

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
5 APRIL 2017**



Registered charity number 0234331

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
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Contents

Trustees and advisors	3
Report of the trustees	4
Independent auditor's report	14
Consolidated statement of financial activities	16
Charity statement of financial activities	17
Consolidated & charity balance sheets	18
Consolidated cash flow statement	19
Notes to the financial statements	20

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017

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 by the Holy See 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.

Address

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

Trustee

The sole trustee is the Lancaster Roman Catholic Diocesan Trustees Registered a body incorporated under the Charitable Trustees Incorporation Act 1872 (now Part 12 of the Charities Act 2011).

The individuals appointed to the corporate trustee body and known as trustees are:

Who served during the year

Right Rev M Campbell, Bishop of Lancaster
Reverend J Allen (resigned 8 July 2017)
Mr J Bleasdale (resigned 3 March 2017)
Mr P Briers
Mr M Callagher
Rev Canon D Cooper
Rev Canon H Doyle
Mr M Forrest
Reverend Canon P Hart
Mr P Lovell (resigned 1 September 2017)
Rev F Olaseni (appointed 28 March 2017)
Rev T Sullivan
Sister R Thomas
Rev A Walsh (resigned 1 May 2016)
Miss N Wisdom

Appointed after the year end

Miss A Goddard (4 April 2017)

Resigned after the year end

Reverend J Allen (8 July 2017)
Mr P Lovell (1 September 2017)

Financial Administrator

Reverend Canon P Hart

Secretary

Reverend R Billing

Auditors

MHA Moore & Smalley
Richard House
9 Winckley Square
Preston
PR1 3HP

Solicitors

Blackhurst Swainson Goodier
3 & 4 Aalborg Square
Lancaster
LA1 1GG

Investment managers

Quilter Cheviot
One Kingsway
London
WC2B 6AN

Bankers

HSBC Bank plc
35 Market Street
Lancaster
LA1 1JQ

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017

REPORT OF THE TRUSTEES

Aims and objectives

The principal purpose of the charity is the furtherance of the 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, the principal objectives of 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.
- 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.
- Such charitable purposes as shall advance the religious and other charitable work of the Diocese as the trustees with the approval of the Bishop shall from time to time think fit and if at any time the Diocese shall cease to exist or there shall cease to be any religious or other charitable work carried on by the Diocese then for such other lawful charitable purposes connected with the advancement of the Roman Catholic religion as the trustees shall determine.

Organisation, governance and decision-making

The Diocese of Lancaster has 87 parishes with regular services which are available in over 100 churches and chapels and 82 schools throughout the whole of the county of Cumbria and those parts of Lancashire, north of the River Ribble and the west of the Pennines. The communities served by the charity are quite diverse, and include towns/cities in Cumbria such as Barrow, Workington, Carlisle and Whitehaven, the whole of the Lake District. In urban areas, parishes might be just a few square miles in size, whereas in the more rural parts of Cumbria parishes can be 200+ square miles. In Lancashire the coastal resorts of Blackpool and Morecambe fall within our boundaries, as does the city of Preston.

Although a clear structure of accountability and authority exists within the Catholic Church, as far as possible, day-to-day decision-making and actual pastoral practice takes place at local level in accordance with diocesan policies and wider Church beliefs. Individuals are encouraged to be involved with the delivery and planning of the services that our parishes provide to local communities. Parishes are, for example, expected to have various committees to advise priest-leaders on finance and property as well as the care of the charity's beneficiaries. As there are declining numbers of priests in this country, local communities are increasingly taking a greater responsibility in the running of their parishes. Whilst the trustees of the charity have overall responsibility in civil law matters, many of these local committees are constituted in Church Law, and act in an advisory capacity to Parish Priests/Priests in Charge; however their work to support their Parish Priests/Priests in Charge and the trustees in their own responsibilities is invaluable.

Meetings of the board of trustees, at which the operation of the charity is discussed, are held every two months. Although overall governance is vested with this body, its decision-making is informed by the work of sub-committees through their monthly reports. Trustees play a significant role on each of the charity's main sub-committees. The trustees have reviewed the Terms of Reference of both the Property and Finance Committees with some additional authority delegated to each, particularly in the area of property maintenance work approvals. Additional authority has been delegated to these two committees to free up time in the meetings of the Board of trustees to allow more time to be spent on strategic matters.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017

REPORT OF THE TRUSTEES

The principle sub-committees are:

Finance Sub-Committee

This committee, which is supported by a Certified Accountant who is a diocesan officer, monitors the day to day financial activities of the charity, particularly its liquidity and financial health, setting and controlling the central diocesan budget, and monitors delegated expenditure by parishes (up to £5,000 per project or item). The diocesan office, that this committee supervises, processes most of the charity's Gift Aid claims and the 'annual returns' submitted from parishes and other bodies; these are then consolidated into these main charity accounts. The charity's strategies against fraud (and possible bribery) also sit with this committee. The committee does not of itself currently have delegated spending powers; it is also responsible for liaising with the charity's external auditors. From November 2015 the Finance Committee in conjunction with the Property Committee is delegated to approve expenditure on individual property maintenance projects costing up to £25,000. Both committees must agree otherwise the matter is to be referred to the board of trustees.

Property Sub-Committee

The committee is supported by a qualified surveyor, who is also a diocesan officer, examines and makes judgment on the appropriateness, and the value for money of, property projects submitted by the trustees, or parishes of the diocese. Again, parishes must come to the trustees with any projects over £5,000 in value. The committee also examines proposed leases, and land sales or purchases in accordance with best practice and Charity Law. Currently, all proposed leases (and projects over £5,000) are ratified by the full trustee body. From November 2015 the Property Committee in conjunction with the Finance Committee is delegated to approve expenditure on individual property maintenance projects costing up to £25,000. Both committees must agree otherwise the matter is to be referred to the board of trustees.

Investment Sub-Committee

Members are drawn primarily from the finance sub-committee and the diocesan Faith and Justice Commission, and this sub-committee is responsible for setting policy and monitoring performance of the charity's investments, most of which are designated to individual parishes, but are under the control of the charity in civil law. The portfolio of investments is managed externally by Cheviot Quilter. The charity was one of the first Catholic dioceses to introduce an ethical and socially responsible investment strategy, and it uses an ethical screening service to this end. The portfolio manager issues a quarterly report of investment performance and an ethical screening report twice yearly as well as meeting face-to-face annually. The charity is a member of the Church Investors Group (CIG), a collective of faith-based investors seeking to pro-actively engage with companies regarding their own corporate and social responsibilities, rather than just simply avoiding investing in them.

Board of Education and Formation

This body has a wide remit for organizing, managing and monitoring the Diocesan Education Services which the diocese provides, particularly in regard to the schools which the diocese operates as part of the voluntary sector. Three trustees presently sit on this committee, together with a number of professionals with experience in the education of young people and adults. The committee also receives reports on the work of the diocesan Education Service which provides our schools with support and training for teachers, leadership teams and also governors. The diocese has established a 'support academy trust' for the purpose of overseeing educational standards, governance and financial management in academies. The trustees have decided that the Board of Education and Formation will hold the portfolio for managing academies in the diocese. At any given time, more than 25,000 young people are on our school role.

School Buildings Committee

This monitors the repair and development budgets for school buildings in the diocese, which are part of the voluntary sector. In the voluntary sector, building work is commissioned by the governors/schools with the State paying up to 90% of eventual costs in grant-aid. This is provided in the form of an annual budgeted amount of 'LVCAP' money, which is then bid for by schools through a local committee process, aided by a professional, so as to prioritise projects according to need, and to ensure best value for the taxpayer.

Diocesan Youth Service Management Group

Currently two trustees serve with others on this committee which oversees the direction and management of our Diocesan Youth Service. Youth Service staff co-ordinate and train volunteers in the parishes, and assist with the organisation of events for young people, including the diocesan pilgrimage to Lourdes where our youngsters learn to work with elderly, sick and disabled individuals and groups. The residential diocesan youth centre at Castlerigg in Keswick, which has been open for more than 40 years, draws together young people from schools and parishes from all over the Diocese and beyond – supporting both Catholics and those not of our tradition alike. The centre helps educate young people in order to develop their physical, mental, moral and spiritual abilities so that they grow up to

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
REPORT OF THE TRUSTEES

enable them to contribute positively to society as well as helping them achieve their potential as human beings. During this financial year the diocese has commissioned substantial upgrading of the facilities for young people at the diocesan residential centre. These will make the young people's stay at the centre more enjoyable and the working environment for the team more effective

Health and Safety Committee

The trustees have now constituted a health and safety sub-committee which will ensure that their statutory duties under the Health and Safety at Work Act 1974 and other relevant statutory instruments are met within the Diocese of Lancaster. It will represent the diocese on health and safety and act to protect the health and safety of the clergy, diocesan employees and other people who might be affected by their business within the Diocese of Lancaster. A comprehensive computerised system is being introduced across the diocese for the evaluation, monitoring and reporting of health and safety at each "site" operated. Training and health and safety advice and support is provided with this system.

See below for information on other diocesan commissions and agencies.

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 are appointed with a view to the overall needs of the Diocese, and also taking into account their skills and backgrounds. 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. Trustees are not expected to have knowledge of all the operations of the charity upon appointment, but will learn about these through the way trustees' meetings are conducted as well as by serving on sub-committees. The responsibilities of trustees in law are clearly explained on the Charity Commission website, and training opportunities are offered as appropriate; though it is appreciated that many trustees are already in full-time employment.

The central administration of the charity has paid qualified staff supporting the work of the trustees. There are also a large number of volunteers working at every level within the charity, many of whom have considerable professional experience. We estimate (broadly) that volunteers provide a full-time equivalent of 75 employees, representing a donation of time equivalent to at least £1.5m throughout each year.

Subsidiary entities

The charity has a number of subsidiary charities and limited liability companies that it controls. Details of these are given in note 2. The subsidiary charities have similar aims to those of the Diocese of Lancaster. The limited companies carry out trading activities mainly that of social centres and clubs. The financial results of all of these subsidiary entities are consolidated into the group accounts.

Investment powers, policy and performance

The trustees' investment powers are governed by the Trustees Act 2000. By an Order of the Charity Commission dated 10th January 1996, the trustees were empowered to delegate certain management and dealing authority to their investment manager Quilter Cheviot. Investments generally comprise a mix of UK FTSE 350 equities, UK gilts, cash and unit trusts. Individual investments conform to the Trustees Investment Policy which includes criteria established in accordance with the Diocesan Ethical Investment Policy which is reviewed regularly. The return on investments in recent years has been good when considered against comparable benchmarking. The trustees are satisfied that the capital performance and income generated are more than satisfactory and meet our current needs and strategies.

It is noted that bank interest on cash balances has remained at an historic low for a period of years. As the charity is a net 'saver' rather than 'borrower' this has impacted on income generation from investments and reserves. The charity, however, has continued to perform relatively well.

Planning for the future

In line with many other Catholic dioceses in England and Wales, the charity is facing the issue of how best to deliver its services for stakeholders against the backdrop of declining numbers at church. Buildings for worship were often constructed in years gone by when demographics were quite different to today and when the principles of design were also quite different.

Our church buildings and parish communities have a special place in the hearts of many Catholics; therefore the capacity to adapt to changing circumstances does not always come easy, and the Bishop together with the trustees recognise this when plans for the future are being considered. An important strategic review document, formed after extensive consultation, 'Fit for Mission?' remains the blueprint for many of the changes that necessarily have to take place.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
REPORT OF THE TRUSTEES

Our schools however remain popular, with overall pupil numbers broadly static. Many of our schools serve areas of relative social deprivation. We also have well-used church halls across the diocese, many of which are used by the wider community for non-religious use.

Review of activities – general

The activities of the charity are carried out in three main areas: parishes, schools and diocesan. All are directed towards promoting the Faith and spreading the Word of God. Although most direct contact with beneficiaries is via parishes and schools there is a significant amount provided by the diocese which also provides support to the schools and parishes. It is difficult to quantify the Spiritual "success" of these activities but most parishes remain well supported despite the overall decline in Mass attendance and the number on roll at schools remain high. It is also difficult to gauge the financial benefit of activities. How can the "success" of rich and poor parishes be compared?

Review of activities - parishes

Most of the charity's beneficiaries' contact with the charity is at local level; that is our parishes. The reach and impact of parish ministry includes contact with people in schools, hospitals, higher education establishments and prisons. As well as religious services, parishes provide many additional activities including youth groups, social groups, and important support for some of the most vulnerable in our society.

Practical support for those in need, both at home and abroad, feature prominently in the regular activities of many parishes. Although many parish activities nourish those who attend church or are closely connected to it, the evangelising nature of the Gospel imperative and the call to service mean that our parishes are also outward-looking communities with a sense of contributing to the common good of the wider community and building-up 'social capital'.

Parishes have a degree of autonomy within the charity, not least because locally delivered services are best planned and delivered by local people. Each parish has its own bank account and is responsible for its own income and expenditure, according to the principle of subsidiarity. Financial records are also kept locally, with annual returns being submitted. Independent Financial Examiners are appointed in each parish and a number of parishes are randomly selected for more detailed external audit each year. All bank balances and account transactions can be viewed centrally for monitoring purposes, with an alert system in place for any unusual or significant transactions.

There are around 68 priests working in the diocese, together with 11 priests on loan to us from elsewhere. We have approximately 37 retired priests for whom we care. Some priests and sisters from religious communities have a presence in the diocese, either working with the charity or doing similar work under their own auspices.

The Diocese has undertaken a number of initiatives to welcome more religious priests and sisters to minister in our community. Their presence in the Diocese adds a new and vibrant element which will be beneficial to the Diocesan Family. Any overseas religious coming to the Diocese comply with all immigration and safeguarding requirements.

The diocese is aware that immigration is an important national issue, and always seeks, as a recognised Level 1 Sponsoring Body, to only invite an appropriate number of individuals into the country. These have clearly defined religious roles and the diocese undertakes to provide for their upkeep. Thanks are due to the United Kingdom Visa and Immigration Office for the role they play. It should be noted that such invitations are to complement the work done by indigenous priests and religious communities, not replace it. Our strategy for promoting vocations to priesthood remains at the forefront of our minds, though it is recognised that this 'career' does not fit neatly into usual 'recruitment' models or remuneration packages.

A number of parishes were linked or merged this year as part of a longer-term strategy of pastoral sustainability.

Review of activities - diocese

In addition to the principal trustees' sub-committees listed above, diocesan structures exist to support and implement the decisions of the trustees generally, and the Bishop specifically. These include a range of committees, service delivery bodies, advisory boards and commissions to provide assistance to the Bishop in his ministry of oversight and service within the diocese. There are also a number of funds managed at diocesan-level for the general benefit of the diocese as a whole; these include:

Faith & Justice Commission

The commission works with parishes, schools and youth groups throughout the diocese in promoting justice and peace issues, particularly in raising awareness and encouraging involvement with these. Significant emphasis is placed on a greater understanding of world development. The commission organises conferences and produces regular newsletters for the people of the diocese. A part-time worker is employed to support this work.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
REPORT OF THE TRUSTEES

Safeguarding Commission

The diocese and its trustees are committed to safeguarding children, young people and vulnerable adults in accordance with civil and national Church guidelines. The Lancaster Safeguarding Commission promotes good working practise in the diocese amongst those whose ministry or service brings them into contact with children, young people and vulnerable adults. The commission ensures that any allegations made against clergy or laity in a faith-related setting are properly investigated in consultation with the appropriate statutory authorities. It also oversees the creation and continuation of a safe environment throughout the diocese. Each parish has one or more safeguarding representatives. A Trustee attends meetings of this group.

Sick & Retired Priests Fund

The diocese 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 also provided for. The fund provides a discretionary retirement grant for priests no longer in active ministry, and a home where needed. Some retired priests are able to continue serving the diocesan community in a reduced role providing occasional help. The fund provides support for some retired housekeepers and also manages residential properties for retired clergy situated in the diocese.

Whilst many priests generously continue to serve past conventional retirement age (75 for clergy in Church Law), we do have an increasing number of those retired due to longevity of life and medical advances. Care of these priests is included as an integral part of the diocesan Trust Deed.

A comprehensive review of the provision for sick and retired priests is has been commission by the Trustees and will report in May 2017.

Ecclesiastical Education Fund

This (restricted) fund provides financial support for the selection and formation of students preparing for the Priesthood and for the Permanent Diaconate in the diocese. Currently we have three students in training for the Diocesan Priesthood. It also supports ongoing formation of the clergy, and provides for priests undertaking postgraduate studies in the UK or abroad. The fund also supports the Vocations Directors for Priesthood and the Permanent Diaconate and their teams in the work of promoting vocations.

Lancaster Diocesan Pilgrimage Trust

The Pilgrimage Trust oversees the annual diocesan pilgrimage to Lourdes for the sick and disabled pilgrims and their families. The pilgrimages are extensively supported by the young people and volunteer medics and carers of the diocese who assist in the care and 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" religious denomination (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 above, sit comfortably within the Charity Commission guidelines.

Many parishes have outreach groups/activities committed to actively working for the needy in their locality. As far as is possible, practical help is given at the point of need, rather than to schemes and projects, though the latter often happens also. Many parishes in urban areas are now involved with local food banks.

International aid also features in the activities of many parishes, usually using existing recognised charities established for this purpose (e.g. CAFOD), or through religious orders who have people on the ground to ensure that aid is used for the purpose it is given and not subject to corrupt practises locally. Some parishes have formal links with the projects they support and this ensures good communication and education about the issues facing people in difficult situations abroad.

It should also be recognised that well over 1000 weekly visits are made to the elderly in their homes throughout the year. We also have teams of chaplains working in hospitals (often on 0.2 of a post) and other healthcare facilities; with many of the clergy working in these places offering a round-the-clock availability throughout the year. These are usually helped by volunteer visitors.

One of the principle activities within each parish is the celebration of Mass by the parish priests. Approximately 17600 attend Sunday Mass within our Diocese. But parish priests do far more than celebrate Mass: they are active leaders in

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017

REPORT OF THE TRUSTEES

our communities and many of our clergy are involved with people at important times of their lives, such as births, marriages and bereavement. Although a church service may take only one hour, this is usually preceded by several hours of contact and preparation with those concerned. Most clergy are involved in personal counselling, even if informally; others have trained to use sign-language to provide spiritual support to those who have serious hearing impairments.

There is clear evidence that the majority of our schools - which are open to non-Catholics as well as Catholics - produce good results, both academically and socially. Although our schools are denominational in nature, OFSTED reports often comment on their positive achievements in areas of social inclusion, community cohesion, mutual respect and understanding, and promoting citizenship. Faith groups also provide important support and anchor points for persons who are new to the country.

One of the strengths of church communities is that they provide community 'anchor-points'; this often includes the church building itself, which has sometimes been used by generations of the same family. Of its nature, the Church does not only look after its 'own', but serves the wider locality; it is difficult to gauge the full amount of social investment that is accumulated from the efforts of people of faith, not least because they often do their work deliberately un-noticed and un-sung. We know that many parishioners are involved in other local charitable endeavours which may or may not have any faith connection.

The stability of parish life is important in a changing world, but that does not mean that local communities are not responding to changing times. Some youth groups, for example have been around for many years with in-flow and out-flow of young people; other activities for young people are established in the knowledge that they will have a time-span to serve a particular group of young people, who will inevitably move on to other things as they get older or move to university.

It is worth mentioning that many church communities collaborate with other non-Catholic church communities in social projects, so that the interaction generated avoids duplication and best allows delivery of a quality service. One such project includes the 'Street Pastors' initiative which puts volunteers on the streets of cities and towns at night to coincide with young adults social activities. The initiative not only provides a listening-ear, but often helps people get home more safely, and also frees-up the emergency services to deal with more pressing matters – such initiatives are always done in partnership with the local authority and the Police.

Our Lake District churches and youth centre serve people who come to the area for recreation. Similarly, those coming to seaside resorts such as Blackpool and Morecambe, often come to services during their stay and receive hospitality.

Charitable objectives

The principal objectives of the charity are the provision of churches, religious services, halls, welfare of clergy, relief of poverty and education. The days of diocesan expansion through construction of new church buildings are all but over; these days the challenge is to keep existing places of worship open in the context of declining worshippers and fewer clergy. Creative twinning or merging of parishes is an on-going process, led by the diocesan bishop, who has the primary responsibility for the conduct of public religious worship. It is also true that use of motor vehicles generally aids mobility, and facilitates journeying to other Catholic churches further afield; this being said, there is still great loyalty to local parishes. During this financial year the construction of a church, which is also used as social space, in Carlisle was completed. A few church buildings closed. These developments are reflected in fixed asset values in the accounts.

The charity continues to respond to developments in education. Our 11 secondary schools and 70 primary schools, some of which are in socially deprived areas, are run by good staff and are overseen by volunteer governing bodies. Generally, OFSTED reports are very positive with some outstanding schools being identified, or good schools with some outstanding features. The provision of an academy support trust, and close liaison with local authorities by the Diocesan Education Service helps to ensure that our faith-led education sector keeps up with change and is able to respond to developing needs quickly.

Our diocesan priests are required to take on more work as their numbers decline. The boom years for clergy were the 1960's and early 1970's. Since then the ratio of priests to people nationally has returned to where it was for much of the late 1800's and early 1900's (that is 1:750). However, we now have more churches open than 100 years ago, all of which need staffing (even if part-time). In common with other dioceses and denominations, clergy are developing new ways of working to ensure the provision of quality and quantity of worship and pastoral services to our beneficiaries, which includes an ever greater use of lay leadership and deacons. At the same time, our clergy are to be commended, that they have not withdrawn from other areas of pastoral ministry to prisons, hospitals and schools for example.

Serious incident reporting No new serious incidents have been reported this last year.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017

REPORT OF THE TRUSTEES

Review of financial performance

The group (including social clubs) reported a surplus of £3.69m for the year, including £2.21m surplus on the sale of land held by a subsidiary trust; the charity (parishes and central diocese only) a surplus of £1.52m. There was a substantial increase in the market value of investments with an increase in group value of £1m and values continue to fluctuate post year end. The market value of group investments at 5 April 2017 was £26.3m.

At the end of the financial year, the diocese had net positive credit bank balances of £12m, including cash balances of £1m held as part of the investment portfolio.

The following is a summary of the financial performance of the Diocesan charity for the last five years:-

	2013	2014	2015	2016	2017
	£000	£000	£000	£000	£000
			(re-stated)		
Net results of the charity	(5)	623	2,380	626	1,524
Gains/losses on investment	2,656	2,276	1,920	(1,181)	990
Net movement in funds	<u>2,651</u>	<u>2,899</u>	<u>4,300</u>	<u>(555)</u>	<u>2,514</u>

Total charity funds at 5 April 2017 were £73.9m (2016 £71.4m) and total group funds were £77.6m (2016 £72.9m).

Income

Total charity incoming resources were £9.97m (2016 £8.97m) and the charity generated a surplus on activities of £1,524k compared with a surplus of £626k in 2016. There was a significant increase on the value of investments and the unrealised gain on these for the charity was £0.99m (2016 loss £1.18m) resulting in total fund movement (increase) of £2.51m (2016 decrease £555k). Gains on sale of assets increased from £254k in 2016 to £1.5m. There has been an overall decline in voluntary income streams of the charity with the total of donations and legacies decreasing from £4.92m to £4.76m. Income from Charitable Activities has shown an overall slight increase overall from £1.70m to £1.74m. This income includes insurance claims which are lower as the previous year included the effects of damage caused by Storm Desmond in December 2015. Grant income has increased from £191k to £418k.

Mass offertory collections were unchanged in a total at £2.55m, though the long term trend is a decline in this income which reflects the trend of decline in Mass attendance.

Based on the latest available Mass attendance figure of approximately 17,600 (previously 18,400) persons per week, average giving is £2.78 per head per week (52 weeks), before Gift Aid, and not including other donations. The average per head giving figure for 2016 was £2.66.

As the name suggests, 'voluntary donations' or 'donations' are at the discretion of the donor, and at the present time pushing for more, especially in poorer communities might be deemed inappropriate. However the trustees note that other charities have had to respond to drops in their income by developing new methods of fundraising. The scope for this within church on a Sunday is limited, but a possible fundraising initiative in the future might be adopted.

Thanks are due to our parishioners and other donors for their continued and generous support.

Income from stock and share investments has decreased. Bank interest rates remain at all-time lows and future interest receipts are expected to continue to fall.

Trading/cost of raising funds

The trustees do not consider that the charity has any trading income and that any sale of goods etc is from charitable activities and such activities are fund raising and not trading. Such income only forms a small part of the charity's total income. Although the charity has used the standard SORP heading "Other trading activities" which include "social clubs" and "fund raising – fetes etc", the income from these is not trading income. The trading of parish centre bars and proprietary parish clubs is operated through separate limited companies the results of which are consolidated in the group accounts.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
REPORT OF THE TRUSTEES

Donated goods form only a very small amount of charity income, although there is no practical method of valuing donated goods, but the total value of these is not expected to be significant. Many of these would be given as raffle prizes.

Expenditure

Resources expended by the charity increased from £8.34m in 2016 to £8.43m in 2017. The increase is mostly related to the provision, including repairs and maintenance, of places of worship and other buildings. Such costs have increased from £3.64m to £4.08m with a substantial amount of this increase being due to work funded by grants received which are included within income.

The two highest areas of expenditure are the provision of places of worship & ancillary buildings at £4.08m (£3.64m 2016), a significant number of which are listed buildings, and the provision of religious services and pastoral care at £2.18m (£2.32m 2016). These two cost headings account for approximately 74% (2016 70%) of total expenditure of the charity and equate to roughly two thirds of the total income of the charity.

Generally there have not been any significant fluctuations in individual heads of expenditure. During the year the trustees again approved several schemes for more efficient church heating systems. The age and listed status of many of our properties mean that locally installed renewables, such as solar power are not often possible to consider.

The charity rarely makes external grants from central diocese; however parishes have a degree of discretion in supporting local causes. Those organizations supported by central diocese include ecumenical partnerships, £12k, and for the structures of the Catholic Church nationally, £66k. Total of grants, donations and levies for the charity as a whole amounted to £591k (2016: £720k)

Staff costs

No employee within the charity received remuneration over £60,000. No trustee received payment (for services as a trustee, though clergy trustees receive payments as office holders). We employ professional persons, as senior management, to work in the central administration of the diocese in the areas of: financial management, property management, safeguarding and education. These professional staff and their support staff represent fewer than ten persons (full-time equivalent) with remuneration (including pension and National Insurance cost) at circa £248k (2016 £264k).

Again, it should be noted that some of our management, and most of the charity's governance, is by the efforts of volunteers, many of whom have a lifetime of experience in their given field. This applies to the main trustee body, principal sub-committees and also often at parish level.

Total staff costs for the year was just over £1m (2017 £1.08m) with the majority of staff engaged at parish level. Staff costs are showing a decreasing trend. A total of £292k was paid to clergy as office holders in active ministry (2016 £316k).

Staff pay is determined by the trustees for those staff not engaged at parish level. The trustees may decide directly or via one of the sub-committees or boards. The pay of parish staff is decided at local level following available guidance from the trustees. The Diocese is committed to ensuring that all of its staff, where ever engaged, are remunerated at least to the living wage level.

Reserves policy

The Diocesan Trust recognises that its reserves reflect the full range of activities across parishes and the diocese as a whole. There are funds that it holds for specific purposes (restricted funds). Detailed records are held which identify the range of reserves for internal management purposes (see note 13), and it should be noted that the policy for the financial management of these reserves will vary with the purpose for which they are held.

Parish based reserves often reflect endowments or legacies from previous years, many of which have been given or established to provide for the longer-term costs associated with the care of often large and old buildings, some of which are 'listed' for the public benefit of the nation. It is also important to recognise that in the canon law of the Catholic Church, each parish is an individual entity and the designation of the particular finances of each entity has to be respected; therefore it is often not possible for cash-based funds to be simply moved from one part of the charity to another. However, given that a levy is paid on various sources of parish income to contribute to the costs of centrally provided diocesan services, then those parishes which are better off, or which have reserves are, in fact, contributing to the common good of all.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
REPORT OF THE TRUSTEES

Generally speaking, the majority of regular voluntary donations by the charity's beneficiaries and donors in parishes will be spent on the general purposes of the charity in that parish within a reasonably short amount of time as 'revenue' expenditure.

When a parish with unrestricted reserves in any asset class requires funding for a particular project, the trustees will consider using these reserves as either partial, or occasionally as full, funding for the project, whilst taking the longer term future of the parish and the overall diocesan position into account. However, some fundraising at local level is normally expected for significant projects, so that parish reserves are not exhausted all at once, unless this is absolutely necessary.

Diocesan reserves reflect funds held for broader or group obligations, such as those for investing in the formation of future clergy and the care of sick and retired priests, as well as funds held for specific purposes. There is no doubt that the diocese needs to consider how these reserves can best be applied in the future to help support changes that will take place due to changes in demography, pastoral need and the actual practise of the faith from place to place (i.e. where the charity is committed to provide churches in order to maintain genuine accessibility by the charity's beneficiaries, even where a particular church might be deemed financially non-viable as a standalone unit). It should be noted that the central diocesan administration does not presently hold any long term reserves itself, but has an internal historic debt to parishes, which represents previous expenditure. With the agreement of parishes, a long term plan is in place to repay this debt over an appropriate period, primarily using 'windfall' receipts.

The net asset distribution of the reserves set out in note 14 reflects conscious decisions which have been taken in respect of liquidity and longer term investment. Across the charity, banking and market based investment arrangements are pooled, and the trustees are satisfied that the unrestricted reserves are sufficiently liquid and under their control that they are able to fund the activities of the diocese for a period in excess of 12 months.

The charity is currently meeting all its pension contribution arrangements and is fully compliant with auto enrolment. The clergy retirement grants are paid from a separate restricted fund with its own management body. Its portfolio is also actively managed by Quilter Cheviot.

Our total group reserves, including endowment funds and restricted funds, were £77.58m at 5th April 2017 (2016: £72.88m) with £39.15m was held in fixed-assets, mostly property (2106 £39.74m); £26.30m (2016 £24.47m) in share/stock investments and £11.87m in cash at bank (2016 £8.34m).

Investments

Reserves are held in a number of different asset classes, which include cash, market-based investments and property. On occasion, reserves held in physical assets (land and buildings) may be converted from one asset class to another to provide a better income return.

As indicated above, parish reserve cash balances which are not needed for use in the medium-term future may be pooled with those reserves of others for investment purposes. Our investments, held in FTSE 350 companies, gilts and cash have performed quite well over several years. The portfolio valuation at 5th April 2017 was £26.30m (2016 (24.47m) including the investments of the restricted fund for Sick and Retired Priests valued at £2.67m (2016 £2.5m) which is held in a separate pooled fund with a greater emphasis on the generation of income to provide a source of funding for our revenue obligations in this regard.

Our investment manager has a low-medium balanced risk brief for potential progressive capital growth and income. In recent years the performance of our investments have compared favourably with the financial sector benchmarks considered by the Investment Committee. The main benchmark used is a composite index of income and capital return of FTSE 350 shares and Government Gilts on a weighted 75%/25%. Investment income of the Group for the year was £803k (2016 £823k) and unrealised capital gains was £0.99m (2016: unrealised capital loss £1.19m)

Risk management

The trustees actively review the major risks which they believe the charity is potentially exposed to. This involves identifying the types of risk to which the charity is exposed, and the likelihood and potential impact of occurrence, as well as the steps that can be taken to mitigate against these. To mitigate risk the trustees maintain and regularly review a risk register and have put in place insurances, checks, controls and procedures which are communicated to parishes and other diocesan organisations.

A significant percentage of voluntary donations are in cash. Our auditors select a number of parishes each year for audit. The audit includes a check on procedures for counting and banking cash donations, including separation of duties.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
REPORT OF THE TRUSTEES

Staff in our Finance Office scrutinizes local bank account balances online at least once per week, noting any significant account movements which are reported to the Finance Sub-committee.

Property projects are monitored by the Property Sub-committee to prevent escalation of costs. Parishes are required to report significant variations on any projects costs. School projects are also closely monitored through the School Building Committee.

At the present time, three schools in Blackpool have converted to academy status (Sept 2014), with the diocese and several trustees being 'members' of two academy trusts. Although we have a good track record with our voluntary schools, academy status is a new area of risk, especially as the directors of academy trusts are responsible for education standards and financial control. Our Diocesan Education Service has appointed key experienced personnel to the directorship of our academy support trust.

The on-going financial and pastoral viability of a number of parishes continues to be a matter of concern. Where a parish makes a financial loss for three years in a row, this is formally reported to the trustees.

The central administration budget is presented to trustees monthly with a variance report.

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:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- 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 re-appoint MHA Moore & Smalley LLP as auditors will be made at a meeting of the trustees.



Rev Canon P Hart - Trustee

Date: 31 January 2018

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
REPORT OF THE INDEPENDENT AUDITORS

We have audited the financial statements of Lancaster Roman Catholic Diocesan Trust for the year ended 5 April 2017 which comprise of the consolidated and parent charity Statement of Financial Activities, the consolidated and parent charity Balance Sheet, 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 the parent charity's affairs as at 5 April 2017, 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 requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or we have not received all the information and explanations we require for our audit.

**LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
REPORT OF THE INDEPENDENT AUDITORS**

MHA Moore and Smalley

MHA Moore and Smalley
Chartered Accountants and Statutory Auditor
Richard House
9 Winckley Square
Preston
PR1 3HP

Date: 7 | 2 | 18

MHA Moore and Smalley is eligible to act as an auditor in term of section 1212 of the Companies Act 2006

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

		PARISH			CENTRAL DIOCESAN AGENCIES			GROUP TOTAL	Group 2016
	Note	Unrestricted Funds £000	Restricted Funds £000	Endowment £000	Total £000	Unrestricted Funds £000	Restricted Funds £000	Total £000	£000
INCOME FROM:	3.1								
Donations and legacies		4,466	4	-	4,470	202	100	302	4,919
Charitable activities		646	373	-	1,019	671	45	716	1,700
Other trading activities		1,437	3	-	1,440	76	37	113	1,700
Investments		501	-	17	518	114	286	400	952
Other		1,156	-	-	1,156	2,556	-	2,556	360
TOTAL		8,206	380	17	8,603	3,619	468	4,087	9,631
EXPENDITURE ON:	4.1								
Raising funds		558	-	-	558	80	8	88	711
Charitable activities		5,911	390	-	6,301	1,610	429	2,039	8,170
Other		-	-	-	-	16	-	16	1
TOTAL		6,469	390	-	6,859	1,706	437	2,143	8,882
NET INCOME/(EXPENDITURE) before other recognised gains		1,737	(10)	17	1,744	1,913	31	1,944	749
Net gains/(losses) on investments	10	629	-	19	648	15	341	356	(1,194)
NET INCOME/(EXPENDITURE)		2,366	(10)	36	2,392	1,928	372	2,300	(445)
Transfers between funds		(1,099)	40	(17)	(1,076)	877	199	1,076	-
NET MOVEMENT IN FUNDS		1,267	30	19	1,316	2,805	571	3,376	(445)
RECONCILIATION OF FUNDS									
Total funds brought forward		59,633	69	538	60,240	688	11,959	12,647	73,332
FUNDS CARRIED FORWARD		60,900	99	557	61,556	3,493	12,530	16,023	72,887

The Statement of Financial activities includes all recognised gains and losses in the year. All of the above relate to continuing activities.
The notes to the accounts form part of the Financial Statements.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
CHARITY STATEMENT OF FINANCIAL ACTIVITIES

	PARISH			CENTRAL DIOCESAN AGENCIES			CHARITY TOTAL	2016 CHARITY
	Unrestricted Funds £000	Restricted Funds £000	Endowment £000	Total £000	Unrestricted Funds £000	Restricted Funds £000	Total £000	£000
INCOME FROM:								
Donations and legacies	4,465	4	-	4,469	196	100	296	4,916
Charitable activities	647	373	-	1,020	671	45	716	1,700
Other trading activities	1,013	3	-	1,016	75	37	112	1,230
Investments	498	-	17	515	41	286	327	869
Other	1,156	-	-	1,156	340	-	340	254
TOTAL	7,779	380	17	8,176	1,323	468	1,791	8,969
EXPENDITURE ON:								
Raising funds	112	-	-	112	33	7	40	209
Charitable activities	5,910	390	-	6,300	1,561	430	1,991	8,134
Other	-	-	-	-	-	-	-	-
TOTAL	6,022	390	-	6,412	1,594	437	2,031	8,343
NET INCOME/(EXPENDITURE) before other recognised gains	1,757	(10)	17	1,764	(271)	31	(240)	626
Net gains/(losses) on investments	628	-	19	647	2	341	343	(1,181)
NET INCOME/(EXPENDITURE) before transfers	2,385	(10)	36	2,411	(269)	372	103	(555)
Transfers between funds	(1,099)	40	(17)	(1,076)	877	199	1,076	-
NET MOVEMENT IN FUNDS	1,286	30	19	1,335	608	571	1,179	(555)
RECONCILIATION OF FUNDS								
Total funds brought forward	59,237	69	538	59,844	(370)	11,959	11,589	71,988
FUNDS CARRIED FORWARD	60,523	99	557	61,179	238	12,530	12,768	73,947

The Statement of Financial activities includes all recognised gains and losses in the year. All of the above relate to continuing activities.
The notes to the accounts form part of the financial statements.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
BALANCE SHEET

		GROUP		CHARITY	
		2017	2016	2017	2016
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	9	39,158	39,745	38,354	38,944
Investments	10	26,300	24,474	26,005	24,195
		65,458	64,219	64,359	63,139
CURRENT ASSETS					
Stocks		20	23	4	3
Debtors	11	930	956	925	929
Cash at bank and in hand		11,870	8,345	9,282	7,936
		12,820	9,324	10,211	8,868
Creditors: amounts falling due within one year	12	(694)	(651)	(623)	(574)
NET CURRENT ASSETS/(LIABILITIES)		12,126	8,673	9,588	8,294
Creditors: amounts falling due after more than one year	12	(5)	(5)	-	-
NET ASSETS		77,579	72,887	73,947	71,433
FUNDS					
Restricted income funds	13.1	12,629	12,028	12,629	12,028
Endowment funds	13.2	557	538	557	538
Parish general funds	13.3	60,900	59,633	60,523	59,237
Diocesan general funds	13.4	3,493	688	238	(370)
TOTAL FUNDS	13.5	77,579	72,887	73,947	71,433

Approved by the Trustees on 31 January 2018 and signed on their behalf by

+ Michael Campbell OSA

The Right Reverend M Campbell OSA
Bishop of Lancaster & Chair of the
Trustees

P Hart

Reverend Canon P Hart
Financial Administrator & Trustee

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
CONSOLIDATED CASH FLOW STATEMENT

	2017 £000	2016 £000	
Cash flows from operating activities			
Net cash provided by (used in) operating activities	(837)	(533)	
Cash flows from investing activities:			
Dividends, interest and rents from investment	918	952	
Proceeds from sale of property, plant & equipment	4,313	483	
Purchase of property, plant & equipment	(47)	(38)	
Proceeds of sale of investments	4,088	3,467	
Purchase of investments	(4,845)	(3,384)	
Net cash provided by (used in) investing activities	4,427	1,480	
Cash flows from financing activities:			
Repayment of borrowing	-	-	
Cash inflows from new borrowing	-	-	
Net cash provided by (used in) financing activities	-	-	
Change in cash and cash equivalents in the reporting period	3,590	947	
Cash and cash equivalents at the beginning of the reporting period	9,292	8,345	
Change in cash and cash equivalents due to exchange rate movement	-	-	
Cash and cash equivalents at the end of the reporting period	12,882	9,292	
Reconciliation of net income/(expenditure) to net cash flow from operating activities			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	4,692	(445)	
Adjustments for:			
Depreciation charges	33	31	
(Gains)/losses on investments	(1,004)	1,194	
Dividend, interest and rents from investments	(918)	(952)	
Loss/(Profit) on sale of fixed assets	(3,712)	(360)	
(increase)/decrease in stocks	3	(3)	
(increase)/decrease in debtors	26	177	
increase/(decrease) in creditors	43	(175)	
Net cash provided by/(used in) operating activities	(837)	(533)	
Analysis of change in cash in hand and at bank			
Bank	11,870	8,345	change 3,525
Held by investment fund managers	1,012	947	65
	12,882	9,292	3,590

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

1 Accounting Policies

Basis of accounting

Lancaster Roman Catholic Diocesan Trust is a registered charity in the United Kingdom. The address of the charity, the nature of its operations and its principal activities are all detailed in the Trustees' report and Trustees and Advisors pages of these financial statements.

The charity constitutes a public benefit entity as defined by FRS102. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at valuation. The financial statements are prepared in sterling which is the functional currency of the charity.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Reconciliation with previously Generally Accepted Accounting Practice

In preparing the financial statements the trustees have considered whether in applying the accounting policies required by FRS 102 a restatement of comparative items was needed.

Preparation of the accounts on a going concern basis

The trustees have assessed whether the use of the going concern basis is appropriate in the preparation of the financial statements. The period of assessment is one year from the date of approval of these financial statements. The trustees have concluded that there are no material uncertainties that cast doubt on the ability of the charity/group to continue as a going concern. The trustees are of the opinion, based on available financial data, that there will be sufficient incoming resources and assets to meet future liabilities when they fall due and they do not expect significant changes in future income resources or resources used or expended during the period of assessment. A significant area of uncertainty is the value of investments and the income from these which can be drastically affected by economic and other factors beyond the control of the trustees. The trustees are of the opinion that the Charity can withstand a significant fall in the value of these and in investment income receipts, though this is not anticipated.

Basis of consolidation

The consolidated financial statements of the group incorporate the financial statements of the Diocesan Trust, "the charity" which comprise the parishes and central diocesan agencies and subsidiary entities over which the diocese is considered to exert control. Details of the subsidiary entities are given in note 2.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the charity's balance sheet when the charity becomes party to contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

The charity has no assets which are classified as other financial assets.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of financial activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

The charity has no liabilities which are classified as other financial liabilities.

De-recognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Judgement and key sources of estimation uncertainty

In the application of the charity's accounting policies the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In the opinion of the trustees there have been no significant estimate or judgements made in the process of applying the charity's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income recognition

Income is included in the period in which the charity/group becomes entitlement to the income, it is probable that it will be received and the amount of income receivable can be measured reliably. Specific policies apply to the categories of income noted below.

Legacies are accounted for on entitlement which is considered to be the earlier of notification from the executor that probate has been granted and confirmed that there are sufficient assets to make a distribution or a when a distribution is received.

Collections, including Mass offerings, and other donations are accounted for on a cash received basis as such voluntary donations can only be measured with certainty upon receipt.

Gift Aid donations are accounted for on a cash received basis with any related Gift Aid or Gift Aid Small Donation Scheme tax credits accounted for on an accruals basis.

Revenue grant income is accounted for when received.

Capital grants are recognised as restricted income when received or receipt can be measured reliably and associated costs are charged against these restricted funds.

Investment income is accounted for on an accruals basis.

Income from charitable activities is accounted for on a cash received basis.

Income from fund raising activities is accounted for on a cash received basis.

Rental income from functional properties is accounted for when received under the terms of the lease or hire agreement and when it is probable that it will be received and the amount can be reliably measured.

Trading subsidiary accounts are produced on an accruals basis.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure, it is probable that settlement will be required and the amount can be reliably measured. All expenditure is included in the financial statements on an accruals basis inclusive of irrecoverable VAT.

Expenditure on direct charitable activities mainly comprise: the provision of places of worship and associated buildings e.g. presbyteries; provision of religious services and pastoral care and support; support of education and youth services; training of priests and deacons and the financial support of sick and retired priests.

Support costs include the costs of the Finance and Property Offices, Health & Safety services, Safeguarding Office, the provision of the Pastoral Centre, which houses the administrative offices of the diocese and provide a central meeting venue, and governance costs. Support costs are apportioned to charitable activities based on an estimate of management and employee time spent in support of these activities.

Governance costs are now included under support costs and comprise those costs of the organisation administration and compliance with constitutional and statutory requirements including external audit, legal and other professional services. Governance costs are apportioned to charitable activities based on an estimate of management and employee time spent in support of these activities.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

Investments

Investments are initially recognised at their transaction value then subsequently included in the balance sheet at their fair value using the closing quoted market price. Any realised and unrealised gains and losses on revaluation or disposals throughout the year are included in the statement of financial activities.

Tangible fixed assets - other than schools

Functional freehold properties including churches, presbyteries, houses, parish hall/centres and similar buildings are included in the balance sheet at deemed cost. The deemed cost is the discounted insurance value at 1997, which have been discounting based on inflation statistics to arrive at original cost. For the purposes of these financial statements and in line with the provisional arrangements of FRS 102 these estimates of depreciated value at 1997 are now the deemed cost.

The charity has taken advantage of the transitional provisions under FRS 102 to take the value of freehold property as deemed cost on transition at 6 April 2014 but as historical cost is unknown and cost per the accounts refers to an earlier valuation by the charity, the trustees have continued to show brought forward valuation and accumulated depreciation at transition date in the notes to the accounts.

Freehold properties purchased since 1997 are recorded at cost. Properties donated after 1997 are included at valuation.

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
Fixtures, fittings and equipment	25%	reducing balance basis
Motor Vehicles	25%	reducing balance basis

All additions to fixtures, fittings and other fixed assets after 6th April 1995 in excess of £5,000 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.

Tangible fixed assets – schools property

The diocese owns land on which its voluntary aided schools are built. The school buildings are occupied, improved, extended and repaired by the school governors. Each school is an exempt charity and occupies the land and buildings rent free. The nature of occupation of the land and buildings by these exempt charities means that the diocesan trustees do not have the power to dispose of the land or buildings until a school ceases its occupation, which in turn would require the approval of the governing body and the Secretary of State and may involve recovery of grant aid by the DCSF or the obligation to use the proceeds for other educational provision. Consequently such land and buildings are not in direct use by the charity, do not generate any income, cannot be disposed of on the open market and cannot be used for any other purpose during the schools' occupation, which may be indefinite. In view of these restrictions the trustees believe the recoverable amount of these assets is nil and are included at nil valuation in these financial accounts.

Stocks

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

Debtors and creditors within one year

Debtors and creditors with no stated interest rate and receivable and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

Cash and cash equivalents

Liquid resources comprise amounts held on deposit with recognised banks and building societies and cash on hand held at parish level.

Provisions

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

Pension costs

The charity operates a defined contribution scheme. Contributions are charged in the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Fund accounting

The charity/group has various types of funds for which it is responsible, and which require separate disclosure within the financial statements. These are:

Endowment funds

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.

Restricted funds

Donations, grants or legacies received which have been given for a specific purpose or purposes as specified by the donor; where 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).

General funds

These represent unrestricted 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.

Designated funds

These are funds included within the general funds that have been set aside and designated by the trustees for specific purposes.

Parish funds

There are included within the general funds. In civil administration a parish is not a distinct legal entity but forms part of the wider diocese, but with a degree of independence and autonomy. Parish funds and assets, unless subject of a separate trust recognised in law, are funds of the Diocesan Trust and therefore the responsibility of the diocesan trustees. In Canon Law a parish is a public juridical person with the parish priest carrying out his ministry under the authority of the Bishop. A parish has the right under Canon Law to acquire, retain, administer and alienate temporal goods subject to the norms of Canon Law.

Taxation

The Roman Catholic Diocese of Lancaster is a charity within the meaning of section 1119 Corporation Taxes Act (CTA) 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478 - 489 of the CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 2010, 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.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

2 Group Bodies

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

Limited companies

Name	Nature	Holding	Activity
St Kentigern's Parish Centre Ltd	Subsidiary	100%	Social club/centre
St Anthony's Parish (Preston) Centre Ltd	Subsidiary	100%	Social club/centre
St Margaret Mary's Parish Centre (Carlisle) Ltd	Subsidiary	100%	Social club/centre
Our Lady & St Edward's Parish Centre (Preston) 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.

Trusts and Charities

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

R J Stephenson Charities
The Moyston Trust
Lancaster Diocesan Pilgrimage Trust
St Cuthbert's Carlisle School Charity

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

3.1 ANALYSIS OF INCOME - GROUP

	PARISHES				CENTRAL DIOCESAN AGENCIES			GROUP TOTAL	2016
	Unrestricted £000	Restricted £000	Endowments £000	Total £000	Unrestricted £000	Restricted £000	Total £000	£000	£000
Donations and legacies									
Collections	2,551	-	-	2,551	-	-	-	2,551	2,552
Donations	622	4	-	626	18	63	81	707	646
Legacies	300	-	-	300	182	37	219	519	655
Special collections	396	-	-	396	2	-	2	398	536
Gift Aid	597	-	-	597	-	-	-	597	530
Other	-	-	-	-	-	-	-	-	-
	4,466	4	-	4,470	202	100	302	4,772	4,919
Charitable activities									
Grants received	40	373	-	413	5	-	5	418	191
Service charges receivable	-	-	-	-	2	45	47	47	3
Sale of candles, votive etc	192	-	-	192	27	-	27	219	236
Youth Service income	-	-	-	-	369	-	369	369	332
Insurance claim receipts	220	-	-	220	-	-	-	220	355
Income from chaplaincy	59	-	-	59	12	-	12	71	105
Subscriptions and other charges	74	-	-	74	18	-	18	92	104
Inter diocese re-charges	-	-	-	-	3	-	3	3	3
Education Service income	37	-	-	37	111	-	111	111	187
Income for graveyards & funerals	24	-	-	24	-	-	-	37	156
Other	646	373	-	1,019	124	-	124	148	28
					671	45	716	1,735	1,700
Other trading activities									
Social clubs	481	-	-	481	-	-	-	481	569
Fund raising - fetes etc	213	3	-	216	-	-	-	216	301
Rental income	743	-	-	743	76	37	113	856	830
	1,437	3	-	1,440	76	37	113	1,553	1,700
Investments									
Bank interest received	3	-	-	3	45	-	45	48	54
Dividend income	498	-	17	515	2	286	288	803	823
Rental and leasing income	-	-	-	-	64	-	64	64	73
Other	-	-	-	-	3	-	3	3	2
	501	-	17	518	114	286	400	918	952
Other									
Gains and losses on sale of fixed assets	1,156	-	-	1,156	2,556	-	2,556	3,712	360
	1,156	-	-	1,156	2,556	-	2,556	3,712	360
	8,206	380	17	8,603	3,619	468	4,087	12,690	9,631

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

3.2 ANALYSIS OF INCOME - CHARITY

	PARISHES				CENTRAL DIOCESAN AGENCIES			GROUP TOTAL	2016 Group
	Unrestricted £000	Restricted £000	Endowments £000	Total £000	Unrestricted £000	Restricted £000	Total £000	£000	£000
Donations and legacies									
Collections	2,552	-	-	2,552	-	-	-	2,552	2,552
Donations	621	4	-	625	12	63	75	700	643
Legacies	300	-	-	300	183	37	220	520	655
Special collections	396	-	-	396	-	-	-	396	536
Gift Aid	596	-	-	596	1	-	1	597	530
Other	-	-	-	-	-	-	-	-	-
	4,465	4	-	4,469	196	100	296	4,765	4,916
Charitable activities									
Grants received	40	373	-	413	5	-	5	418	191
Service charges receivable	-	-	-	-	2	-	2	2	3
Sale of candles, votive etc	192	-	-	192	27	-	27	219	236
Youth Service income	-	-	-	-	371	-	371	371	332
Insurance claim receipts	221	-	-	221	-	-	-	221	355
Income from chaplaincy	60	-	-	60	11	-	11	71	105
Subscriptions and other charges	74	-	-	74	18	-	18	92	104
Inter diocese re-charges	-	-	-	-	3	-	3	3	3
Education Service income	-	-	-	-	111	-	111	111	187
Income for graveyards & funerals	37	-	-	37	-	-	-	37	156
Other	23	-	-	23	123	45	168	191	28
	647	373	-	1,020	671	45	716	1,736	1,700
Other trading activities									
Social clubs	57	-	-	57	-	-	-	57	163
Fund raising - fetes etc	214	3	-	217	-	-	-	217	237
Rental income	742	-	-	742	76	36	112	854	830
	1,013	3	-	1,016	76	36	112	1,128	1,230
Investments									
Bank interest received	-	-	-	-	45	-	45	45	53
Dividend income	498	-	17	515	(4)	286	282	797	816
Rental and leasing income	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
	498	-	17	515	41	286	327	842	869
Other									
Gains and losses on sale of fixed assets	1,156	-	-	1,156	340	-	340	1,496	254
	1,156	-	-	1,156	340	-	340	1,496	254
	7,779	380	17	8,176	1,324	467	1,791	9,967	8,969

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

4.1 ANALYSIS OF EXPENDITURE - GROUP

	PARISHES				CENTRAL DIOCESAN AGENCIES			GROUP TOTAL	2016
	Unrestricted £000	Restricted £000	Endowments £000	Total £000	Unrestricted £000	Restricted £000	Total £000		
Expenditure on raising funds:									
Parish event fund raising costs	43	-	-	43	-	-	-	43	50
Other events fund raising costs	13	-	-	13	-	-	-	13	24
Social club bar purchases	188	-	-	188	-	-	-	188	197
Social club other costs	246	-	-	246	-	-	-	246	261
Investment management costs	57	-	-	57	-	8	8	65	67
Rental property management costs	11	-	-	11	80	-	80	91	78
Other	-	-	-	-	-	-	-	-	34
	558	-	-	558	80	8	88	646	711
Expenditure on charitable activities									
Provision of places of worship & ancillary buildings	3,535	389	-	3,924	148	-	148	4,072	3,639
Provision of religious service & pastoral care	1,812	-	-	1,812	362	14	376	2,188	2,318
Support of education & youth services	-	-	-	-	760	-	760	760	739
Training of priests, deacons & seminarians	-	-	-	-	11	136	147	147	102
Support of retired priests	-	-	-	-	9	277	286	286	384
Grants, donations & levies	559	1	-	560	80	-	80	640	741
Other charitable activity costs	5	-	-	5	240	2	242	247	247
	5,911	390	-	6,301	1,610	429	2,039	8,340	8,170
Other									
Sundry	-	-	-	-	16	-	16	16	1
TOTAL EXPENDITURE	6,469	390	-	6,859	1,706	437	2,143	9,002	8,882

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

4.2 ANALYSIS OF EXPENDITURE - CHARITY

	PARISHES				CENTRAL DIOCESAN AGENCIES				CHARITY TOTAL	2016
	Unrestricted	Restricted	Endowments	Total	Unrestricted	Restricted	Total			
	£000	£000	£000	£000	£000	£000	£000	£000		
Expenditure on raising funds:										
Parish event fund raising costs	13	-	-	13	-	-	-	13	24	
Other events fund raising costs	42	-	-	42	-	-	-	42	50	
Social club bar purchases	-	-	-	-	-	-	-	-	-	
Social club other costs	-	-	-	-	-	-	-	-	-	
Investment management costs	57	-	-	57	-	7	7	64	67	
Rental property management costs	-	-	-	-	33	-	33	33	68	
	112	-	-	112	33	7	40	152	209	
Expenditure on charitable activities										
Provision of places of worship & ancillary buildings	3,532	389	-	3,921	149	13	162	4,083	3,637	
Provision of religious service & pastoral care	1,813	-	-	1,813	363	-	363	2,176	2,318	
Support of education & youth services	-	-	-	-	760	-	760	760	739	
Training of priests, deacons & seminarians	-	-	-	-	11	137	148	148	102	
Support of retired priests	-	-	-	-	9	278	287	287	384	
Grants, donations & levies	560	1	-	561	30	-	30	591	720	
Other charitable activities	5	-	-	5	239	2	241	246	234	
	5,910	390	-	6,300	1,561	430	1,991	8,291	8,134	
TOTAL EXPENDITURE	6,022	390	-	6,412	1,594	437	2,031	8,443	8,343	

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

5 EMPLOYEES AND OFFICE HOLDERS (including key management personnel)

The number of employees, which excludes clergy and volunteer, during the year was:-

	2017	2016
Administration: central diocesan	6	6
Other central diocesan	7	7
Youth Service including Castlerigg	10	10
Parochial	74	74
Clubs & centres	15	15
	112	112
The aggregate remuneration paid to employees was:-	£000	£'000
Wages and salaries (restated to excluded clergy retirement gratuities)	975	1,037
Social security costs	21	25
Pension costs	21	18
	1,017	1,080
Amounts paid to clergy during the year:- for active ministry	292	316
retirement gratuities	194	175
	486	491

No employee received employee benefits of more than £60,000 during the year ended 5 April 2017 or during the previous year 2016.

Employees include administrative staff at both Diocese and Parishes, together with associated and related entities. Clergy are self-employed office holders and not employees.

Key personnel

The trustees consider the board of trustees as the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give their time freely, and no trustee receives any remuneration in respect of the work undertaken in the role of trustee. There are members of the board of trustees who are also clergy of the Diocese of Lancaster, and as with other members of the clergy receive a remuneration for the work they undertake in their clerical role only. These trustees are identified in the list of trustees on page 3 " Trustees and Advisors".

Details of trustees' expenses and related party transactions are disclosed in the notes the accounts. Trustees are required to disclose all relevant interests and register them with the diocesan secretary and in accordance with the trustees' policy withdraw from decisions where a conflict of interest arises.

6 TRUSTEES

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.

During the year 7 trustees (2016: 5) received expenses to the value of £5,626 (2016: £2,403) in respect of travel and subsistence costs in respect of their position as trustees. Trustees who are also serving clergy may receive expenses in connection with their clerical role. Any such expenses have not been quantified and are not included above.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

7 NET EXPENDITURE

	2017 £000	2016 £000
This is stated after charging:-		
Depreciation	<u>33</u>	<u>31</u>
Audit	<u>26</u>	<u>25</u>

8 ALLOCATED SUPPORT COSTS

	Finance Office £000	Gift Aid & Special Collections £000	Pastoral Centre £000	Property Office £000	H&S £000	Governance £000	Group Total £000
Raising Funds	1	1	-	1	-	3	6
Charitable Activities:							
Provision of places of worship	32	15	11	26	12	52	148
Provision of religious service & pastoral care	16	8	6	13	6	27	76
Support of education & youth services	7	3	2	5	2	8	27
Training of priests, deacons & seminarians	2	1	-	1	-	2	6
Support of sick & retired priests	2	1	1	2	1	2	9
Grants, donations & Levies	5	2	2	4	2	6	21
Other charitable activity costs	1	1	1	2	1	3	9
	<u>66</u>	<u>32</u>	<u>23</u>	<u>54</u>	<u>24</u>	<u>103</u>	<u>302</u>

Basis of allocation

Governance and support costs are allocated on estimates of staff and trustees time spent on each charitable or other activity.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

9 TANGIBLE FIXED ASSETS

9.1 Group

	PARISHES				CENTRAL DIOCESAN AGENCIES				GROUP		
	Freehold land & buildings	Motor vehicles	Fixtures, fittings and equipment	Total	Freehold land & buildings	Motor vehicles	Fixtures, fittings and equipment	Total			2016
	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £	
Cost or valuation											
At the beginning of the year	38,309	7	936	39,252	9,060	42	203	9,305	48,557	48,678	
Additions	-	33	9	42	-	-	5	5	47	38	
Disposals	(658)		(1)	(659)	-	-	(5)	(5)	(664)	(159)	
At end of the year	37,651	40	944	38,635	9,060	42	203	9,305	47,940	48,557	
Depreciation and impairments											
At beginning of the year	6,337	6	906	7,249	1,378	13	172	1,563	8,812	8,817	
Eliminated on disposals	(58)	-	-	(58)	-	-	(5)	(5)	(63)	(36)	
Depreciation	-	8	2	10	-	7	16	23	33	31	
Impairment	-	-	-	-	-	-	-	-	-	-	
At end of the year	6,279	14	908	7,201	1,378	20	183	1,581	8,782	8,812	
Net book value											
Net book value at the beginning of the year	31,972	1	30	32,003	7,682	29	31	7,742	39,745	39,861	
Net book value at the end of the year	31,372	26	36	31,434	7,682	22	20	7,724	39,158	39,745	

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

9 TANGIBLE FIXED ASSETS

9.2 Charity

	PARISHES				CENTRAL DIOCESAN AGENCIES				CHARITY	2016
	Freehold land & buildings	Motor vehicles	Fixtures, fittings and equipment	Total	Freehold land & buildings	Motor vehicles	Fixtures, fittings and equipment	Total		
Cost or valuation	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £	£000 £
At the beginning of the year	38,105	7	861	38,973	8,485	42	203	8,730	47,703	47,825
Additions	-	33	-	33	-	-	5	5	38	37
Disposals	(658)	-	-	(658)	-	-	(5)	(5)	(663)	(159)
At end of the year	37,447	40	861	38,348	8,485	42	203	8,730	47,078	47,703
Depreciation and impairments										
At beginning of the year	6,337	6	853	7,196	1,378	13	172	1,563	8,759	8,774
Eliminated on disposals	(58)	-	-	(58)	-	-	(5)	(5)	(63)	(36)
Depreciation	-	8	2	10	-	8	10	18	28	21
Impairment	-	-	-	-	-	-	-	-	-	-
At end of the year	6,279	14	855	7,148	1,378	21	177	1,576	8,724	8,759
Net book value										
Net book value at the beginning of the year	31,768	1	8	31,777	7,107	29	31	7,167	38,944	39,051
Net book value at the end of the year	31,168	26	6	31,200	7,107	21	26	7,154	38,354	39,944

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

10 INVESTMENTS

	Market value at start of year	Costs of investments purchased	Proceeds of sale of investments	CIMV	Market value at end of year
	£000	£000	£000	£000	£000
Charity					
Equities & unit trusts	17,429	4,018	(2,815)	820	19,452
Fixed interest	6,049	826	(1,273)	178	5,780
Held for subsidiary entities	(230)			(8)	(238)
	23,248	4,844	(4,088)	990	24,994
Cash	947				1,011
	<u>24,195</u>			Charity	<u>26,005</u>
Subsidiary entities					
Equities & unit trusts	49	1	-	6	56
Fixed interest	-	-	-	-	0
Held in diocesan investment fund	230	-	-	8	238
	279	1	-	14	294
Cash	-				1
	<u>279</u>				<u>295</u>
Group					
Equities & unit trusts	17,478	4,019	(2,815)	826	19,508
Fixed interest	6,049	826	(1,273)	178	5,780
	23,527	4,845	(4,088)	1,004	25,288
Cash	947				1,012
	<u>24,474</u>			Group	<u>26,300</u>

The Diocesan Trust operates a pooled investment fund where investors hold units and do not invest directly in discrete holdings.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

11 DEBTORS & PREPAYMENTS

	GROUP		CHARITY	
	2017 £000	2016 £000	2017 £000	2016 £000
Gift Aid and Gift Aid Small Donation Scheme recoverable	530	473	529	473
Sundry debtors	226	304	224	286
Prepayments and accrued Income	171	176	169	167
Loans to clergy	3	3	3	3
	930	956	925	929

All debtors are receivable within one year

12 CREDITORS & ACCRUALS

Amounts falling due within one year

Trade creditors	44	44	17	6
Accruals and deferred income	299	275	270	250
Taxation and social security	3	-	-	-
Other creditors	348	332	336	318
	694	651	623	574

Amounts falling due after more than one year

Other creditors	5	5	-	-
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Accrual

The accruals at 5 April 2017 include an amount of £258,406 owing to Inter- Diocesan Fuel management Limited (IFM) for gas and electricity charges. This is the same amount as provided as at 5 April 2017. At the date of signing these accounts IFM have not confirmed that amount outstanding to them as at 5 April 2017. This charge should therefore be considered as an estimate.

We have however reviewed historic charges and payments to IFM and payments made after the year end and conclude that the actual amount due will not exceed this estimate, but may be lower. We cannot quantify how much lower but do not believe that any error in this estimate will significantly affect the group or charity financial position, with these having net income of £4.7 million and £2.5 million respectively for the year ended 5 April 2017 and net assets of £77.5 million and £73.9 million respectively at 5 April 2017.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

13.1 RESTRICTED FUNDS

Charity: Diocesan Central Agencies

	Opening balance	Income	Expenditure	Transfers	Unrealised gains on investments	Closing balance
	£000	£000	£000	£000	£000	£000
Ecclesiastical Education Fund	4,762	151	(137)	(31)	128	4,873
Poor Missions Fund	1,632	74	-	(43)	51	1,714
Sick and Retired Priests Fund	4,910	211	(284)	100	149	5,086
Funds for Overseas Missions	11	-	(1)	-	-	10
Kirkham Church of St John and RC Purposes	335	11	-	(10)	11	347
Catforth, Thurnham & Westby Schools	72	2	-	-	2	76
St Ignatius Roof Fund	-	5	(1)	8	-	12
St Ignatius Legacy	-	-	(13)	175	-	162
Diocesan Catholic Caring Fund	130	4	-	-	-	134
Good Shepherd Fund	62	8	(1)	-	-	69
Sundry Funds (restated Catholic Caring and Good Shepard Funds)	45	2	-	-	-	47
	11,959	468	(437)	199	341	12,530

Charity : Parishes

Our Lady of Eden, Carlisle, Reverend Turner legacy	18	-	-	-	-	18
Our Lady & St Wilfrid, Warwick Bridge, Carlisle, Organ Restoration Fund	1	10	(11)	-	-	-
Our Lady & St Wilfrid, Warwick Bridge, Carlisle, Restoration Fund	-	227	(225)	5	-	7
St Anne's, Westby, Roof Repair Fund	1	110	(153)	68	-	26
St Wulstan & St Edmund, Fleetwood, Allen Millar Memorial Fund	49	-	(1)	-	-	48
Our Lady of Furness, Barrow-in-Furness	-	19	-	(19)	-	-
Our Lady of the Assumption & St Cuthbert, Wigton & Siloth	-	14	-	(14)	-	-
	69	380	(390)	40	-	99

Charity total

	12,028	848	(827)	239	341	12,629
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Subsidiary entities - none

	-	-	-	-	-	-
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Group total

	12,028	848	(827)	239	341	12,629
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LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

Purpose of restricted funds

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

Diocesan Central Agencies

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.

Kirkham Church of St John and RC Purposes

The provision and maintenance of resources and facilities for the people of Kirkham for the pursuit of the Roman Catholic religion, through the church of St John The Evangelist, Kirkham.

Catforth, Thurnham & Westby Schools

The provision and maintenance of resources and facilities for the people of Catforth, Thurnham and Westby for the pursuit of the Roman Catholic religion in these areas and educational purposes.

St Ignatius Church Roof Fund

For the repair of the roof of the church of St Ignatius, Preston which has been transferred to the Canonical ownership of the Diocese.

St Ignatius Legacy Fund

Legacies received and previously held as general parish funds which were given for the up keep of the parish property now in the Canonical ownership of the Diocese.

Diocesan Catholic Caring Fund

To provide support for diocesan sponsored caring activities

Good Shepherd

To assist diocesan projects that aim to support the poor and disadvantaged, particularly the young and those with special needs.

Sundry Funds

For the purposes of those funds.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

Parishes

Our Lady of Eden, Carlisle, Reverend Turner legacy

For the refurbishment/rebuilding of the St Ninian's Chapel, Brampton, Carlisle.

Our Lady & St Wilfrid, Warwick Bridge, Carlisle, Restoration Fund

For the restoration of the church of Our Lady & St Wilfrid, Warwick Bridge, Carlisle

St Anne's, Westby, Roof Repair Fund

For the repair of the church roof.

St Wulstan & St Edmund, Fleetwood, Allen Millar Memorial Fund

Benefitting the poor and needy parishioners of the parish of St Wulstan & St Edmund's, Fleetwood, Lancashire.

Our Lady of Furness, Barrow-in-Furness

Grant income received to defray the cost of work on the church spire.

Our Lady of the Assumption & St Cuthbert, Wigton & Silloth

Grant income received to defray the cost of work on the parish hall.

13.2 PERMANENT ENDOWED FUNDS

Charity - Lancaster Capital Common Investment Fund

Opening balance	Income	Expenditure	Transfers	Unrealised gains on investments	Closing balance
£000	£000	£000	£000	£000	£000
538	17	-	(17)	19	557

Subsidiary - none

Group

-	-	-	-	-	-
538	17	-	(17)	19	557

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 (applied on this date but sealed 6 November 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".

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

13.3 PARISH GENERAL FUNDS (including designated funds)

	Opening balance (re-stated see 13.6)	Income	Expenditure	Transfers	Unrealised gains on investments	Closing balance
Charity	£000	£000	£000	£000	£000	£000
	59,237	7,779	(6,022)	(1,099)	628	60,523
Group	59,633	8,206	(6,469)	(1,099)	629	60,900

13.4 DIOCESAN GENERAL FUNDS (including designated funds)

	Opening balance (re-stated see 13.6)	Income	Expenditure	Transfers	Unrealised gains on investments	Closing balance
Charity	£000	£000	£000	£000	£000	£000
	(370)	1,323	(1,594)	877	2	238
Group	688	3,619	(1,706)	877	15	3,493

13.5 DESIGNATED FUND (included in general funds)

	Opening balance	Income	Expenditure	Transfers	Unrealised gains on investments	Closing balance
Charity: Diocesan central agencies	£000	£000	£000	£000	£000	£000
Evangelisation	162	515	(118)	-	-	559
Newbridge House	132	-	(11)	-	-	121
Vocations	22	-	-	-	-	22
Special collections	49	-	-	-	-	49
	365	515	(129)	-	-	751
Parishes - none	-	-	-	-	-	-
Charity total	365	515	(129)	-	-	751
Group entities - none	-	-	-	-	-	-
Group total	365	515	(129)	-	-	751

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

13.6 RE-ALLOCATION OF RESERVES BROUGHT FORWARD

Brought forward	Group	Charity
General Funds (including designated)	£000	£000
Revaluation Fund	32,841	31,387
	27,480	27,480
	<u>60,321</u>	<u>58,867</u>
Re-allocated:-		
General Parish Funds	35,459	35,063
General Funds	24,174	24,174
Revaluation reserve	<u>59,633</u>	<u>59,237</u>
General Diocesan Funds		
General Funds	(2,618)	(3,676)
Revaluation reserve	<u>3,306</u>	<u>3,306</u>
	<u>688</u>	<u>(370)</u>

The general reserves and revaluation reserve brought forward have been re-allocated as above to General Parish Funds and General Diocesan Funds. Parish funds are a special funds that can only be applied for parish purposes in accordance with the Canon Law of the Catholic Church and are not available for general diocesan purposes. It is therefore appropriate that Parish funds are clearly and separately identified. The carrying of a revaluation reserve has been discontinued and should have been removed from the account of the previous year when revalued estimates of cost were taken as deemed cost as part of the arrangements of FRS 102. The removal of the revaluation reserve also give better clarity and understating of where funds are held.

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

14.1 GROUP

	PARISHES GROUP BALANCES				CENTRAL DIOCESAN AGENCIES GROUP BALANCES				GROUP	2016
	Unrestricted Funds	Restricted Funds	Endowment	Total	Unrestricted Funds	Restricted Funds	Total			
	£000	£000	£000	£000	£000	£000	£000		£000	£000
Fixed assets	31,434	-	-	31,434	5,440	2,284	7,724		39,158	39,745
Investments	17,027	-	557	17,584	335	8,381	8,716		26,300	24,474
Stock	-	-	-	-	20	-	20		20	23
Debtors	846	-	-	846	84	-	84		930	956
Cash at bank and in hand	8,852	99	-	8,951	1,793	1,126	2,919		11,870	8,345
Creditors: amounts falling due within one year	(479)	-	-	(479)	(144)	(71)	(215)		(694)	(651)
Creditors: amounts falling due after more than one year	-	-	-	-	(5)	-	(5)		(5)	(5)
Internal balances:										
Loans	(2,312)	-	-	(2,312)	2,312	-	2,312		-	-
Diocesan bonds	5,532	-	-	5,532	(6,342)	810	(5,532)		-	-
NET ASSETS	60,900	99	557	61,556	3,493	12,530	16,023		77,579	72,887

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

14.2 Charity

	PARISHES				CENTRAL DIOCESAN AGENCIES				CHARITY	2016
	Unrestricted Funds	Restricted Funds	Endowment	Total	Unrestricted Funds	Restricted Funds	Total			
	£000	£000	£000	£000	£000	£000	£000		£000	£000
Fixed Assets	31,200	-	-	31,200	4,870	2,284	7,154		38,354	38,944
Investments	17,026	-	557	17,583	41	8,381	8,422		26,005	24,195
Stock	4	-	-	4	-	-	-		4	3
Debtors	849	-	-	849	76	-	76		925	929
Cash at bank and in hand	8,635	99	-	8,734	(578)	1,126	548		9,282	7,936
Creditors: amounts falling due within one year	(411)	-	-	(411)	(141)	(71)	(212)		(623)	(574)
Creditors: amounts falling due after more than one year	-	-	-	-	-	-	-		-	-
Internal balances:									-	-
Loans	(2,312)	-	-	(2,312)	2,312	-	2,312		-	-
Diocesan bonds	5,532	-	-	5,532	(6,342)	810	(5,532)		-	-
NET ASSETS	60,523	99	557	61,179	238	12,530	12,768	73,947		71,433

LANCASTER ROMAN CATHOLIC DIOCESAN TRUST
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017
NOTES TO THE ACCOUNTS

15 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 5th April 2017 or at 5th April 2016.

16 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 May 2009, Right Reverend M Campbell 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 2017 an amount of £92,456 (2016 £92,456) was owing to the diocese from IFM in respect of overpaid contributions and is disclosed in the accounts under other debtors.

At the 5th April 2017 an amount of £258,406 (2016 £258,406) was owed to IFM from individual parishes and other bodies in respect of fuel charges and is disclosed under other creditors. See note 12.

17 Heritage assets

The diocese, via its parishes, holds work of art, historic treasures, plate and similar items which are not capitalised in these accounts. In the opinion of the trustees these are considered to be historical assets which are integral to the charity's overall objectives of advancing the Roman Catholic religion and do not fall under the definition of heritage assets.

The charity does not actively seek to either acquire or dispose of such assets and no such assets were acquired or disposed of during the year to 5 April 2017. The trustees consider that it would be prejudicial to the safe custody of these assets to disclose details of their value and usage in these accounts.

All property: churches, presbyteries, halls and other properties and their content are functional assets used in the furtherance of the overall aims and objectives of the charity of advancing the Roman Catholic religion and do not fall under the definition of heritage assets in the opinion of the trustees. All of these assets have been capitalised in the accounts and disclosed under tangible fixed assets.

18 Post Balance Sheet Event

There was a change in the trustees of the R J Stephenson Charites, a trust consolidated into these group accounts in July 2017 which resulted in this trust no longer being under the control of the Lancaster Roman Diocesan Trust. As a consequence of this change the assets of the R J Stephenson Charites will be disaggregated from the Lancaster Diocesan Trust in the following accounting period ending 5 April 2018.

The assets of the R J Stephenson Charites as at 5 April 2017 and significant transactions included in these accounts are:-

	£000
Fixed assets - properties	520
Investments	112
Cash at Bank	2,342
Debtors	4
	<u>2,978</u>
 Gain on sale of fixed assets	 <u>2,215</u>
 Net movement in funds	 <u>2,188</u>

The above excludes a revaluation of property values included in the 2017 accounts of R J Stephenson Charities.

