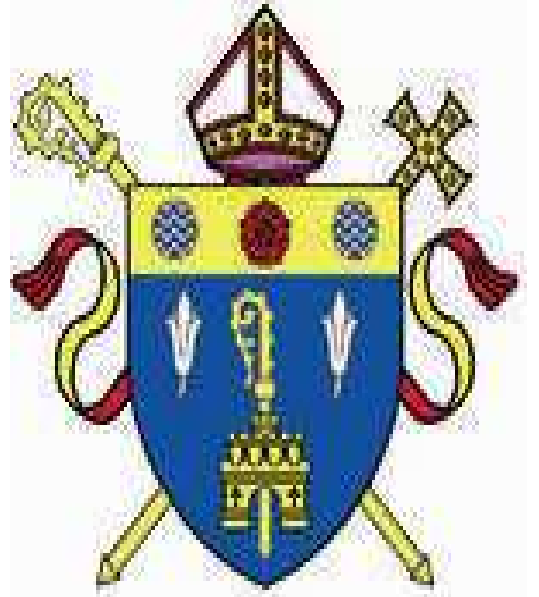


Lancaster Roman Catholic Diocesan Trust



Annual Report and Accounts
for the year ended
5 April 2008

Lancaster Roman Catholic Diocesan Trust

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Lancaster Roman Catholic Diocesan Trust

Trustees and advisors

Status and administration

The Charity is governed by a Trust Deed dated 31 July 1934 (as subsequently amended by schemes of the Charity Commission) and is registered by the Charity Commission of England and Wales as charity number 234331. The Diocese was created in 1924, the northern area formerly having been within the Diocese of Hexham and Newcastle and the southern area having been within the Archdiocese of Liverpool.

Trustees and advisors as at 5 April 2008:

Address

Lancaster Roman Catholic Diocesan Trust
The Pastoral Centre
Balmoral Road
Lancaster
LA1 3BT

Registered auditors

Moore & Smalley LLP
Priory Close
St Mary's Gate
Lancaster
LA1 1XB

Trustees

Right Reverend P O'Donoghue, Bishop of Lancaster
Right Rev M Campbell, Coadjutor Bishop, (appointed as Trustee on 12 February 2008)
Monsignor Canon P Mulvany VG
Monsignor Canon A Turner VG
Canon R Dewhurst
Reverend P Draper
Reverend S Hawksworth
Deacon D Done
Mr J Bolton
Mr H Cameron
Miss E Gillett
Mr A MacPhie
Mr S R Moore

Solicitors

Blackhurst Swainson Goodier
10 Chapel Street
Preston
PR1 8AY

Bankers

HSBC Bank plc
35 Market Street
Lancaster
LA1 1JQ

Investment Manager

Citi Quilter
St Helens
1 Undershaft
London
EC3A 8BB

Secretary

Reverend R Billing

Financial Administrator

Mr S R Moore

Changes in Trustees since the year end.

The following resignation has been accepted between the year end date and the date of signing of this report:

Resignation: Mr J Bolton, resigned as Trustee on 29 May 2008

Lancaster Roman Catholic Diocesan Trust

Report of the Trustees

Aims and objectives

The principal purpose of the Charity is the furtherance of the Roman Catholic religion within the Diocese of Lancaster. This is achieved by such charitable purposes as the Bishop of Lancaster, in his absolute discretion, shall think fit in accordance with the Trust Deed which are as follows:

- The provision, maintenance and upkeep of churches, public chapels and presbyteries.
- The provision of religious services in these churches and public chapels.
- The provision and maintenance of houses and colleges for the education and training of priests and persons wishing to become priests.
- The maintenance, support and provision of medical and surgical aid and accommodation for infirm and aged priests and the burial of deceased priests.
- The provision of support for priests and clerics working in the Diocese.
- The relief of poor persons professing the Roman Catholic Religion.
- The provision and maintenance of Schools and Colleges for young people.
- The provision and maintenance of houses, study halls and residences for teachers.
- The provision and upkeep of accommodation for infirm or aged priests.
- The provision and maintenance of cemeteries.
- The provision and maintenance of parish rooms and halls for the enlightenment, education and religious and moral benefit of people of the Diocese.
- The provision and maintenance of hospitals and sanatoria for the poor.
- The acquisition of sites for buildings in connection with the above purposes mentioned.
- Generally for any such charitable purposes as, in the opinion of the Bishop, may be conducive to the advancement or maintenance of the Roman Catholic religion in the Diocese of Lancaster.

Organisation, governance and decision-making

Bishop O'Donoghue, the fifth Bishop of Lancaster, installed on 4th July 2001 and ahead of his retirement in May 2009, requested the appointment of a coadjutor Bishop. Bishop Campbell was appointed as such on 12 February 2008 and will succeed Bishop O'Donoghue as Bishop of Lancaster in May 2009.

The Diocese of Lancaster comprises 108 parishes and 81 schools throughout the counties of Cumbria and Lancashire, North of the Ribble and the west of the Pennines, as far north as the Scottish border so as to include the whole of the Lake District within its boundaries.

Overall management, including financial and legal responsibility rests, with the Trustees under the Chairmanship of the Bishop of Lancaster, with the additional help of Trustees' sub-committees, the principal committees being:-

- Finance Committee
- Property Committee
- Investment Sub-Committee
- School Buildings Committee.

In accordance with clause 15 of the Trust Deed, new Trustees are appointed by resolution of the Trustees but only with and subject to the approval of the Bishop of Lancaster. Trustees will normally include the Vicars General and a blend of both clergy and lay members having the relevant experience and expertise. Recruitment is undertaken internally or externally whenever a vacancy arises or at any time so as to ensure there is an appropriate pastoral and professional representation including educational, finance, accountancy, legal and property experience. New Trustees will be provided with terms of reference and a pack of information relating to the constitution, governance and operation of the Trust. All Trustees are expected to be familiar with the work of parishes and of all central operations. All Trustees are encouraged to attend at least one Trustee course each year provided by the Trusts professional advisors and will be provided with details of any other appropriate additional courses. Trustees are expected to be familiar with topical issues affecting the Trust, details of which are circulated and discussed at meetings of the Trustees.

Lancaster Roman Catholic Diocesan Trust

Report of the Trustees

The Trustees normally meet monthly to determine strategy, consider financial performance and make decisions on proposals involving expenditure of more than £5,000. Proposals are first considered in detail by the Trustees' Finance Committee (which meets every two weeks to oversee all financial aspects of the Diocese and comprises four Trustees) and the Property Committee (which meets monthly to oversee all property aspects of the Diocese and comprises two Trustees and a surveyor).

It is appropriate to record that financial reporting by the Trustees comprises firstly the consolidated activities of the Trust (set out in the consolidated statement of financial activities on pages 12 & 13 and includes subsidiary trading companies (such as clubs) and subsidiary trusts which are either owned or controlled by the charity, as listed in Note 2 to these financial statements. Secondly the charitable activities follow (excluding subsidiaries etc) on pages 14 & 15.

Investment powers, policy and performance

The Trustees' investment powers are governed by the Trustees Act 2000. By an Order of the Charity Commission dated 10 January 1996, the Trustees were empowered to delegate certain management and dealing authority to their investment manager Citi Quilter. The Trustees Investments Sub-Committee, which comprises the members of the Finance Committee and two members of the Faith and Justice Committee is responsible for supervising and managing the activities of the investment managers. Investments generally comprise a mix of UK equities, UK gilts, cash and Unit Trusts. Individual investments conform with the Trustees Investment Policy which includes criteria established in accordance with the Diocesan Ethical Investment Policy which is reviewed regularly. Copies of the policy are available from the Pastoral Centre.

'Fit For Mission'

This major development of the Diocesan mission commenced in November 2006, when Bishop O'Donoghue announced to the priests, deacons, religious and lay faithful of the Diocese a strategic review of the Diocese's Mission. The Fit for Mission review aims to examine three questions – involving a commitment to personal, parish and Diocesan reform, change and conversion – all under the power of the Holy Spirit:-

- 1. How does each one of us change to become the person God calls us to be?**
- 2. How do we change our parishes so we become the people God calls us to be?**
- 3. How do we change our Diocese, including our buildings and structures, so we become the community God calls us to be?**

The purpose of the Review was to enable every individual, every parish, and the whole Diocese to become "Fit for Mission" – a greater participation in and developing our commitment to the continuing Mission of Christ in the Church. To help us reflect on these questions the 'Fit for Mission - a Guide' was produced as a teaching document to set people thinking and praying anew about the fundamental questions of faith and culture that face the Church. The Bishop also highlights the goodness and dynamism of the Mission that so many are already engaged and immersed in throughout the Diocese including parishes, catholic primary and secondary schools, catechesis, our work with the poor, homeless and marginalised, youth ministry, with families, and with the sick and housebound etc, all of which demonstrates how the Church's Mission is of benefit not only to our church but beyond to the local communities and public as a whole. The Bishop is hoping to alert people to the real and demanding challenges facing us in our society and, therefore, in the church as we strive to be faithful to our Baptismal promises. In the guide, the Bishop gives the initial steer to this Diocesan-wide review and outlines the various impediments to mission today as we plan together for a very different shape of Church with a new set of pastoral priorities to serve our fast changing society.

The Mission Review Team has submitted its final proposals to the Bishop of Lancaster and the Coadjutor Bishop who will consult with the Council of Priests before any final decision is taken in respect of any parish or activity

Lancaster Roman Catholic Diocesan Trust

Report of the Trustees

within the Diocese. In the meantime Bishop O'Donoghue has written and published two teaching documents "Fit for Mission Schools" and "Fit for Mission Church" which have been extremely well received, not only within the Diocese but throughout the country and beyond, with particular commendation from America and Rome.

Since the year end, progress continues to be made with the final proposals as presented to the Bishops. Consultation is due to take place with various councils as required by canon law and with external bodies, such as The Historic Churches Committee and English Heritage, as appropriate before final amendments are made and presentation to the Trustees and the Diocese as a whole.

Review of Activities

Parishes

The parishes form the very heart of local communities where the clergy provide regular religious services including the public celebration of the Eucharist via the Mass, baptism, confession, marriages, funerals and many other regular services of devotion. The clergy are also a constant source of spiritual and pastoral care providing comfort and counselling to the sick and dying within the local communities and chaplaincy services to those in schools, hospitals, and prison. Parishes contain many different groups of activities and include youth groups, choirs, bell ringers, social groups, bereavement groups and catechetical and liturgy groups who promote the teachings of the church via the bible. This includes work with the homeless, guidance for senior citizens, the promotion of marriage, family life, respect and the most reliable moral code of conduct embodied within the ten commandments.

Diocese

The Diocese, via the Trustees and central functions, provides support and guidance for the clergy, laity and activities undertaken in the parishes. Leaving aside the finance and property departments, the principal central functions comprise:

The Youth Service

The Diocesan Youth Director, Fr Philip Conner and lay Youth Workers co-ordinate and train volunteers in the parishes. The Youth Office also assists with the organisation of events for young people and included the Diocesan Pilgrimage to Lourdes where our youngsters volunteered to help with the sick, serving them and overseeing their well being. Incorporated within the Youth umbrella is the residential Diocesan Youth Educational Centre at Castlerigg in Keswick which draws schools and youth together throughout the year. The centre helps educate young people in order to develop their physical, mental, moral and spiritual abilities so that they grow up to enable them to contribute to the common good of society.

Education Department

Our Education Department based, in Lancaster and led by our Director of Education Fr Luiz Ruscillo, provides the canonical and statutory requirements of voluntary aided schools and delivers adult education on behalf of the parishes. In respect of the former, the department has a number of trained and experienced staff who guide and support school leaders and governors in their duties. This is delivered through governor training, clerk's briefings, leadership courses, RE curriculum guidance, support and moderation, development in collective worship and opportunities for spiritual reflection. Adult education in the parishes is provided by the Education Department which offers training and formation for adults to enable them deliver catechesis to infants, children, young people and adults.

Schools Building Committee

Substantial support is provided in respect of the administration and financing of our 81 voluntary aided schools. Our Schools Building Committee oversee the Diocesan School Building Programme and the administration of the School Building Fund to provide a planned programme of ongoing maintenance, refurbishment and improvement of the facilities available in all our Schools. In the year ended 5th April 2008, over £9.38 million was spent on schools throughout the diocese of which £8.48 million was reclaimed in the form of Government grants.

Lancaster Roman Catholic Diocesan Trust

Report of the Trustees

Marriage and Family Life Commission

The Diocese as a whole is active in the promotion of Marriage and family life as the church believes that the safest and best environment in which to bring new life into the world is via the traditional family. Activities include courses for those preparing for marriage and counselling support for married couples experiencing marital problems.

Faith & Justice Commission

The commission works with parishes, schools and youth groups throughout the Diocese in promoting Justice, Love and Peace and organises conferences and campaigns to raise awareness on issues of Justice and Peace.

Safeguarding Commission

The Diocese and its Trustees are committed to safeguarding children and vulnerable adults and established the Lancaster Diocesan Safeguarding Commission to ensure any allegations made against clergy or laity are properly investigated and to oversee the creation and continuation of a safe environment throughout the Diocese. Each Parish has one or more Safeguarding representatives.

Sick & Retired Priests Fund

The Diocese also looks after its aged and infirm clergy through the Sick and Retired Priests Fund. This is a restricted fund whereby priests who are recovering from illness are provided with residential nursing care. In cases of urgency the fund supports private medical treatments. The fund also provides a retirement grant for retired priests. Many retired priests are able to continue serving the Diocesan community by providing holiday supply cover. The Fund also provides support for retired housekeepers. The Sick and Retired Priests Fund is refurbishing a substantial property in the Lake District, left by way of bequest in 2007 to the Fund, for use as a home for retired clergy.

Ecclesiastical Education Fund

This Fund provides for the recruitment and formation of Students preparing for the Priesthood and for the Diaconate in the Diocese. It also supports ongoing formation and priests undertaking further postgraduate studies in the UK or abroad. The fund also promotes vocations via the production and distribution of publicity materials all of which is overseen by the Vocations Director.

Lancaster Diocesan Pilgrimage Trust

The Pilgrimage Trust organises the annual Diocesan Pilgrimage to Lourdes for the sick and disabled pilgrims and their families. The pilgrimages are extensively supported by the Youth of the Diocese who assist in the transporting of the sick and disabled.

Public Benefit

The Charities Act 2006 has included “Public Benefit” in the definition of a charitable purpose, such that all organisations wishing to be recognised as charities must demonstrate explicitly that their aims are for the public benefit. Based on the Charity Commission guidance, specific examples of a public benefit include the advancement of religion, the advancement of education, the prevention or relief from poverty, the relief of those in need by reason of youth, age, ill health, disability, financial hardship etc. As a “mainstream” religion (and that religion has been stated by parliament to be a charitable purpose) the Trustees are confident that the existing aims and activities of the Charity, as set out on page 4, sit comfortably within the Charity Commission guidelines. The gifts, donations and legacies received will continue to be used for the existing purposes.

It is also appropriate to record that our parish churches (wherein we celebrate the Eucharist and many other services) 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 as set out on page 6 above. Of great significance is the teaching of discipline and respect, not just for a moral code of conduct but in keeping the Ten Commandments, pronounced by God and cast in stone by Moses. If we follow the Ten Commandments, the common good is served.

Lancaster Roman Catholic Diocesan Trust

Report of the Trustees

There is clear evidence that such teaching in our churches and especially schools - which are open to non-Catholics as well as Catholics - produce better than average behaviour which has resulted in better school performance and which causes parents, given a choice by Government, to select our schools often in preference to State schools

Review of Financial Performance

Following the substantive change introduced in the year to 5th April 2006, which incorporated the sale of surplus unrestricted properties, a moratorium on non essential property expenditure, and a major reduction in Central costs, the improvement in the financial performance of the Diocese continued in the current year as demonstrated by the Charity's results for the year ended 5 April as follows:-

	<u>2005</u> Charity £000 (as restated)	<u>2006</u> Charity £000	<u>2007</u> Charity £000	<u>2008</u> Charity £000	<u>2008</u> Group £000
Net results	(2,594)	(148)	1,889	3,086	2,580
Gains (losses) on investment	405	1,343	944	(1,335)	(1,368)
Net movement in funds	(2,189)	1,195	2,833	1,751	1,212

Despite the continued improvement and growth in cash held, the value of Diocesan investments has fallen as a direct result of the deterioration of stock markets around the world.

Beneath the headline figures, whilst the total of offertory collections has increased from £2.673m to £2.7m, a rise of 1%, collections have not kept pace with inflation and more significantly, other income has fallen causing a reduction in total charity income of 1.5% from £10.795m to £10.631m. However, it should be noted that these figures include a reduction in gift/legacy income from £3.181m in 2007 to £2.899 in 2008. Both these figures represent exceptional generosity and we cannot continue to expect such donations and bequests every year.

Despite the fall in overall charity income, there has been a further reduction in charity expenditure from £8.9m to £7.5m which has more than compensated for the fall in income. The reduction arises from the property moratorium, which has continued whilst the Fit For Mission exercise is completed, and from control over central costs. The net result is a positive £3.086m prior to investment losses.

During the past year, again as a result of the property moratorium, very few significant property projects were undertaken.

As a result of the above, cash flow has improved further and the Diocese at the end of the financial year had surplus credit balances which exceed £2.75m in general funds and £0.75m in restricted funds.

It is reasonable to conclude that the last financial year has seen the completion of what was a major turn round in the financial performance of the Diocese. Whilst the improvement has been dented by the fall in value of Diocesan investments, the Diocese is well placed to withstand any impact from the subsequent deterioration in the economy as a whole.

The Bishop and Trustees would like to take this opportunity to thank all the clergy and the staff who remain loyal to the Diocese. The same is true of the many volunteers in the parishes of the Diocese who give their time and commitment free of charge to pursue the Mission of the church in their own communities. Without

Lancaster Roman Catholic Diocesan Trust

Report of the Trustees

their assistance, the unstinting work of priests and deacons would be so much more difficult. The Bishop and Trustees are most grateful to all who have helped and supported the Diocese in this way.

Reserves Policy

The unrestricted net current assets of the Diocese are sufficient to fund the activities of the Diocese at parish and central administration activities for a period in excess of twelve months.

The Trustees consider that the unrestricted reserves are reasonable and prudent at a time of volatility in the Stock markets and low interest rates.

Risk Management

The Trustees have undertaken a formal risk management process to assess risk and implement risk management strategies. The Trustees have identified the major strategic, governance and management, operational and financial risk areas, and have established a procedure to enable regular reports to be produced so that necessary steps can be taken to mitigate against these risks.

Trustees' responsibilities in respect of the financial statements

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the financial activities of the charity during the year and of its financial position at the end of the year. In preparing financial statements, giving a true and fair view, the Trustees should follow best practice and:-

- a) Select suitable accounting policies and then apply them consistently.
- b) Make judgements and estimates that are reasonable and prudent.
- c) State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements.
- d) Prepare the financial statements on the going concern basis unless this basis is not considered appropriate.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and to ensure that the financial statements comply with the applicable law and provisions of the Trust Deeds. The Trustees are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appointment of auditors

A resolution to reappoint Moore & Smalley LLP as auditors will be made at a meeting of the Trustees.

Mr S R Moore
Trustee

Date:

Lancaster Roman Catholic Diocesan Trust

Independent auditors' report to the Trustees of the Roman Catholic Diocese of Lancaster

We have audited the financial statements of The Roman Catholic Diocese of Lancaster for the year ended 5 April 2008 which comprise the consolidated Statement of Financial Activities, the consolidated note of historical cost surpluses, the Balance Sheet, the consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the Charity's 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

The Trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the Charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Lancaster Roman Catholic Diocesan Trust

Independent auditors' report to the Trustees of the Roman Catholic Diocese of Lancaster

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the Charity and group's affairs as at 5 April 2008 and of the incoming resources and application of resources in the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Moore & Smalley LLP

Chartered Accountants and Registered Auditors
Lancaster

Date

Lancaster Roman Catholic Diocesan Trust

Consolidated Statement of Financial Activities for the year ended 5 April 2008

	Note	Unrestricted		Restricted		Endowment	Total funds 2008 £'000	Total funds 2007 £'000
		Parish funds £'000	Diocesan funds £'000	Parish funds £'000	Diocesan funds £'000	Parish funds £'000		
Incoming resources								
From generated funds								
<i>Voluntary income:</i>								
Church collections		2,700	-	-	-	-	2,700	2,673
Other donations and gifts		742	313	-	43	-	1,098	1,632
Legacies		568	674	-	559	-	1,801	1,645
Gift Aid tax refunded		469	-	-	3	-	472	402
Special collections		-	-	657	-	-	657	539
		4,479	987	657	605	-	6,728	6,891
Activities for generating funds	3	1,065	1,628	-	36	-	2,729	3,234
Investment income	4	266	133	-	228	-	627	440
From charitable activities	5	285	651	-	-	-	936	1,242
Other incoming resources	6	1,010	184	-	8	-	1,202	1,241
Total incoming resources		7,105	3,583	657	877	-	12,222	13,048
Resources expended								
Costs of generating funds								
Fundraising trading:								
cost of goods sold and other costs	7	386	1,633	-	5	-	2,024	2,630
Investment management costs		-	30	-	11	-	41	37
Charitable activities	8	4,311	1,878	441	364	313	7,307	8,075
Governance costs	9	-	108	-	-	-	108	91
Other resources expended		21	141	-	-	-	162	73
Total resources expended		4,718	3,790	441	380	313	9,642	10,906

Lancaster Roman Catholic Diocesan Trust

Consolidated Statement of Financial Activities for the year ended 5 April 2008

Note	Unrestricted		Restricted		Endowment	Total funds 2008 £'000	Total funds 2007 £'000
	Parish funds £'000	Diocesan funds £'000	Parish funds £'000	Diocesan funds £'000	Parish funds £'000		
Net incoming/(outgoing) resources before transfers	2,387	(207)	216	497	(313)	2,580	2,142
Gross transfers between funds	(517)	1,085	(176)	(392)	-	-	-
Net (outgoing)/incoming resources before other recognised gains and losses (Losses)/Gains on investment assets	1,870 (683)	878 (33)	40 -	105 (652)	(313) -	2,580 (1,368)	2,142 1,016
Net movement in funds	1,187	845	40	(547)	(313)	1,212	3,158
Fund balance brought forward (re-stated)	18,777	117,122	569	9,365	619	146,452	143,294
Total funds carried forward	19,964	117,967	609	8,818	306	147,664	146,542

All incoming resources and resources expended are derived from the continuing activities. All activities of the Charity are regarded as continuing.

Parish includes the financial information relating to Parishes, Parish Social Clubs and Parish activities in general. Diocesan includes Diocese activities and all other non-Parish activities; together these represent the Group.

The notes on pages 18 to 31 form an integral part of these financial statements.

Consolidated Note of Historical Cost Surplus

	2008 £'000	2007 £'000
Net incoming/(outgoing) resources for the year	2,580	2,142
Difference between historic and actual depreciation charge for the year on the revalued amount	867	1,415
Realisation of property revaluation gains of previous years	400	100
Historical cost surplus for the year	3,847	3,657

All of the surpluses above relate to continuing operations of the Group.

Lancaster Roman Catholic Diocesan Trust

Charity Statement of Financial Activities for the year ended 5 April 2008

Note	Unrestricted		Restricted		Endowment	Total funds 2008 £'000	Total funds 2007 £'000
	Parish funds £'000	Diocesan funds £'000	Parish funds £'000	Diocesan funds £'000	Parish Funds £'000		
Incoming resources							
From generated funds							
<i>Voluntary income:</i>							
Church collections	2,700	-	-	-	-	2,700	2,673
Other donations and gifts	742	313	-	43	-	1,098	1,562
Legacies	568	674	-	559	-	1,801	1,619
Gift Aid tax refunded	469	-	-	3	-	472	402
Special collections	-	-	657	-	-	657	539
	4,479	987	657	605	-	6,728	6,795
Activities for generating funds	1,065	107	-	36	-	1,208	1,138
Investment income	266	109	-	228	-	603	416
From charitable activities	285	645	-	-	-	930	1,241
Other incoming resources	1,010	144	-	8	-	1,162	1,205
Total incoming resources	7,105	1,992	657	877	-	10,631	10,795
Resources expended							
Costs of generating funds							
Cost of generating voluntary income							
Fundraising trading: cost of goods sold and other costs	386	156	-	5	-	547	673
Investment management costs	-	30	-	11	-	41	37
Charitable activities	4,311	1,587	441	364	-	6,703	8,033
Governance costs	-	95	-	-	-	95	91
Other resources expended	21	138	-	-	-	159	72
Total resources expended	4,718	2,006	441	380	-	7,545	8,906

Lancaster Roman Catholic Diocesan Trust

Charity Statement of Financial Activities for the year ended 5 April 2008

Net incoming/(outgoing) resources before transfers	2,387	(14)	216	497	-	3,086	1,889
Gross transfers between funds	(517)	1,085	(176)	(392)	-	-	-
Net incoming resources before other recognised gains and losses	1,870	1,071	40	105	-	3,086	1,889
Gains on investment assets	(683)	-	-	(652)	-	(1,335)	944
Net movement in funds	1,187	1,071	40	(547)	-	1,751	2,833
Fund balance brought forward (re-stated)	18,790	115,514	569	9,365	306	144,544	141,711
Total funds carried forward	19,977	116,585	609	8,818	306	146,295	144,544

All activities of the Charity are regarded as continuing.

The notes on pages 18 to 31 form an integral part of these financial statements.

Lancaster Roman Catholic Diocesan Trust

Balance sheets at 5 April 2008

	Note	Group 2008 £'000	Group 2007 (re-stated) £'000	Charity 2008 £'000	Charity 2007 (re-stated) £'000
Fixed assets					
Tangible assets	12	130,728	131,660	129,873	131,069
Investments	13	12,161	11,857	12,122	11,815
		142,889	143,517	141,995	142,884
Current assets					
Stocks		51	41	6	4
Debtors	14	1,328	1,696	1,380	1,260
Cash at bank and in hand		3,728	1,880	3,515	1,754
		5,107	3,617	4,901	3,018
Creditors: amounts falling due within one year	15	(332)	(682)	(601)	(1,358)
Net current assets		4,775	2,935	4,300	1,660
Creditors: amounts falling due after one year		-	-	-	-
Net assets		147,664	146,452	146,295	144,544
Capital and reserves					
Endowment funds	16	306	619	306	306
Restricted funds	17	9,427	9,934	9,427	9,934
Unrestricted funds					
Designated funds	18	489	480	489	480
Other charitable funds	18	15,300	12,010	13,931	10,415
Revaluation surplus arising on non-restricted properties	18	122,142	123,409	122,142	123,409
		147,664	146,452	146,295	144,544

Approved by the Board of Trustees and signed on its behalf by

Mr S R Moore

Monsignor Canon P Mulvany

Date:

The notes on pages 18 to 31 form an integral part of these financial statements.

Lancaster Roman Catholic Diocesan Trust

Consolidated Cash flow Statement for the year ended 5 April 2008

Note	2008 £'000	2007 £'000
Net cash inflow from operating activities	2,797	2,514
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(509)	(1,635)
Proceeds from sale of tangible fixed assets	1,389	1,380
Purchase of investments	(4,099)	(4,392)
Proceeds from sale of investments	3,573	3,132
	<u>3,151</u>	<u>999</u>
Cash and cash equivalents at 5 April 2008	4,886	1,735
Cash and cash equivalents at 5 April 2007	(1,735)	(736)
Increase/(decrease) in cash and cash equivalents	3,151	999

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of net (outgoing)/incoming resources to net cash inflow from operating activities.

	2008 £'000	2007 £,000
Net (outgoing)/incoming resources	2,580	2,142
Depreciation	999	1,513
(Profit)/Loss on Disposal of Fixed Assets	(947)	(999)
(Decrease)/Increase in Creditors	(193)	211
Decrease/(Increase) in Debtors	368	(372)
(Increase)/Decrease in Stock	(10)	19
	<u>2,797</u>	<u>2,514</u>

2. Changes in cash and cash equivalents

	2008 £,000	2007 £,000	Change in year £,000
Cash at Bank and in Hand	3,728	1,880	1,848
Cash held by investment managers	1,161	15	1,146
Overdraft	(3)	(160)	157
	<u>4,886</u>	<u>1,735</u>	<u>3,151</u>

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities revised 2005 and applicable Accounting Standards in the United Kingdom

Basis of consolidation

The consolidated accounts of the Group incorporate the accounts of the Diocese and Parishes (together "the Charity"), and subsidiary undertakings over which the Diocese is considered to exert control. These include related bodies such as Parish Social Clubs, Youth Centres and other activities where control by the Diocese can be exercised.

Collections, legacies and donations

Legacies are accounted for upon receipt.

Collections and donations are accounted for on a cash received basis, as it is not considered practical to account for offertory income on an accruals basis. Deed of covenant income and gift aid is also accounted for on a cash received basis together with any related tax credits.

Grant income

Revenue grant income is accounted for when received.

Capital grants are recognised as restricted income when received and associated costs are charged against these restricted funds.

Investment income

Income from investments is included with any related tax credit on an accruals basis.

Income from trading activities

- a) For the Charity – Income from sale of candles, votives, books, periodicals and repository goods and property rents is accounted for on a cash received basis and trading subsidiary accounts are produced on an accruals basis.
- b) For trading subsidiaries – Income has been accounted for on an accruals basis.

Funds raised

Gross income from fetes, bazaars and draws and other specific fund raising activities is accounted for on a cash received basis.

Expenditure

Amounts include direct charitable expenditure, support costs, management and administration costs and fund raising and are generally accounted for on an accruals basis. Expenditure charged includes VAT where this is deemed irrecoverable.

Grants payable

Liabilities relating to grants payable are recognised once the Charity is irrecoverably committed to the provision of the grant.

Interest payable and receivable

This is accounted for on an accruals basis.

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008

Fixed asset investments

Investments are included in the balance sheet at their market value as at the balance sheet date. Any realised and unrealised gains and losses on revaluation or disposals are combined in the statement of financial activities. Provision is made for any permanent diminution in value.

Tangible fixed assets

Churches, and certain Presbyteries and Parish Centres where these are linked to the Church, are regarded as specialist assets. These were originally valued in the financial statements at 10% of insurance restatement value, which, in the opinion of the Trustees, may be regarded as a depreciated replacement cost valuation. Additions thereafter have been valued at cost.

Depreciation is calculated to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values over the expected useful economic lives of the assets concerned. The principal annual rates and method used for this purpose are as follows:

	Rate	Method
Churches and linked Presbyteries and Parish Centres	1%	straight line basis
Equipment	25%	reducing balance basis

Profits and losses on the disposal of properties are recognised in the Consolidated Statement of Financial Activities in the year of disposal.

All additions to fixtures, fittings and other fixed assets after 6 April 1995 in excess of £3,000 are included at purchase cost less accumulated depreciation.

The Charity owns a number of works of art, including paintings, manuscripts and sculptures. All Parishes own silverware, in daily use for the purposes of the Parish, which are on display within the Diocese and Parishes. Many have been donated, bequeathed or inherited by the Diocese or Parishes. Such items are not included at any value in the financial statements because it is considered that no meaningful value can be attributed to them.

Stocks

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

Provisions

These are recognised when there is a commitment made to the incurring of expenditure.

Fund accounting

The Diocese has various types of funds for which it is responsible, and which require separate disclosure within the Group accounts. These include:

a) Endowment funds

These represent funds given to the Charity or its subsidiaries, subject to the restriction that they are held as capital. Income derived from endowment funds is included in the Statement of Financial Activities, and may be restricted to a particular purpose.

b) Restricted funds

These represent donations or legacies received which are earmarked by the donor for specific purposes; such purposes are within the overall aims of the organisation. These funds may represent capital only (where the capital must be retained) or income and capital (where the donation and income deriving from them may be utilised).

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

c) Unrestricted funds

These represent funds which are available at the discretion of the Trustee in furtherance of the objectives of the Charity and which have not been designated for other purposes.

d) Designated funds

These represent funds set aside and designated by the Trustees for specific purposes.

Taxation

The Roman Catholic Diocese of Lancaster is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Charity's subsidiary and associated undertakings are subject to corporation tax in the same way as any commercial or charitable organisation, as appropriate.

2 GROUP BODIES

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

Name		Holding	Activity
St Kentigern's Parish Centre Ltd	Subsidiary	100%	Social club/centre
St Augustine's Social Club Ltd	Subsidiary	100%	Social club/centre
St Anthony's Parish Centre Ltd	Subsidiary	100%	Social club/centre
St Joseph's Parish Centre Ltd	Subsidiary	100%	Social club/centre
Blessed Sacrament Parish Centre Ltd	Subsidiary	100%	Social club/centre
St Teresa's Parish Centre (Preston) Ltd	Subsidiary	100%	Social club/centre
St Margaret Mary's Social Club (Carlisle) Ltd	Subsidiary	100%	Social club/centre
Our Lady & St Edward's Parish Centre (Preston) Ltd	Subsidiary	100%	Social club/centre
Christ The King Parish Centre (Blackpool) Ltd	Subsidiary	100%	Social club/centre
Our Lady Star Of The Sea Parish Centre Ltd	Subsidiary	100%	Social club/centre

All the above companies are incorporated in the United Kingdom. The holding is the percentage of issued ordinary share capital

Subsidiary Trusts and Charities

The Charity has consolidated the financial statements of the following associated or subsidiary trusts and charities into these financial statements:

Catforth, Thurnham & Westby Schools Charity
Kirkham Charity for Roman Catholic Purposes
Kirkham Church of St John Charity
The Bolton-le-Sands Charity
St Joseph's Blackpool Educational Charity
R J Stephenson Charity
The Moyston Trust
Lancaster Diocesan Pilgrimage Trust
St Cuthberts Carlisle School Charity

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

3 ACTIVITIES FOR GENERATING FUNDS

	Parish Unrestricted 2008 £'000	Diocesan Unrestricted 2008 £'000	Parish Restricted 2008 £'000	Diocesan Restricted 2008 £'000	Total 2008 £'000	Total 2007 £'000
Fund raising:						
Fetes	253	11	-	-	264	356
Trading: sale of goods	7	1,511	-	-	1,518	2,048
Trading: Subscriptions	170	-	-	26	196	100
Rental income	611	90	-	10	711	730
Miscellaneous income	24	16	-	-	40	
Totals	1,065	1,628	-	36	2,729	3,234

4 INVESTMENT INCOME

	Parish Unrestricted 2008 £'000	Diocesan Unrestricted 2008 £'000	Parish Restricted 2008 £'000	Diocesan Restricted 2008 £'000	Total 2008 £'000	Total 2007 £'000
Income UK investments	253	24	-	218	495	386
Interest receivable	13	109	-	10	132	54
Totals	266	133	-	228	627	440

5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Parish Unrestricted 2008 £'000	Diocesan Unrestricted 2008 £'000	Parish Restricted 2008 £'000	Diocesan Restricted 2008 £'000	Total 2008 £'000	Total 2007 £'000
Sale of religious items	234	5	-	-	239	306
Chaplaincy work	51	4	-	-	55	62
Services provided	-	132	-	-	132	254
Grants received	-	-	-	-	-	244
Promotion of education	-	510	-	-	510	350
Provision for retired priests						26
Totals	285	651	-	-	936	1,242

6 OTHER INCOMING RESOURCES

	Parish Unrestricted 2008 £'000	Diocesan Unrestricted 2008 £'000	Parish Restricted 2008 £'000	Diocesan Restricted 2008 £'000	Total 2008 £'000	Total 2007 £'000
Gain on sale of fixed assets	829	118	-	-	947	964
Insurance receipts	30	-	-	-	30	59
Grants received	45	66	-	-	111	-
Other	106	-	-	8	114	218
Total	1,010	184	-	8	1,202	1,241

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

7 FUNDRAISING TRADING – COST OF GOODS SOLD AND OTHER COSTS

	Parish Unrestricted 2008 £'000	Diocesan Unrestricted 2008 £'000	Parish Restricted 2008 £'000	Diocesan Restricted 2008 £'000	Total 2008 £'000	Total 2007 £'000
Fund raising costs	294	1,561	-	5	1,860	2,349
Parish fund raising costs	-	-	-	-	-	78
Cost of candles , votives	92	72	-	-	164	203
Total	386	1,633	-	5	2,024	2,630

8 COST OF CHARITABLE ACTIVITIES

	Parish Unrestricted 2008 £'000	Diocesan Unrestricted 2008 £'000	Parish Restricted 2008 £'000	Diocesan Restricted 2008 £'000	Endowment 2008 £,000	Total 2008 £'000	Total 2007 £'000
Maintenance of churches and presbyteries	2,202	22	-	-	-	2,224	2,381
Depreciation	339	633	-	20	-	992	1,511
Provision of religious services and pastoral care	1,447	696	-	-	-	2,143	3,198
Education and training of priests/deacons	-	81	-	2	-	83	131
Promotion of education	-	69	-	131	313	513	116
Provision for retired priests	-	15	-	211	-	226	203
Special collections paid out	-	-	441	-	-	441	535
Donations & levies	323	362	-	-	-	685	-
Total	4,311	1,878	441	364	313	7,307	8,075

9 GOVERNANCE COST

	Parish Unrestricted 2008 £'000	Diocesan Unrestricted 2008 £'000	Parish Restricted 2008 £'000	Diocesan Restricted 2008 £'000	Total 2008 £'000	Total 2007 £'000
Audit	-	30	-	-	30	32
Accountancy	-	14	-	-	14	41
Legal & other professional fees	-	33	-	-	33	16
Bank charges	-	22	-	-	22	-
Other	-	9	-	-	9	2
Total	-	108	-	-	108	91

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

10 NET OUTGOING RESOURCES

This is stated after charging:

	2008	2007
	£'000	£'000
Depreciation on Tangible Fixed Assets	999	1,513
Auditors' Remuneration:		
Audit (Moore & Smalley LLP – formerly Lonsdale & Partners)	25	25
Other services (Moore & Smalley LLP – formerly Lonsdale & Partners)	1	2
Other auditors	5	7

11 EMPLOYEES

The average number of employees of the Central Diocesan, which excludes Clergy (see below), during the year was:-

	2008	2007
Administration Central Diocesan	6	6
Other Central Diocesan	8	8
Parochial	100	106

The aggregate remuneration paid to employees was:-

	2008	2007
	£'000	£'000
Wages and Salaries	1,548	1,665
Social Security Costs	35	43
Pension Costs	29	32
	<u>1,612</u>	<u>1,740</u>
Amounts paid to Clergy during the year	<u>213</u>	<u>243</u>

No Trustee received any remuneration during the year or previous year. Certain Trustees received allowances as serving Clergy but not in their capacity as Trustee.

5 trustees (2007: 6 trustees) received expenses to the value of £5,476 (2007: £7,845) in respect of travel and subsistence costs.

Employees include administrative staff at both Diocese and Parishes, together with associated and related entities. For this purpose Clergy are regarded as office holders and not employees. During the year one employee earned a salary in excess of £50,000 in the following ranges:

	2008	2007
£50,001 - £60,000	1	1

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

12 TANGIBLE FIXED ASSETS

GROUP	Freehold land & Buildings £'000	Fixtures Fittings & other £'000	Total £'000
Cost or Valuation			
As at 6 April 2007 (re-stated)	142,795	973	143,768
Additions	425	84	509
Disposals	(483)	(20)	(503)
As at 5 April 2008	142,737	1,037	143,774
Depreciation			
At 6 April 2007 (re-stated)	11,233	875	12,108
Charge for year	965	34	999
Eliminated on Disposal	(41)	(20)	(61)
At 5 April 2008	12,157	889	13,046
Net Book Value			
As at 5 April 2008	130,580	148	130,728
As at 5 April 2007 (re-stated)	131,562	98	131,660
CHARITY	Freehold land & Buildings £'000	Fixtures Fittings & other £'000	Total £'000
Cost or Valuation			
As at 6 April 2007 (re-stated)	142,203	949	143,152
Additions	221	17	238
Disposals	(483)	(20)	(503)
As at 5 April 2008	141,941	946	142,887
Depreciation			
At 6 April 2007 (re-stated)	11,228	855	12,083
Charge for year	964	28	992
Eliminated on Disposal	(41)	(20)	(61)
At 5 April 2008	12,151	863	13,014
Net Book Value			
As at 5 April 2008	129,790	83	129,873
As at 5 April 2007 (re-stated)	130,975	94	131,069

Properties have been valued in accordance with the Charity's stated accounting policy on the equivalent of a depreciated replacement cost valuation basis. Properties include Churches, Presbyteries and Parish Centres in use by the Diocese and Parishes and Schools premises.

Certain properties are not currently in use by the Diocese for charitable purposes and, consequently, may generate rental income. However, they may return to pastoral use at some future time and, consequently, are included as tangible fixed assets.

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

13 GROUP AND CHARITY FIXED ASSET INVESTMENTS

(a) Group listed and unlisted investments	2008 £'000	2007 £'000
Listed Equity Securities and Unit Trusts	8,233	9,606
Treasury Stocks and Gilts	2,767	2,236
Cash held as part of an Investment Portfolio	1,161	15
	<u>12,161</u>	<u>11,857</u>

(b) Group purchases, sales and net change in market value

	Market value at 5/4/07 £'000	Cost of investments purchase £'000	Proceeds of investments £'000	Change in market value £'000	Market value at 5/4/08 £'000
Equities and Unit Trusts	9,606	3,395	(3,354)	(1,414)	8,233
Other Investments	2,236	704	(219)	46	2,767
	<u>11,842</u>	<u>4,099</u>	<u>(3,573)</u>	<u>(1,368)</u>	<u>11,000</u>
Cash	15	-	-	-	1,161
	<u>11,857</u>	<u>4,099</u>	<u>(3,573)</u>	<u>(1,368)</u>	<u>12,161</u>

(c) Charity listed and unlisted investments

	2008 £'000	2007 £'000
Listed Equity Securities and Unit Trusts	8,194	9,564
Treasury Stocks and Gilts	2,767	2,236
Cash held as part of an Investment Portfolio	1,161	15
	<u>12,122</u>	<u>11,815</u>

(d) Charity purchases, sales and net change in market value

	Market value at 5/4/07 £'000	Cost of investments purchase £'000	Proceeds of investments £'000	Change in market value £'000	Market value at 5/4/08 £'000
Equities and Unit Trusts	9,564	3,395	(3,354)	(1,411)	8,194
Other Investments	2,236	704	(219)	46	2,767
	<u>11,800</u>	<u>4,099</u>	<u>(3,573)</u>	<u>(1,365)</u>	<u>10,961</u>
Cash	15	-	-	-	1,161
	<u>11,815</u>	<u>4,099</u>	<u>(3,573)</u>	<u>(1,365)</u>	<u>12,122</u>

e) Change in Market Value

	2008 £'000
Attributable to the main Charity	1,337
Attributable to Diocesan trusts	31
Total CIMV on the main group investment portfolio	<u>1,368</u>

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

14 DEBTORS

Group	2008	2007
Amounts falling due within one year	£'000	£'000
Income Tax Recoverable on Deeds of Covenant/Gift Aid	429	381
Sundry Debtors	224	653
Prepayments and Accrued Income	170	147
Loans to Clergy and Others	5	15
Amounts falling due after more than one year		
Due from START	500	500
	1,328	1,696
Charity	2008	2007
Amounts falling due within one year	£'000	£'000
Income Tax Recoverable on Deeds of Covenant/Gift Aid	429	381
Sundry Debtors	309	216
Prepayments and Accrued Income	137	148
Loans to Clergy and Others	5	15
Amounts falling due after more than one year		
Due from START	500	500
	1,380	1,260

The amount due from START is repayable within the next 5 years but, at that time, may be subject to renegotiation. Between April 2003 and October 2005 the Diocese, owner of the freehold of Cardinal Newman College Preston, sold its former gym for £506,000 and reinvested the proceeds into the costs of construction of a new Multi Faith community and sport facility, the St Augustine's Regeneration Trust ('START') on the site of a former listed church in Preston. START is a separate charity in which the Diocese holds an interest of 1/3. The Diocese also granted a loan of £500,000, gave a 60 year rent free lease, and provided a letter of comfort to the bank for £.75 million (subsequently increased to £1.2 million although reliance is now beneath the £.75m). Discussions are underway to sell or refinance START, but should it fail the 60 year lease reverts to the Diocese which together with the freehold is valued at a minimum of £2m.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2008	2007
Amounts falling due within one year	£'000	£'000
Bank Overdraft	3	160
Trade Creditors	172	159
Other Creditors	84	284
Other Taxation and Social Security	-	48
Accruals	73	31
	332	682
Charity	2008	2007
Amounts falling due within one year	£'000	£'000
Trade Creditors	10	37
Other Creditors	519	1,208
Accruals	72	113
	601	1,358

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

16 GROUP FUNDS

Permanent Endowed funds	Opening balance	Incoming resources	Gains/losses on investments & transfers	Closing balance
	£'000	£'000	£'000	£'000
St. Joseph's Educational Charity	313	-	(313)	-
Lancaster Capital Common Investment Fund	306	-	-	306
	<u>619</u>	<u>-</u>	<u>(313)</u>	<u>306</u>

The Lancaster Capital Common Investment Fund represents the endowment fund held by the Charity. As a direct result of the further scheme of the Charity Commission dated 2 May 2000, as mentioned earlier in the Trustees' Report – Investment Powers, the Trustees have transferred a portion of general reserves and reclassified these as an endowment fund "Lancaster Capital Common Investment Fund".

Following receipt of the Charity Commission order dated 8 April 2008, the Trustees have applied the £312,798 "endowment funds" in repayment of debt incurred on the amalgamation of St Joseph's College with Layton Hill Convent to form St Mary's Blackpool. All other general funds have been either expended in the redemption of the balance of the amalgamation debt or in accordance with the Charity's education objectives.

17 GROUP AND CHARITY RESTRICTED FUNDS

	Opening Balance (re-stated) £ 000	Incoming Resources £ 000	Resources Expended £ 000	Transfer Between Funds £ 000	Unrealised Gains on Investments £ 000	Closing Balance £ 000
Diocesan						
Ecclesiastical Education Fund	3,212	439	(133)	25	(264)	3,279
Poor Missions Fund	1,128	68	-	(115)	(115)	966
Sick and Retired Priests Fund	4,930	362	(247)	*(278)	(273)	4,494
Funds for Overseas Missions	58	1	-	-	-	59
Sundry Funds	37	7	-	(24)	-	20
	<u>9,365</u>	<u>877</u>	<u>(380)</u>	<u>(392)</u>	<u>(652)</u>	<u>8,818</u>
Parishes						
Retained by Parishes	569	-	-	-	-	569
Special Collections		657	(441)	(176)	-	40
	<u>9,934</u>	<u>1,534</u>	<u>(821)</u>	<u>(568)</u>	<u>(652)</u>	<u>9,427</u>

*Includes £400K unrealised gain on properties transferred to the Sick & Retired Priests Fund from Central Diocese in settlement of an inter-departmental balance.

The specific purposes for which the funds are to be applied are as follows:

Ecclesiastical Education Fund – Training of priests and deacons of the Diocese
 Poor Missions Fund - Support of poor parishes of the Diocese
 Sick and Retired Priests Fund - Financial and medical care of sick and retired clergy of the Diocese
 Funds for Overseas Missions - Support for overseas missions at the discretion of the Bishop
 Sundry Funds - For the purposes of those funds

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

18 GROUP AND CHARITY UNRESTRICTED FUNDS

	Opening Balance £'000	Incoming Resources £'000	Resources Expended £'000	Transfers & adjustment £'000	Closing Balance £'000
Designated funds:					
Evangelisation	306	4	(8)	4	306
Newbridge House donation	135	3	-	4	142
Vocations	39	1	-	1	41
	<u>480</u>	<u>8</u>	<u>(8)</u>	<u>9</u>	<u>489</u>

Other charitable funds and revaluation surplus

Group	Revaluation Surplus £'000	Other Funds £'000
At 6 April 2007 (re-stated)	123,409	12,010
Net Movement in Funds		1,212
Transfer - designated funds		(9)
Transfer - endowed funds		313
Decrease in Restricted Funds		507
Transfer from Revaluation Reserve to other Charitable Funds	(1,267)	1,267
At 5 April 2008	<u>122,142</u>	<u>15,300</u>

Charity	Revaluation Surplus £'000	Other Funds £'000
At 6 April 2007 (re-stated)	123,409	10,415
Net Movement in Funds		1,751
Transfer - from designated funds		(9)
Decrease in Restricted Funds		507
Transfer from Revaluation Reserve to other Charitable Funds	(1,267)	1,267
At 5 April 2008	<u>122,142</u>	<u>13,931</u>

19 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances are represented by:-	Total Funds £'000	Endowment funds £'000	Restricted Funds £'000	Unrestricted Funds £'000
Tangible fixed assets	130,728	-	1,944	128,784
Investment assets	12,161	306	5,427	6,428
Current assets	5,107	-	2,056	3,051
Total liabilities	(332)	-	-	(332)
Total net assets at 5/4/08	<u>147,664</u>	<u>306</u>	<u>9,427</u>	<u>137,931</u>

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

20 CONTINGENT LIABILITIES

In the opinion of the Trustees there were no contingent liabilities in existence, other than in the normal course of the activities of the Charity, as at 5 April 2008 or at 5 April 2007.

21 RELATED PARTY TRANSACTIONS

Due to the nature of the Charity's operations and the composition of the Trustee body, it is inevitable that transactions will take place with organisations in which a member of the Trustees may have an interest. Such transactions involving organisations in which a member of the Trustee body may have an interest are conducted at arm's length.

Following his appointment as Bishop of Lancaster in July 2001, Right Reverend Patrick O'Donoghue holds positions on non-Diocesan bodies, including Ushaw College.

The Diocese holds one of nine £1 ordinary shares issued by Inter-Diocesan Fuel Management Limited (IFM), a company set up in conjunction with eight other dioceses in order to obtain competitively priced energy for diocesan properties. The profits of the company are covenanted to the participating dioceses under Deed of Covenant. The majority of all fuel payments are made through the IFM bulk buying scheme.

At 5th April 2008 an amount of £92,456 was owing to the Diocese from IFM in respect of over paid contributions and is disclosed in the accounts under other debtors.

At the 5th April 2008 an amount of £ £71,994 was owed to IFM from individual Parishes and other bodies in respect of fuel charges and is disclosed under other creditors

22 EXCEPTIONAL ITEMS

Following an extensive review of fixed assets of the Charity, it was discovered that depreciation had been over-estimated in previous years due to both the method of calculation adopted and class of asset to which depreciation was applied. As a result depreciation had been over estimated by a total of £424,751 which has been deducted from the current year depreciation charge. Without this adjustment the current year charge for the Charity would have been £1,417,482 rather than £992,731 as disclosed in the charity SOFA.

23 PRIOR YEAR ADJUSTMENT & OTHER RE-STATEMENT OF PRIOR YEAR FIGURES

Following an extensive review of fixed assets of the Charity, it was discovered that a number of long standing property assets, mainly churches, presbyteries and halls, with a value of £393,000, had not been brought into the Charities financial accounts. As these assets have been owned for many years they have been brought into the financial accounts by restating the figures for the year ended 5 April 2008.

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

23 PRIOR YEAR ADJUSTMENT & OTHER RE-STATEMENT OF PRIOR YEAR FIGURES (CONTINUED)

The effects on the financial statements for the year ended 5th April 2007 are set out below:

Charity	<u>2007</u> <u>£'000</u>	<u>adjustment</u> <u>£'000</u>	<u>re-stated</u> <u>£'000</u>
Fixed assets	130,676	393	131,069
Net assets	144,151	393	144,544
Charity funds brought forward 5/4/06 (SOFA)	141,318	393	141,711
Total of reserves at 5/4/07	144,151	393	144,544
:			
Group	<u>2007</u> <u>£'000</u>	<u>adjustment</u> <u>£'000</u>	<u>re-stated</u> <u>£'000</u>
Fixed assets	131,267	393	131,660
Net assets	146,059	393	146,452
Charity funds brought forward 5/4/06 (SOFA)	142,901	393	143,294
Total of reserves at 5/4/07	146,059	393	146,452

24 OTHER ADJUSTMENTS – RESERVES BROUGHT FORWARD

Reserves brought forward at 5/4/07 have also been restated due to the allocation between restricted and unrestricted balances being incorrect. The effect on the financial statement is set out below:

Charity	<u>2007</u> <u>£'000</u>	<u>PYA</u> <u>adjustment</u> <u>(see above)</u> <u>£'000</u>	<u>Adjustment</u> <u>£'000</u>	<u>Re-stated</u> <u>£'000</u>
Balance sheet:				
Capital & reserves:				
Restricted funds	10,126		(192)	9,934
Other charitable funds	9,830	393	192	10,415
SOFA				
Funds brought forward 5/4/07				
Unrestricted - Parish	18,598		192	18,790
- Diocesan	115,121	393		115,514
Restricted - Parish	4,561		(3,992)	569
- Diocesan	5,565		3,800	9,365
Endowed Funds	306		-	306
Total	<u>144,151</u>	<u>393</u>	<u>-</u>	<u>144,544</u>

Lancaster Roman Catholic Diocesan Trust

Notes to the financial statements for the year ended 5 April 2008 (Continued)

24 OTHER ADJUSTMENTS – RESERVES BROUGHT FORWARD (CONTINUED)

Group	<u>2007</u>	PYA adjustment	<u>Adjustment</u>	<u>Re-stated</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance sheet:				
Capital & reserves:				
Restricted funds	10,126		(192)	9,934
Other charitable funds	11,425	393	192	12,010
SOFA				
Funds brought forward 5/4/07				
Unrestricted - Parish	18,585		192	18,777
- Diocesan	116,729	393		117,122
Restricted - Parish	4,561		(3,992)	569
- Diocesan	5,565		3,800	9,365
Endowed Funds	619		-	619
Total	<u>146,059</u>	<u>393</u>	<u>-</u>	<u>146,452</u>