



Archdiocese of Liverpool

Summarised Annual Report 2013



Archbishop McMahon writes:

As members of the archdiocese we have inherited a very large patrimony of churches, buildings and other assets. It is our duty to use these wisely so that we can pass to the next generation the Catholic faith that we have received. That is why good financial management is a necessary part of the work of evangelisation. So, when reading these accounts please look beyond the figures to the people who are being affected by the mission that these numbers represent.

I am very grateful to the Finance & Development Department of the archdiocese for presenting the annual accounts in this easily accessible format.

In the archdiocese there are:

- Over 200 places of worship
- 186 primary schools
- 35 secondary schools
- 2 sixth form colleges
- 82,844 children attending our catholic schools
- 66 parish centres
- 152 active archdiocesan priests
- 67 retired archdiocesan priests
- 104 permanent deacons
- 483 full-time equivalent employees

Some key figures

	2013	2012
	£M	£M
Total incoming resources	39.58	41.73
Offertory income	5.93	5.97
Investment income	4.86	4.90
Parish fundraising income	0.24	0.28
Legacies received	1.06	1.08
Total resources expended	41.40	41.43
Parish repair costs	3.87	3.64
Other Parish building running costs	3.40	3.05
Parish employment costs	1.09	1.11
Net (outgoing) / incoming resources	1.82	0.30
Revaluation gains	10.32	7.38
Net movement in funds	8.51	7.68



Above: World Youth Day 2013, Liverpool group in Rio

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

For further information, the full annual accounts, the auditor's report on those accounts and the trustees' annual report should be consulted; copies of these may be obtained from www.liverpoolcatholic.org.uk/accounts. This document was approved by the trustees, signed by the auditor on 16 October 2014 and submitted to the Charity Commission.

Trustee Corporation

Liverpool Roman Catholic Archdiocesan Trustees Incorporated

Trustees of the Trust Corporation

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

Episcopal Vicar for Finance and Development

Rev S Kirwin

Principal Address

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 Liverpool L17 1AA

Investment Managers

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

Martin Currie Investment Management Limited
 Saltire Court
 20 Castle Terrace
 Edinburgh EH1 2ES

Auditor

BDO LLP
 5 Temple Square
 Temple Street
 Liverpool L2 5RH

Bankers

HSBC Bank PLC
 99 - 101 Lord Street
 Liverpool L2 6PG

www.liverpoolcatholic.org.uk

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

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

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

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

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

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2013	Parochial Unrestricted Funds £000s	Parochial Designated Funds £000s	Parochial Restricted Funds £000s	Unrestricted Curial Funds £000s	Curial Designated Funds £000s	Curial Restricted Funds £000s	TOTAL 2013 £000s	TOTAL 2012 £000s
INCOMING RESOURCES								
Voluntary income	10,054	434	1,751	226	31	276	12,772	13,657
Activities for generating funds	276	-	-	19,773	-	-	20,049	21,875
Investment income	1,576	237	7	361	2,557	121	4,859	4,903
Charitable activities	240	-	-	239	735	-	1,214	1,184
Other	-	-	-	-	686	-	686	109
TOTAL INCOMING RESOURCES	12,146	671	1,758	20,599	4,009	397	39,580	41,728
RESOURCES EXPENDED								
Charitable activities	(12,952)	(752)	(1,322)	(1,235)	(4,165)	(425)	(20,851)	(19,615)
Investment management & governance	(123)	(31)	(1)	(8)	(261)	(17)	(441)	(417)
Cost of generating funds	(61)	-	-	(20,005)	(38)	-	(20,104)	(21,397)
TOTAL RESOURCES EXPENDED	(13,136)	(783)	(1,323)	(21,248)	(4,464)	(442)	(41,396)	(41,429)
NET (OUTGOING) / INCOMING RESOURCES BEFORE TRANSFERS	(990)	(112)	435	(649)	(455)	(45)	(1,816)	299
Transfers	(702)	71	(574)	259	879	67	-	-
NET (OUTGOING) / INCOMING RESOURCES	(1,692)	(41)	(139)	(390)	424	22	(1,816)	299
Revaluations and gains / (losses) on investment properties	622	-	-	70	246	-	938	2,054
Unrealised gains / (losses) on investments and deposits	3,275	934	31	573	4,046	526	9,385	5,325
NET MOVEMENT IN FUNDS	2,205	893	(108)	253	4,716	548	8,507	7,678
Fund balances at 1 January 2013	68,808	(973)	1,648	7,912	66,947	14,099	158,441	150,763
FUND BALANCES AT 31 DECEMBER 2013	71,013	(80)	1,540	8,165	71,663	14,647	166,948	158,441

INCOMING RESOURCES

Parishioners continue to support their parishes and the total offertory was £5.93M (2012: £5.97M). Many parishes benefitted from responsible giving campaigns where sustained increases in giving are experienced.

The Gift Aid Small Donation Scheme has also enabled parishes to recover an additional £1,250 per annum for those who complied with the scheme requirements.

Parishioners' responses to appeals and special collections remain generous with £1.66M received in 2013 (2012: £1.77M) with external charities such as CAFOD benefiting in addition to archdiocesan collections for purposes such as Liverpool Archdiocesan Missionary Project (LAMP) and the Priests' Training Fund.

The value of legacies received by the archdiocese was £1.06M in 2013 (2012: £1.08M). The Priests' Training Fund, LAMP and the George Andrew Fund for sick and retired priests continue to benefit from the generosity of parishioners through collection income and bequests.

Activities for generating funds totalled £20.05M (2012: £21.88M), including parish fundraising and those of subsidiary companies. Many people from a variety of different backgrounds come into contact with the archdiocese through events held in the archdiocesan conference centre, in Sefton Park, Liverpool (LACE). Parish centres continue to be a valuable resource to parishes and the activities of subsidiaries in building projects ensure that projects are managed in a cost-efficient manner to the benefit of parishes and schools.

Investment income, comprising dividends, interest and rentals, generated £4.86M (2012: £4.90M). Income derived from cash management activities was £0.63M (2012: £1.10M) with the decrease due to the maturity of a number of higher performance based products in 2012.

Income from charitable activities of the archdiocese generated £1.21M (2012: £1.18M) and includes the activities of the Christian Education, Pastoral Formation and Schools departments. Other income was £0.69M (2012: £0.11M).

RESOURCES EXPENDED

Total resources expended reduced from £41.43M in 2012 to £41.40M in 2013. Expenditure on direct charitable activities was £20.85M (2012: £19.62M) with costs categorised within four main areas of activity.

Pastoral work in parishes and that of central departments such as Pastoral Formation, accounted for expenditure of £8.09M (2012: £7.80M). In addition to the various administrative costs of running parishes, £1.32M of proceeds on special collections was paid out to external charities and another £1.1M incurred by parishes in respect of liturgical activities.

£7.27M (2012: £6.69M) was expended on utilities and other property costs. Repair & maintenance costs of £3.87M were incurred in 2013 (2012: £3.64M) and continue to reflect the control exercised through the Financial Advisory Committee and the efforts of the archdiocesan surveyors. The expenditure on the maintenance and repair programme ensures that churches and halls are open to the whole community which benefits not only spiritually but also practically from the provision of pastoral care and many other services.

Through the School Projects Fund, the archdiocese engaged in 341 individual capital and repair projects costing £12.7M, which is funded through government grants and matched by contributions from parishioners and parents of children attending archdiocesan schools. The archdiocese incurred £1.17M (2012: £1.21M) on contributions to building projects and the operations of the Schools and Christian Education Departments.

Clergy costs of £2.96M (2012: £3.03M) were incurred and include £1.66M (2012: £1.65M) in respect of parish clergy with £0.24M (2012: £0.24M) and £0.79M (2012: £0.90M) incurred centrally through the Priests' Training and priests' sickness and retirement funds respectively.

Investment management fees and governance accounted for £0.41M (2012: £0.42M) and the cost of generating funds was £20.10M (2012: £21.40M).

Transfers include items such as parish contributions to retirement and school project funds. Subsidiaries made gift aid donations of £0.56M in 2013 (2012: £0.88M).

FIXED ASSETS

Tangible fixed assets are included at cost and depreciated over their expected useful lives. Listed properties and other functional church properties are depreciated over 100 years and 50 years respectively.

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

A number of buildings have been retained as investment properties to generate a rental income for individual parishes. Also included are a number of sites that have been cleared or are in the process of being cleared with the objective of being marketed for sale. Cyclical valuations are undertaken and the revaluations created an unrealised gain of £1.14M (2012: £2.66M).

INVESTMENTS

Investments held by the archdiocese, managed within the parameters of an ethical investment policy, amounted to £93.25M with an unrealised gain of £9.34M reported in 2013 (2012: £5.18M gain).

NET CURRENT ASSETS

Net current assets amounted to £19.66M at 2013 compared to £19.01M at 2012. These amounts represent the working capital of the archdiocese and are used to finance the day-to-day activities of all the parishes, parish centres, school building projects and central operations.

RESERVES

The total reserves held at 31 December 2013 amounted to £166.94M (2012: £158.44M). An analysis of designated and restricted funds can be found on page 4.

Unrestricted funds are available for use at the discretion of the trustees. Parochial unrestricted funds were £71.01M at 31 December 2013 (2012: £68.81M). At the same time, curial unrestricted funds were £8.17M (2012: £7.91M).

The level of reserves freely available amounted to 31 months' expenditure, (2012: 29 months), excluding fixed assets held for charitable use. The trustees consider that reserves equating to 36 months' expenditure are sufficient to enable the charity to fulfil all of its obligations and commitments.



Above: Restoration works to the spire St Vincent de Paul, Liverpool (Grade II* listed).

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

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

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

Respective responsibilities of trustees and auditor

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

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

Basis of opinion

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

Opinion

In our opinion the summarised financial statements are consistent with the full financial statements and the trustees' report of Liverpool Roman Catholic Archdiocesan Trust for the year ended 31 December 2013.

BDO LLP, Statutory Auditor, Liverpool
16 October 2014

BALANCE SHEET AT 31 DECEMBER 2013	Parochial 2013 £000s	Curial 2013 £000s	Total 2013 £000s	Parochial 2012 £000s	Curial 2012 £000s	Total 2012 £000s
FIXED ASSETS						
Tangible assets						
- investment properties	11,865	5,718	17,583	11,066	7,372	18,438
- other	15,816	20,640	36,456	16,608	21,260	37,868
	27,681	26,358	54,039	27,674	28,632	56,306
Investments	41,112	52,142	93,254	36,156	46,967	83,123
Total Fixed Assets	68,793	78,500	147,293	63,830	75,599	139,429
CURRENT ASSETS						
Stock	-	566	566	-	595	595
Debtors	5,712	3,657	9,369	3,192	4,331	7,523
Balance at bank	10,983	12,613	23,596	14,781	9,487	24,268
CREDITORS						
- amounts falling due within one year	(8,521)	(5,355)	(13,876)	(7,637)	(5,737)	(13,374)
Parish/Curial balances	(4,494)	4,494	-	(4,683)	4,683	-
NET CURRENT ASSETS	3,680	15,975	19,655	5,653	13,359	19,012
NET ASSETS	72,473	94,475	166,948	69,483	88,958	158,441
ACCUMULATED FUNDS						
Restricted funds	1,540	14,647	16,187	1,648	14,099	15,747
Unrestricted funds						
- designated	(80)	71,663	71,583	(973)	66,947	65,974
- general	71,013	8,165	79,178	68,808	7,912	76,720
TOTAL	72,473	94,475	166,948	69,483	88,958	158,441

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

RESTRICTED FUNDS	2013 £000s	2012 £000s
Parochial		
Foundation Mass capital	299	268
Other charitable collections	1,241	1,380
Curial		
Priests' Training Fund	2,857	2,628
Cathedral building projects	6,887	6,887
Cathedral other	1,381	1,273
LAMP	1,282	1,154
Other charitable collections	1,796	1,657
Capital grants	444	500

Purpose of funds

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

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

Cathedral building projects - English Heritage, European objective 1 and regional development grants to fund work to the cathedral roof, ceremonial steps and crypt developments.

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

LAMP - Liverpool Archdiocesan Missionary Project, to meet the costs of archdiocesan priests in their ministry in Latin America.

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

DESIGNATED FUNDS

	2013 £000s	2012 £000s
Parochial		
School capital and repairs	(136)	(1,058)
Other funds	56	85
Curial		
Central funds	44,053	40,858
George Andrew Retirement Fund	5,761	5,476
2021 Fund	5,951	5,307
Cathedral Roof Appeal Fund	6,455	6,255
Cathedral other	3,863	3,863
Sabbatical fund	1,750	1,582
Listed building fund	1,831	1,659
Parish reorganisation	1,300	1,300
Other designated funds	699	647

Purpose of funds

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

Central funds - To support the archdiocesan central administration.

George Andrew Retirement and 2021 funds - For priests in retirement.

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

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

Sabbatical fund - To provide for the costs of priests in sabbatical years.

Listed building fund - For the preservation of listed buildings.

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

Below left: Artists impression of the new Archbishop Beck Catholic College building which work began in 2013. **Below:** 2013 Golden Jubilarians with the Archbishop Emeritus.



FUTURE DEVELOPMENTS AND COMMITMENTS

With an ageing profile of Mass-going parishioners and a relative shortage of new priestly vocations, it is anticipated that by 2015 there will only be 100 active archdiocesan priests under the age of 75. Parishes have been grouped into 23 pastoral areas with, for planning purposes, a future expectation of one priest for every 5,000 parishioners. It continues to be the case that up to five additional pastoral areas move forward into the 'formal transition stage' identified through the 'Leaving Safe Harbours' strategic review so that all pastoral areas should be at or beyond that stage of development by the end of 2015.

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

The Archdiocesan Strategic Plan for Schools and Colleges covering the period 2014 – 2019 aims to empower schools and colleges to educate pupil and students in accordance with the Catholic philosophy of education and to ensure the highest quality provision and care for all who learn and work in them. With overall expectations that no archdiocesan school will be considered inadequate and that 90% of schools will be graded good or better, the policy was adopted in the spring of 2014.

Future Government allocations for school capital funding are likely to reduce further and remain as single-year programmes. Focus will continue

to be placed on building condition and provision of sufficient pupil places.

Capital investment in schools across the Archdiocese will continue to focus predominantly on maintaining and improving building condition and, where applicable, provision of sufficient pupil places. The Archdiocese will continue to work closely with local authority partners to realise other significant investment opportunities wherever possible; this includes continued joint working through the Liverpool School Investment Programme through which completely new buildings for Archbishop Beck and St John Bosco schools will be delivered.

Other developments are likely to include the commencement of a significant capital project to support the expansion of St Peter's high school in Wigan in response to growing demand for Catholic school places in the area. Similarly, a significant phased development will be commenced to increase the number of primary school places available at Great Crosby school in Sefton. In addition, phased refurbishment and redevelopment projects will commence at SS Peter and Paul school in Kirkby and St Aidan's school in Wigan alongside continued similar investment in St Mary's school, Blackbrook, and St John Fisher school in Widnes. Work will commence on site to re-build St Mary's school in Leyland which was largely destroyed by fire in September 2013.

The administrative and centrally coordinated pastoral functions of the archdiocese are funded from the central reserves. These funds are particularly dependent on income generated from cash management and investments. Although medium-term projections of interest rates remain low, the level of central reserves increased during the year and is in excess of the reserves policy for the archdiocese as a whole.

WAYS YOU CAN CONTRIBUTE

- 1 Increase your regular donations
- 2 Complete a Gift Aid declaration if a UK tax payer
- 3 Remember the church in your will
- 4 Donate by a planned giving envelope or standing order