

financial statements

The Roman Catholic Diocese of Northampton

For the year ended 31 March 2018

Registered charity number: 234091

The Roman Catholic Diocese of Northampton

Financial Statements

Year ended 31 March 2018

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The Roman Catholic Diocese of Northampton

Trust information

Registered charity number	234091
Governing instrument	Trust Deed 11 July 1949 as amended 11 October 2006
The board of trustees	Rt Rev Bishop P J H Doyle Rev Mgr Provost S Healy Rev Mgr K McGinnell Rev Dr B Killeen Mr J C Whitehead Rev A W Brennan Mrs M M Bull (Resigned 14 th December 2018) Mrs M A Harwood Rev D Smith (Resigned 29 th September 2017) Mr C J C Peachey Rev C Walkling-Lea (appointed 20 th April 2018)
Secretary	Mr T J Redding
Registered Office	Bishop's House Marriott Street Northampton NN2 6AW
Auditors	haysmacintyre 10 Queen Street Place London EC4R 1AG
Bankers	National Westminster Bank plc 25 Corporation Street Corby Northants NN17 1NR
Investment advisers	Rathbones 8 Finsbury Circus London EC2M 7AZ Ruffer LLP 80 Victoria Street London SW1E 5JL

The Roman Catholic Diocese of Northampton

Report of the Trustees

Year ended 31 March 2018

Report of the trustees

The trustees have pleasure in presenting their report, together with the financial statements, for the year ended 31 March 2018.

Structure, Governance and Management

Constitution

The Charity is governed by a trust deed, dated 30 April 1949 as amended on 11 October 2006, registered charity number 234091. It specifically covers the Counties of Northamptonshire, Bedfordshire, Buckinghamshire and that part of Berkshire North of the River Thames.

Trustees

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet as the Finance Board on a regular basis to review developments and activities and to make decisions on key issues. In setting objectives and planning activities, the trustees confirm that they have complied with the duty in the Charities Act 2011 section 17 to have due regard to the Charity Commission general guidance on public benefit and the specific guidance on charities for the advancement of religion.

The Northampton Roman Catholic Diocese Trustee is a registered company number 442173 incorporated under the Companies Act 1929 on 13 September 1947. The members of the company who serve on the Finance Board are as follows:-

Rt Rev Bishop P J H Doyle
Rev Mgr Provost S Healy
Rev Mgr K McGinnell
Rev Dr B Killeen
Mr J C Whitehead
Rev A W Brennan
Mrs M M Bull (Resigned 14th December 2018)
Mrs M A Harwood
Rev D Smith (Resigned 29th September 2017)
Mr C J C Peachey
Rev C Walkling-Lea (Appointed 20th April 2018)

Members of the Finance Board are appointed, and can be removed by the Bishop who is ex officio President of the Corporation and ex officio a member of the Finance Board. The Corporation has an Honorary Secretary appointed in writing by the President. The Honorary Secretary can be removed from office by the Bishop in writing. New members of the Finance Board are provided with copies of the Trust document, the most recent published accounts and a process of induction. Recent minutes of the Finance Board are also made available to them. Appropriate training is made available to new members, dependant on their experience of charitable, legal and financial matters. In addition, all members of the Finance Board are kept up to date on new legislation and recommended practices.

Membership of the Finance Board is reviewed on a regular basis.

All trustees give of their time freely and no remuneration was paid to them in the year in relation to their role as trustee. No trustees were in receipt of expenses (2017:- one £219) in relation to his role as trustee.

Trustees' responsibilities

The trustees are responsible for preparing the Report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Roman Catholic Diocese of Northampton

Report of the Trustees (continued)

Year ended 31 March 2018

Trustees' responsibilities (continued)

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the trustees are aware:

- There is no relevant audit information of which the charity's auditors are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Organisational structure and decision-making process

The day-to-day management of the charity's activities and implementation of its policies are delegated to a number of committees and consultative bodies and to appropriate staff. There are a number of curial departments such as Finance and Property, Safeguarding, Education and Youth Ministry, each of which employ appropriately trained and qualified staff to manage and carry out those activities. Similarly parishes have a number of paid employees and volunteers to assist in the running of activities at local level. The Diocese employs a Human Resources advisor to look after the welfare of staff and to advise on recruitment and other related issues.

A major focus of the trustees is the care and maintenance of Diocesan property and decisions on projects proposed in the Diocese, dependant on type and size, are made at the appropriate level, with advice being obtained as necessary from professional advisers appointed by the Diocese. A property committee of the Finance Board has been formed and this considers in detail project proposals and recommends appropriate action to the trustees. This committee is made up of trustees and Diocesan officials.

In addition, the Art and Architecture section of the Diocesan Liturgy Commission considers applications for church improvements and reports regularly to the Bishop and to the Finance Board. The Diocesan Historic Churches Committee, a statutory body, has remit over the listed places of worship of the Diocese, processing applications for works to those buildings and monitoring progress.

Day to day management of the Finance and Property function is the responsibility of the Diocesan Director of Finance and Development, together with the Financial Secretary and three property professionals.

The Roman Catholic Diocese of Northampton

Report of the Trustees (continued)

Year ended 31 March 2018

Key management personnel

The Board considers that the Trustees and the Senior Leadership Team whose total remuneration is set out in note 13 of the accounts comprise the key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. These include the Director of Finance and Development, the Financial Secretary and the senior lay personnel in the major curial departments. The pay of the senior staff is reviewed annually. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 14 of the accounts. When new roles are created, or significant roles change hands, benchmarking against market rates for similar positions is employed to attract the best candidates for those roles.

Risk management

A review of the major financial and reputational risks to which the charity is exposed has been carried out and systems put in place to mitigate those risks. Any risks identified and their resultant impact on reserves and/or reputation of the Diocese are considered by the trustees. Procedures are being put in place to continually monitor these and any new risks identified. A sub-committee of the Trustee has been formed to perform this function. In particular, the Diocese has procedures in place regarding the safeguarding of children and vulnerable adults. The health and safety of people using our churches and other facilities is also a high priority and the Diocese has policies in place to assess and manage the associated risks, overseen by a Health and Safety subcommittee of the Trustee. The increasing age and declining number of priests is also considered by the trustees to be a significant risk for the Diocese. In order to plan for and mitigate the consequences of this risk factor, parishes have been asked to plan for how pastoral areas and individual parishes will provide facilities for the practicing of the Faith with significantly fewer priests. The Diocese is also participating nationally in an assessment of how resilient Diocese would be to the financial impact of unforeseen events.

Related parties

The attached accounts include the assets and activities of three trusts which are incorporated as separate charities:-

Northampton Diocese Education Fund	Charity Number 267132
Lord Braye's Foundation	Charity Number 242281
The Charity of Frances Alice Chesterton	Charity Number 252034

The objects of these charities are consistent with the objects of the Diocese.

The Diocese also encompasses a number of Catholic schools. Those schools which are voluntary aided are exempt Charities under the Schools Standards and Framework Act 1988 and their activities are not reflected in the financial statements attached to this report. The Bishop of Northampton appoints Foundation Governors to the Governing Bodies of these schools and they form the majority of those Governing Bodies. Similarly, a number of schools have converted to academy status and are formed within multi-academy trusts. The Bishop has similar powers of appointment of the trustees of those Trusts and again their activities are not reflected in the financial statements attached to this report. At the date of this report there are 19 academies within 5 multi-academy trusts. The addresses of these schools can be found in the Diocesan Directory.

Investment policy

There are no particular investment powers. Investments are made at the absolute discretion of the trustees acting on advice of its professional advisers. Six monthly meetings with the investment advisers are attended regularly by members of the Finance Board, senior personnel and external consultants. Every effort is made to avoid investing in securities which might conflict with Catholic Social Teaching or which are environmentally unsound.

At 31 March 2018 the portfolio of investments had a market value of £6,655,165. There were realised losses of £7,428 and unrealised losses of £35,234. Total investment income in the year was £206,850.

The Roman Catholic Diocese of Northampton

Report of the Trustees (continued)

Year ended 31 March 2018

The investment policy is to maximise total return through a diversified portfolio. The trustees are aware of the effect of movements in the value of this investment portfolio on reserve levels. This is particularly relevant with the continuing uncertainties on the stock market. As stated above, unrealised losses resulting from movements in the investment market, amounted to £35,234. Unrealised gains in the previous financial year were £918,175. The Diocese does consider itself a long term investor and together with its advisers takes steps to mitigate losses in the short term while remaining in a position to take advantage of any potential upturn in the markets.

Public benefit

The Charities Act 2006 requires charities to describe the benefit that is provided to the public. The Charity Commission has commented that "religion helps to provide a moral and ethical framework for people to live by and can play an important part in building social capital and community cohesion".

The adherence to, and advancing of, the Catholic faith to the public within the Northampton Diocese has many public benefits. It provides an ethical and moral code for society; it provides sacred places, churches, services of worship, public ritual and ceremonies, including baptisms, weddings and funerals; it contributes to the spiritual well-being of the public; it contributes to the spiritual and moral education of children; it promotes social understanding and cohesion, and contributes to practical ways of addressing social needs such as visiting the sick and housebound, and furthering other charitable purposes.

The above is demonstrated by 27,486 people attending mass each Sunday together with masses also being said each day in our parishes. 20,000 children, both Catholic and non-Catholic, attended our schools. Donations of £780,147 (2017: £799,132) were made by our parishioners to causes both internal and external to our Diocese. Many programs were made available in parishes around the Diocese in areas such as spiritual development, Marriage and Family Life and Justice and Peace.

Beneficiaries

Beneficiaries of the charity include not only parishioners and those young people attending our schools but also the recipients of aid from the many causes supported by the Diocese through contributions to among others CAFOD, Apostleship of the Sea, The Association for the Propagation of the Faith as well as a number of projects supported by individual parishes. Churches and schools around the Diocese are welcoming and helping to integrate into the community large numbers of new parishioners and students both from the UK and overseas.

Objectives, activities and achievements

Principal objects

The principal objects of the Charity are as declared in the Trust Deed dated 11 July 1949 "in or towards advancing the Roman Catholic religion in the Diocese by such means as the Bishop may think fit and proper and for the service and support whether in the Diocese or outside the Diocese by such means as aforesaid of charitable works and objects promoted by the Church" (Clause 2 of the Trust Deed).

The long-term strategies set to achieve these objects are to ensure that the life of the Catholic Community is well supported and responsive to changing requirements and to generate and maintain sufficient reserves to ensure the long-term future of the charity. It carries out these strategies through a number of key activities as set out below:-

Significant activities

The objects of the charity are fulfilled by the many activities carried out in its parishes, its schools and through a number of organisations run by the Diocesan Curia.

The Roman Catholic Diocese of Northampton

Report of the Trustees (continued)

Year ended 31 March 2018

Parish life

Parish life is supported through the provision of clergy and buildings as a result of which many parishioners provide support to the local and national community in improving social cohesion and in many other ways. While the celebration of Mass is mainly in churches owned and maintained by the Diocese through its parishes and supported by the curial departments, parishes also reach out to the local community through their activities and support their parishioners through home visits, hospital chaplaincy and a range of courses and other programs.

During the year, parish life carried on as usual with churches being places of worship, and sources of nourishment for the faith of the People, and outreach to the community. The Sacraments of Baptism, First Communion and Confirmation were celebrated all around the Diocese and many groups met in prayer and reflection on the word of God in scripture. At the 2017 census 27,486 people attended mass on a weekly basis and there were 1,714 baptisms, 933 people confirmed and 365 marriages during the year.

The facilitation and nourishment of spiritual life and concern for neighbour in the Diocese are the principal aims of the charity and while weekly attendance figures and the number of baptisms, confirmations, marriages, etc are indications of the success of the work, performance can also be measured by the continuing strength of our parish and school communities and the individual journeys of faith of our parishioners. Sick and elderly parishioners received the Eucharist and Sacrament of the Sick, the dying and their relatives received comfort and support, and the deceased received dignified burial and cremation services, which aided the grieving process for their relatives.

The trustees recognise the effect of particular types of one-off income including the inherent uncertainty of legacy income. Together with an anticipated increase in capital works on Church property, the general increase in many costs such as utilities and the continued impact of the current economic climate has led to the continuation of a working party of trustees and Diocesan Officers to find ways of raising income while managing costs. Plans are in progress to support parishes in raising offertory income.

Parishes carry out their own fundraising activities in support of parish projects both internal to the parish and external. The total income raised was £630,292 compared with £512,695 in 2017.

Churches, presbyteries and halls

Repairs and maintenance requirements resulting from the quinquennial reports on buildings owned by the trustee and the system of close contact between parishes, the trustee and the professionals appointed by the Diocese, resulted in £1.92m (2017: £1.96m) being spent during the year at parish and Diocesan level.

Major projects included the completion of the roof repair works and internal redecoration works at Princes Risborough. Major works have also been carried out to the roof, windows and internal order at Daventry. Roof and heating works have been carried out at Sacred Heart, Weston Favell and Sacred Heart, Luton. Parishes are being encouraged to carry out a rolling program of decoration and repairs to their presbyteries. All of this work was supervised by the Diocesan Property Department, reporting to the Trustee property committee who together with professional advisers appointed by the Diocese, ensure that the work is carried out to the highest possible standard.

Parish clubs

There are now six parish member social clubs, all but one of which occupy under license of buildings owned by the Diocese Trustee. The Diocesan Finance and Property department have continued to monitor their management and viability, along with professionals appointed by the clubs.

The Roman Catholic Diocese of Northampton

Report of the Trustees (continued)

Year ended 31 March 2018

Volunteers

The charity is heavily reliant on the work of a large number of volunteers, especially in its parishes but also on a number of committees. These volunteers include Lay Eucharistic Ministers and Readers, Catechists, altar servers, parish workers, choirs and musicians, health and safety representatives, child and vulnerable adult safeguarding representatives, members of the St Vincent de Paul Society who help the poor and needy, and many other roles. The trustees are especially grateful to all of these people for their tireless efforts.

Schools

As has been the case for many years the Diocese has looked to fulfil its objects partly by the facilitation of education within a Catholic environment. The majority of these schools are voluntary aided state schools or academies at both primary and secondary level, and are supported by the Diocesan Schools Commission. Together with a small number of independent schools they operate with a Catholic ethos and while following legislation and curriculum set by the State, also have specific policies and procedures set by or in consultation with the Catholic Education Service.

During the year a sum of £1.68m (2017:- £2.2m) gross of Government grant was spent on school buildings owned by the trustee. As in previous years, for a significant proportion of this expenditure 10% of the cost had to be found by the Diocese be it from the parishes, the parental voluntary contribution scheme, the schools or other sources. A review is continuing on how this 10% contribution is funded, especially since the level of expenditure greatly exceeds the amount that can be afforded by parishes alone and the continuing debate about the fact that many of the children in Catholic schools come from families which do not attend mass regularly and hence help fund the schools through their offertory contributions. The Diocesan Schools Commission supports our schools and their Governors in the work that they do.

Many different projects were carried out around the Diocese as part of the ongoing maintenance and development of our school buildings.

Curial activities

Curial activities include the training of new priests, permanent deacons, catechists, and lay ministers, the support of existing and retired priests, youth ministry, adult education, ecumenism and multi-faith dialogue, safeguarding children and vulnerable adults, justice and peace commission, and a number of commissions covering liturgy, historic churches, pastoral strategy and the Diocesan Tribunal, amongst others.

During the Diocesan Year of Prayer and Vocation, which took place in part during the year under review, and generally, the Bishop has continued to spend much of his time visiting and energising parishes and schools within the Diocese, in particular meeting with representatives of the pastoral areas set up as a result of the Walking Humbly process, and meeting and providing pastoral leadership to its Clergy and lay people and also focussing on the particular challenges, which he and the Diocese will be facing over the coming years. As stated in previous reports, in common with many other Dioceses there is a declining number of priests available to serve parishes which, together with the advancing age of those still in service, fewer vocations to the priesthood and the continual gradual decline of religious practice in this country, provide an ongoing challenge to the Charity. We currently have thirteen men in seminary training - 10 for the priesthood and 3 for the permanent diaconate. Vocations to the diaconate and new forms of lay ministry are also developing and being supported by the Diocese. Despite the current economic crisis slowing down the speed of development, this Diocese is also facing the prospect of large new housing developments in its larger towns and discussions are in progress as to what measures will be required to welcome and provide adequate facilities for the spiritual life of both old and new residents. Each pastoral area is being challenged to develop plans to shape the Church in their area, reflecting on the issues and opportunities particular to their area and the Diocese as a whole. They are being asked in particular to plan for significantly fewer priests than current within the next ten years.

The Roman Catholic Diocese of Northampton

Report of the Trustees (continued)

Year ended 31 March 2018

In order to meet these and other challenges the major fundraising initiative, Together in Faith, has continued with its principal aims being to meet the cost of the support of retired clergy and the training of new priests, as well as the funding of catechists and lay training and also particular parish projects. During the parish phase, a Campaign Advisory Committee monitored results and liaised with the professional fundraisers. To date £9.1m has been pledged to be given over a five year period. A Stewardship Committee has been appointed by the Bishop to monitor expenditure of the funds raised and to provide information to donors. During the year under review a total of £0.14m was received from donors, investment income and parish pledges and £1.4m expended on the stated causes. In particular, a number of parishes have used their share of monies raised to finance both capital and revenue projects locally and in the case of one parish, to funding chaplains in the local schools. An Officer for Lay Ministry has also been appointed to develop projects in this area. The Trustees once again wish to express their gratitude to all those who have pledged most generously to this campaign.

Plans are also well under way to build a new Centre to serve the Cathedral and the Diocese as a whole, as well as to be a facility for the local community. The cost of building the Centre is the subject of a fundraising campaign supported initially by a professional fundraising company. The Cathedral suffers greatly from not having a suitable facility to host both parish and Diocesan events and to provide outreach to the local community. A large amount of research has been carried out to ascertain the precise need and also to visit similar facilities both locally and around the country. The campaign is overseen by a committee comprising the Cathedral Dean and the Director of Finance and Development, along with a representative from the fundraising professionals and other senior Diocesan personnel. It is under the patronage of Bishop Peter, Archbishop Kevin McDonald and Bishop Leo McCartie, together with Lady Penelope Braye. At the time of signing of this report, £2.9m has been raised from trusts, donors, parishes and the allocation of existing resources to the project against a target of £3.8m. Building works are planned to commence early in 2019.

Financial Review

Reserves policy

The Finance Board meets regularly to plan, monitor and review levels of expenditure on key or significant projects, and hence the impact on reserve levels. General income levels are also monitored regularly. The trustees consider that a prudent level of free reserves (those unrestricted funds not invested in fixed assets or designated for specific purposes) is the equivalent of a **maximum** of 12 months' expenditure. This will allow the Diocese to deal effectively with a significant drop in income and also react to requests for funding arising from unexpected events. At 31 March 2018 the free reserves of £4,629,434 represented approximately 5.2 months of expenditure.

Fundraising approach and performance

The charity undertakes fundraising activity to its supporters via appeals, events, emails and correspondence in line with the Fundraising Code of Practice set by Fundraising Regulator. Our fundraising promise is

'When you support you can be sure of the following:

- *We will never sell your contact details to anyone*
- *We will only contact you if you have expressed an interest in our work*
- *If we phone you, we will always check you are happy to take the call*
- *If you ask us to change how we communicate with you, or stop, we will respect that*
- *We do not engage in cold-calling, door to door or street fundraising*
- *We try hard to ensure no one ever feels pressurised to support our work*
- *We are registered with the Fundraising Regulator and adhere to the Fundraising Code of Practice.*
- *All our activities are open, fair, honest and legal.*

No professional fundraisers were used during the year under review.

The Roman Catholic Diocese of Northampton

Report of the Trustees (continued)

Year ended 31 March 2018

The Diocese has robust procedures in place regarding vulnerable people and treating donors generally in a fair manner.

The charity is registered with the Fundraising Regulator and adheres to the standards of the Fundraising Code of Practice. Trustees are not aware of any complaints made regarding fundraising activities carried out during the year.

Details of particular fundraising performance is detailed elsewhere in this report.

Designated funds

Designated funds are held for a number of purposes including the education of priests, the maintenance of the Diocesan Curia, the advancement of education, mass stipends, the support of sick and needy priests and funds for the disposal of the Bishop in the course of his work. Expenditure is made from these funds on a regular basis. The continued need for these funds or for additional purposes will be reviewed on a regular basis.

Financial management

While each parish under Canon Law is a separate juridical person with the right to acquire, retain, administer and alienate temporal goods in their own right, they operate under financial guidelines issued by the Diocese. These give approval and cheque signing limits and require parishes to file returns with the Diocese on a quarterly basis. There are also approval and cheque signatory policies operating centrally, and a cycle of internal checks on the operation of financial procedures at parish level, in addition to those carried out by the external auditor.

Funding sources

The principal funding source of the Diocese is the parish offertory collection. Significant levels of income are also received from investments, fundraising activities, interest on cash on deposit and rents received on investment property. Legacies also form a material portion of Diocesan income. The trustees recognise the uncertain nature of legacies and the material effect that the receipt or otherwise of major gifts can have on the results for any year. The anticipation of significant legacies is therefore discounted from the budgetary process, unless the quantum of the receipt can be ascertained with reasonable certainty.

Expenditure

The major part of expenditure in the year is on the support of parish life and in particular the maintenance and repairs of their buildings. The funding and support of building works in schools also resulted in a cost to the Diocese of £208,711 in the year (2017: £196,298).

Results for the year

A summary of the results for the year is shown on page 15 of these financial statements. The trustees report an overall surplus for the year of £1,952,332 (2017: surplus £283,752). The surplus for the year is categorised as follows:

	2018	2017
	£	£
General income and expenditure account	1,332,344	455,356
Restricted funds	(1,157,492)	110,811
Designated funds	1,777,480	(282,415)
	<u>£1,952,332</u>	<u>£283,752</u>

There were net outgoing resources of £242,136 (2017: outgoing £774,992) before revaluations and investment asset disposals. The net surplus on investment assets was £2,194,468 (2017: £1,058,744) of which £2,203,571 was unrealised (2017: £1,038,448), representing an increase in value between 31 March 2017 and 31 March 2018. The effect of the net surplus on investment assets is to change a deficit of £242,136 (2017: £774,992) to an overall surplus for the year of £1,952,332 (2017: £283,752).

The Roman Catholic Diocese of Northampton

Report of the Trustees (continued)

Year ended 31 March 2018

Financial position

At 31 March 2018 the reserves were:-

	2018 £	2017 £
Restricted	4,676,824	5,831,154
Restricted – fixed assets	148,617	151,779
Designated	3,954,924	2,172,195
Designated – fixed assets	246,673	251,922
General – fixed assets	12,541,342	12,667,028
General – unrestricted	4,629,434	3,171,404
	<u>£26,197,814</u>	<u>£24,245,482</u>

Restricted funds represent special collections and Easter and Christmas offerings to priests, not yet paid out by the year end. They also include legacies received for specific purposes. Together in Faith Funds not yet expended on stated causes are also restricted.

Designated funds represent funds set aside for specific purposes, as listed in note 6 to these financial statements.

The general fund for fixed assets represents the value invested in fixed assets, principally churches and presbyteries.

Funds available to support the work of the Diocese in the future are those shown above as general unrestricted funds of £4,629,434 (2017: £3,171,404).

Plans for the future

The Diocese will continue to monitor reserve levels to ensure that its long term aims can be met. The continued support of parish life and the Catholic community remains a priority and how this is to be achieved is a major focus for the Charity. The Together in Faith fundraising campaign has provided significant funds for retired clergy, the training of new priests and lay formation, as well as allowing parishes to complete projects at local level.

The principal focus will be on a number of main areas:-

- How parishes and the Diocese can respond to the negative trend in mass attendance.
- Ways of dealing with the increasing age and decreasing numbers of priests.
- Planning for and the funding of maintenance issues in our buildings
- Planning for possible calls on Diocesan funds resulting from national and international issues.
- Ensuring that funds are available to fund all the activities which meet the Objects of the charity

Offertory appeals will be held around the Diocese to provide additional resources for parishes, and through the levy the Curia. While specific increases have not been set, uplifts significantly in excess of inflation have been targeted to offset rising costs.

The Roman Catholic Diocese of Northampton

Report of the Trustees (continued)

Year ended 31 March 2018

Funds held on behalf of others

Assets held as custodian trustees

Included within the Diocesan Investment Trust portfolio of shares are units held on behalf of a separately registered charity: The Northampton Diocesan Priests' Fund, whose objects are to aid the secular priests of the Diocese who are permanently or temporarily incapacitated by old age, infirmity, illness or accident. The assets within the overall portfolio are disclosed in note 2 and are separately distinguishable from assets of the Diocese. Quarterly reports are sent to the charity on the investment performance.

Signed by order of the trustees

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Rt Rev Bishop P J H Doyle

Approved by the trustees on 24th January 2019

The Roman Catholic Diocese of Northampton

Independent Auditors' Report to the Trustees

Year ended 31 March 2018

Opinion

We have audited the financial statements of the Roman Catholic Diocese of Northampton for the period ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of the charity's net movement in funds 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.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

The Roman Catholic Diocese of Northampton

Independent Auditors' Report to the Trustees

Year ended 31 March 2018

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charity, or returns adequate for our audit have not been received from branches not visited by us; or
- sufficient accounting records have not been kept; or
- the charity 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.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.

haysmacintyre
Statutory Auditor

28th January 2019

10 Queen Street Place
London
WC1R 4AG

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Roman Catholic Diocese of Northampton

Balance sheet

Year ended 31 March 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible fixed assets	1	12,936,632		13,070,729	
Investments	2	6,655,165		6,741,173	
Investment properties	2	4,697,500		2,562,678	
			24,289,297		22,374,580
Current assets					
Debtors	3	3,868,813		3,621,294	
Cash at bank and in hand		1,534,619		2,675,711	
		5,403,432		6,297,005	
Creditors: amounts falling due within one year	4	3,472,412		4,396,103	
Net current assets			1,931,020		1,900,902
Total assets less current liabilities			26,220,317		24,275,482
Creditors: amounts falling due after one year	5		(22,503)		(30,000)
Net assets			£26,197,814		£24,245,482
Funds					
General – unrestricted	6		4,629,434		3,171,404
General – fixed assets	6		12,541,342		12,667,028
			17,170,776		15,838,432
Designated	6		3,954,924		2,172,195
Designated – fixed assets	6		246,673		251,922
Restricted	6		4,676,824		5,831,154
Restricted – fixed assets	6		148,617		151,779
Net assets			£26,197,814		£24,245,482

Approved by the Board of Trustees and authorised for issue on 24th January 2019 and signed on its behalf by:

.....
Rt Rev Bishop P J H Doyle
Trustee

.....
Rev Dr B Killeen
Trustee

The Roman Catholic Diocese of Northampton

Statement of Financial Activities

Year ended 31 March 2018

	Parochial		Curial		Diocesan	
	Restricted £	Unrestricted £	Restricted £	Unrestricted £	2018 £	2017 £
Income from:						
	£	£	£	£	£	£
<i>Donations and legacies</i>						
Collections & donations	111,190	4,992,841	39,263	288,832	5,432,126	5,320,409
Second collections	11 404,064	-	-	52,812	456,876	336,282
Legacies	-	69,261	-	969,657	1,038,918	228,284
Grants received	-	-	-	-	-	3,000
<i>Other trading activities</i>						
Fundraising	218,626	411,666	255,928	60,899	947,119	1,210,802
<i>Investment income</i>						
Dividend income	-	18,740	25,109	163,001	206,850	190,130
Bank interest	-	-	-	7	7	36
Rental income	-	496,426	-	27,401	523,827	589,435
<i>Other incoming resources</i>						
Sales of assets	-	58	-	-	58	42,216
Total income	733,880	5,988,992	320,300	1,562,609	8,605,781	7,920,594
Expenditure on:						
<i>Raising funds:</i>	9					
Costs of generating voluntary income	43,369	104,991	-	83,198	231,558	237,771
Investment & property management costs	-	-	2,218	40,041	42,259	41,692
<i>Charitable activities:</i>						
2 nd collections & grants	11 469,334	40,958	744	-	511,036	391,947
Support of parish life	7 106,992	5,706,151	35,589	380,585	6,229,317	6,236,259
Curial activities	7 -	-	367,825	1,257,211	1,625,036	1,591,619
School buildings provision	7 5,523	7,326	79,167	116,695	208,711	196,298
Total expenditure	625,218	5,859,426	485,543	1,877,730	8,847,917	8,695,586
	108,662	129,566	(165,243)	(315,121)	(242,136)	(774,992)
Other recognised gains/ (losses) on investment assets:						
Realised on disposal	-	(1,675)	3,678	(11,106)	(9,103)	20,296
Unrealised	-	2,225,572	(31,336)	9,335	2,203,571	1,038,448
Net income	108,662	2,353,463	(192,901)	(316,892)	1,952,332	283,752
Transfers between funds	(114,064)	(1,342,955)	(959,189)	2,416,208	-	-
Net movement in funds	(5,402)	1,010,508	(1,152,090)	2,099,316	1,952,332	283,752
Reconciliation of funds:						
Total funds brought forward	662,027	13,037,717	5,320,906	5,224,832	24,245,482	23,961,730
Total funds carried forward at 31 Mar 2018	£656,625	£14,048,225	£4,168,816	£7,324,148	£26,197,814	£24,245,482

All the activities of the charity are classed as continuing.

Detailed comparatives are shown in Note 17 to these financial statements.

The Roman Catholic Diocese of Northampton

Cash Flow Statement

Year ended 31 March 2018

	2018		2017	
	£	£	£	£
Cash flows from operating activities				
Net cash provided by (used in) operating activities (see below)		(1,327,534)		(510,233)
Cash flows from investing activities				
Interest received	7		36	
Dividends received	206,850		190,130	
Purchase of property, plant and equipment	(166,127)		(738,364)	
Proceeds from sale of property, plant and equipment	58		511,907	
Purchase of investments	(780,700)		(925,871)	
Sale of investments	824,046		958,072	
Sale of investment properties	102,307		1,242,415	
Net provided by (used in) investing activities		186,442		1,238,325
Change in cash and cash equivalents		(1,141,092)		728,092
Cash and cash equivalents at start of reporting period		2,675,711		1,947,619
Cash and cash equivalents at end of reporting period		£1,534,619		£2,675,711

The Roman Catholic Diocese of Northampton

Notes to the Cash Flow Statement

Year ended 31 March 2018

(i) Reconciliation of net incoming resources to net cash inflow from operating activities

	2018 £	2017 £
Net income/(outgoings) per SOFA	1,952,332	283,752
Returns on investment	(2,194,468)	(1,058,752)
Investment income	(206,857)	(190,166)
Surplus on disposal of tangible fixed assets	(58)	(42,216)
Loss on disposal of tangible fixed assets	-	13,766
Depreciation	300,224	300,478
Decrease/(increase) in debtors	(247,519)	(34,076)
Increase/(decrease) in creditors	(931,188)	216,981
	<u>£(1,327,534)</u>	<u>£(510,233)</u>

(ii) Reconciliation of net cash flow to movement in net funds

Net funds at 1 April 2017	2,645,711	1,917,619
Increase in cash in the period	(1,133,595)	728,092
	<u>£1,512,116</u>	<u>£2,645,711</u>

(iii) Analysis of changes in net funds

	1 April 2017 £	Cash Flow £	31 March 2018 £
Cash in hand and at bank	2,675,711	(1,141,092)	1,534,619
Debt due after 1 year	(30,000)	7,497	(22,503)
	<u>£2,645,711</u>	<u>(1,133,595)</u>	<u>£1,512,116</u>

	1 April 2016 £	Cash Flow £	31 March 2017 £
Cash in hand and at bank	1,947,619	728,092	2,675,711
Debt due after 1 year	(30,000)	-	(30,000)
	<u>£1,917,619</u>	<u>728,092</u>	<u>£2,645,711</u>

The Roman Catholic Diocese of Northampton

Statement of Accounting Policies *(continued)*

Year ended 31 March 2018

The principal accounting policies which are adopted in the preparation of the financial statements are set out below:

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of non marketable assets held for charitable purposes, investment properties and listed investments at market value. The format of the financial statements has been presented to comply with the Charities Act 2011, FRS102 *The Financial Reporting Standard applicable in the UK and Ireland* and the Statement of Recommended Practice *Accounting and Reporting by Charities* ("SORP 2017"). The Charity is a Public Benefit Entity as defined by FRS102. Figures are presented in sterling and rounded to the nearest pound.

General information

The Charity is a charity registered in England and Wales (charity number: 234091). The Charity's registered office address is Bishop's House, Marriott Street, Northampton, NN2 6AW.

Going concern

The Trustees consider that there are no material uncertainties which would cast doubt on the Charity's ability to continue as a going concern.

Income and expenditure

Income is recognised in the period in which its receipt is probable and the amount can be measured with reasonable certainty. Income from parochial activities and other voluntary donations is recognised on a receipts basis. Income from investments, grant agencies, rental properties and other sources of a non-ex-gratia nature are recognised on an accruals basis. Legacies are recognised once the charity is advised that payment is due and the amount involved can be quantified.

Costs of raising funds comprise those costs associated with attracting voluntary income and the management of the Charity's investments.

Costs of charitable activities consist of all expenditure directly relating to the objects of the Charity. Support costs which cannot be directly allocated are apportioned between charitable activities and governance costs on the basis of the Trustee's estimate of the time spent on the relevant functions.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

Governance costs include expenditure on management and compliance with constitutional and statutory requirements together with an allocation of support costs.

Irrecoverable VAT is included with the category of expenses to which it relates.

Tangible assets

a. Freehold land and buildings

Functional land and buildings

1. Churches, Presbyteries, Halls and Offices etc.

The Roman Catholic Diocese of Northampton

Statement of Accounting Policies *(continued)*

Year ended 31 March 2018

a. Freehold land and buildings (continued)

Freehold land

Functional land (i.e. land used for the prime purpose of the Charity), is included in the financial statements at original cost or, where this is not available, at an estimate of its historic cost (or in the case of donated land, at its fair value at the date of receipt).

Freehold land is not depreciated because it has an indefinitely long useful life.

Freehold buildings

Functional buildings (i.e. buildings used for the prime purpose of the Charity), which are still in use by the Charity are included in the financial statements at original cost, or where this is not available, at an estimate of their historic cost (or in the case of donated buildings, at an estimate of their fair value at the date of receipt). All new functional buildings, improvements and major renovations are capitalised at the cost of construction.

Buildings which were in use at 31 March 1996 are depreciated at rates calculated to write off their estimated historic cost (less the estimated residual value) evenly over the remainder of their useful life.

The estimate of the useful life of a building varies depending on the condition and its future use, however, in general it is expected that a building in a reasonable state of repair will continue in use without major renovations or improvements for the following period:

Unlisted Churches	25 to 100 years
Cathedral and Listed Churches	100 to 200 years
Presbyteries	25 to 50 years
Other buildings	25 to 75 years

Depreciation rates are calculated using the age of the building and its expected useful life.

Details of the addresses of the Diocesan Churches and other buildings (both freehold and leasehold) can be found in the Diocesan year book.

2. Voluntary Aided Schools

Land

The charity owns the land on which its Voluntary Aided Schools are built. The nature of the occupation of the land by these exempt and excepted charities means that the Diocesan Trustees do not have the power to dispose of the land, until the school ceases its occupation, which in turn would require the approval of the governors and the Secretary of State. Consequently, for the purposes of these financial statements the land is treated as inalienable and is not capitalised. The cost of any land acquired for the purposes of a Voluntary Aided School is charged to the Statement of Financial Activities in the year of acquisition.

Buildings

The school buildings are occupied, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt and excepted charities means that the Diocesan Trustees do not have control over the buildings, until the school ceases its occupation, which in turn would require the approval of the governors and the Secretary of State. Consequently, for the purposes of these financial statements the buildings are treated as inalienable. The school governors account for the building, improvement and repair costs of the schools and account for any grants received in respect of these costs. Grants made by the Diocese or parishes to the governors in order to assist them with their liability for school building costs are charged to the Statement of Financial Activities in the year of payment.

Details of the Diocesan Voluntary Aided Schools (both freehold and leasehold) are given in the Diocesan Year Book.

The Roman Catholic Diocese of Northampton

Statement of Accounting Policies *(continued)*

Year ended 31 March 2018

a. Freehold land and buildings (continued)

3. Academies

Land

The charity owns the land on which its Academies are built. The nature of the occupation of the land by these multi-academy trusts by long term lease or other agreement means that the Diocesan Trustees do not have the power to dispose of the land, until the school ceases its occupation, under the terms of occupancy. Consequently, for the purposes of these financial statements the land is treated as inalienable and is not capitalised. The cost of any land acquired for the purposes of an Academy is charged to the Statement of Financial Activities in the year of acquisition.

Buildings

The school buildings are occupied, improved, extended and repaired by the Academy Trustees. The nature of the occupation of these buildings by these multi-academy trusts means that the Diocesan Trustees do not have control over the buildings, until the school ceases its occupation under the terms of the lease or occupation terms. Consequently, for the purposes of these financial statements the buildings are treated as inalienable. The academy trustees account for the building, improvement and repair costs of the schools and account for any grants received in respect of these costs. Grants made by the Diocese or parishes to the academy trust in order to assist them with its liability for school building costs are charged to the Statement of Financial Activities in the year of payment.

Details of the Academies are given in the Diocesan Year Book.

b. Fixtures, fittings and equipment

Fixtures, fittings and equipment which were in use at 31 March 1996 and which had a current replacement cost exceeding £2,000 have been capitalised and included in the financial statements at an estimate of their historical costs (or in the case of donated assets, at an estimate of value at the date of acquisition). Subsequent acquisitions with a cost, (or in the case of donated assets, estimated value) of over £2,000 are capitalised on the same basis. They are depreciated at rates calculated to write off the cost or valuation, less the estimated residual value, of each asset over its expected useful life as follows:

Church furniture/plate	Over 50 years
Furniture, fixtures and fittings	Over 10 years
Computers	Over 3 years

Financial Instruments

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and investments in stocks and shares. The measurement basis used for these financial instruments is detailed below.

Investments

Investments are disclosed at market value at the balance sheet date. All changes in value in the year, whether or not realised, are shown in the Statement of Financial Activities. Details of the date and basis of valuation and valuer in respect of investment properties are given in note 2 to these financial statements. As these assets are recorded at current market value, no charge for depreciation is made in the financial statements.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

The Roman Catholic Diocese of Northampton

Statement of Accounting Policies *(continued)*

Year ended 31 March 2018

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Pension schemes

Contributions towards employees' personal pension schemes are charged to the Statement of Financial Activities in the year in which they become payable. The Diocese is neither liable to finance any funding shortfall, nor entitled to benefit from any over-funding. For one employee, contributions are made to the Teachers' Pension superannuation scheme, which is a defined benefits scheme. This scheme represents a multi-employer defined benefit scheme as it is not possible to separately identify the assets and liabilities attributable to a particular employer and as such is accounted for as a defined contribution pension scheme. The Diocese therefore has neither a commitment to make good any actuarial deficit, nor an entitlement to benefit from any over funding.

The Diocese makes contributions to the personal pension money purchase schemes of a number of its priests. Such contributions are charged to the Statement of Financial Activities in the year in which they fall due. The Diocese also makes provision to pay an income in retirement to priests who do not participate in the money purchase scheme. This provision is held as a designated fund and is funded principally by an annual transfer from general unrestricted funds. Increasing commitments in this area have also led to the funding of clergy retirement being one of the main causes of the Together in Faith Campaign.

Funds

Restricted funds are funds where the income is restricted by the conditions imposed by the donors. They represent special collections and Easter and Christmas offerings to priests, not yet paid out by the year end. They also include legacies received for specific purposes and provisions made for the retirement of priests through the Jubilee Pension Fund. Contributions are made in the year by parishes to the retirement fund. Funds generated by the Together in Faith campaign are also treated as restricted for the stated causes.

Designated funds represent funds set aside at the discretion of the trustees for specific purposes, as listed in note 6 to these financial statements.

The general fund for fixed assets represents the value invested in fixed assets, principally churches and presbyteries. The balance of unrestricted funds represents funds available to support the work of the Diocese in the future.

Significant judgements

In preparing these financial statements the trustees have had to make estimates and assumptions that affect the amounts recognised in these financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Key areas subject to judgement and estimation are as follows:

Fixed asset depreciation. Judgement is applied when assigning anticipated average lives to the fixed assets of the charity.

The Roman Catholic Diocese of Northampton

Notes to the Financial Statements

Year ended 31 March 2018

1. FIXED ASSETS	Church Property £	Furniture and Fittings £	Total £
Cost or valuation			
At 1 April 2017	21,914,809	2,353,329	24,268,138
Additions	149,998	16,129	166,127
Transfer to Investment Properties	(31,644)	-	(31,644)
At 31 March 2018	22,033,163	2,369,458	24,402,621
Depreciation			
At 1 April 2017	9,275,937	1,921,472	11,197,409
Charge for year	261,360	38,864	300,224
Transfer to Investment Properties	(31,644)	-	(31,644)
At 31 March 2018	9,505,653	1,960,336	11,465,989
Net book value			
At 31 March 2018	£12,527,510	£409,122	£12,936,632
At 31 March 2017	£12,638,872	£431,857	£13,070,729

All assets are used for direct charitable purposes.

The properties, comprising churches, church halls and presbyteries, and contents are stated at actual or estimated historical cost. The market value of fixed assets has not been determined as the benefit to the readers of the financial statements does not, in the opinion of the trustees, justify the cost which would be incurred

Capital commitments

There are capital commitments of £ Nil (2017 - £514,186) as at 31 March 2018 relating to building and improvement projects.

2. ANALYSIS OF INVESTMENTS	2018		2017	
	Market value £	Historical cost £	Market value £	Historical cost £
Hunting fund				
UK listed securities	608,069	458,249	669,343	455,836
Non UK listed securities	389,469	189,577	355,410	168,972
Cash balance	32,634	32,634	11,859	11,859
	<u>1,030,172</u>	<u>680,460</u>	<u>1,036,612</u>	<u>636,667</u>
Lord Braye Trust				
UK listed securities	7,704	3,358	8,562	3,358
Cash balance	-	-	-	-
	<u>7,704</u>	<u>3,358</u>	<u>8,562</u>	<u>3,358</u>

The Roman Catholic Diocese of Northampton

Notes to the Financial Statements

Year ended 31 March 2018

2. ANALYSIS OF INVESTMENTS (continued)	2018 £	2017 £
Market value		
At 1 April 2017	6,741,173	5,808,202
Additions	705,235	950,293
Disposals	(824,046)	(958,072)
Unrealised (losses)/gains on investments	(35,234)	918,175
Realised (losses)/gains on investments	(7,428)	46,988
Movement on bank accounts	75,465	(24,413)
At 31 March 2018	£6,655,165	£6,741,173
	2018	2017
	£	£
Investment property		
At valuation		
At 1 April 2017	2,562,678	3,711,512
Additions	-	-
Disposals	(102,307)	(1,242,415)
Transfers from/(to) fixed assets	-	-
Realised (loss)/gain on investment property disposals	(1,675)	(26,692)
Unrealised gain on revaluation	2,238,804	120,273
At 31 March 2018	£4,697,500	£2,562,678

The investment properties were valued by Ben Coleman Associates as at October, 2018, on the basis of open market value. The value at 31 March 2017 was the result of an internal revaluation at that date based on relevant market data.

The investments are held for both maximising total investment return and to provide income for charitable activities.

3. DEBTORS	2018 £	2017 £
School expenditure recoverable	2,136,375	2,433,736
Prepayments and accrued income	1,732,438	1,187,558
	£3,868,813	£3,621,294

Included in accrued income above is a legacy of £968,157 which has been received after the year end but was notified prior to this date. There is an additional amount due under this legacy which has not been accrued due to uncertainty over the amount to be received but is estimated to be in the region of £1.4m.

The Roman Catholic Diocese of Northampton

Notes to the Financial Statements

Year ended 31 March 2018

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018 £	2017 £		
Other creditors	855,029	1,102,338		
School devolved formula capital monies	602,430	754,089		
Other school monies	1,904,912	2,422,232		
PAYE and social security	31,588	32,531		
Accruals and deferred income	78,453	84,913		
	<u>£3,472,412</u>	<u>£4,396,103</u>		
	<u>£3,472,412</u>	<u>£4,396,103</u>		
5. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2018 £	2017 £		
Other creditors due within two to five years	£22,503	£30,000		
	<u>£22,503</u>	<u>£30,000</u>		
	<u>£22,503</u>	<u>£30,000</u>		
6. FUNDS				
	2017 £	Movement in year £	Transfer between funds £	2018 £
Restricted:				
Restricted: Parishes and other	2,728,219	301,957	(1,073,253)	1,956,923
Restricted: Together in Faith	3,102,935	(383,034)	-	2,719,901
Restricted: Together in Faith				
Fixed Assets	151,779	(3,162)	-	148,617
	<u>5,982,933</u>	<u>(84,239)</u>	<u>(1,073,253)</u>	<u>4,825,441</u>
	<u>5,982,933</u>	<u>(84,239)</u>	<u>(1,073,253)</u>	<u>4,825,441</u>
General: fixed assets	12,667,028	(125,686)	-	12,541,342
General: diocesan fund	3,171,404	2,298,028	(839,998)	4,629,434
Designated funds:				
Diocesan maintenance	122,296	5,288	-	127,584
Ecclesiastical Education	245,871	(143,233)	-	102,638
Educational Trust	567,421	14,359	-	581,780
Mass funds	200,605	(997)	-	199,608
Fox Den Trust	13,364	(576)	-	12,788
Fox Den Trust fixed assets	251,922	(5,249)	-	246,673
Bishop's Disposal	26,703	(397)	-	26,306
Chapter fund	8,656	386	-	9,042
Sick clergy insurance	93,764	(14,448)	-	79,316
GK Chesterton research	111	-	-	111
Theological Education	70,775	-	(60,000)	10,775
Jubilee Fund	-	(4,409)	1,130,535	1,126,126
Cathedral Centre Campaign	-	-	1,012,716	1,012,716
Trust funds	821,515	13,498	(170,000)	665,013
Ezekiel	1,114	7	-	1,121
	<u>2,424,117</u>	<u>(135,771)</u>	<u>1,913,251</u>	<u>4,201,597</u>
	<u>2,424,117</u>	<u>(135,771)</u>	<u>1,913,251</u>	<u>4,201,597</u>
Total funds	<u>£24,245,482</u>	<u>1,952,332</u>	<u>-</u>	<u>£26,197,814</u>
	<u>£24,245,482</u>	<u>1,952,332</u>	<u>-</u>	<u>£26,197,814</u>

The Roman Catholic Diocese of Northampton

Notes to the Financial Statements

Year ended 31 March 2018

6. FUNDS (continued)	2016 £	Movement in year £	Transfer between funds £	2017 £
Restricted:				
Restricted: Parishes and other	2,253,291	485,774	(10,846)	2,728,219
Restricted: Together in Faith	3,463,890	37,073	(398,028)	3,102,935
Restricted: Together in Faith Fixed Assets	154,941	(3,162)	-	151,779
	<u>5,872,122</u>	<u>519,685</u>	<u>(408,874)</u>	<u>5,982,933</u>
General: fixed assets	12,704,191	(37,163)	-	12,667,028
General: diocesan fund	2,678,885	(429,504)	922,023	3,171,404
Designated funds:				
Diocesan maintenance	104,994	17,302	-	122,296
Ecclesiastical Education	277,046	(31,175)	-	245,871
Educational Trust	496,739	70,682	-	567,421
Mass funds	178,749	21,856	-	200,605
Fox Den Trust	13,945	(581)	-	13,364
Fox Den Trust fixed assets	257,169	(5,247)	-	251,922
Bishop's Disposal	19,437	7,266	-	26,703
Chapter fund	6,535	2,121	-	8,656
Sick clergy insurance	78,931	14,833	-	93,764
GK Chesterton research	111	-	-	111
Theological Education	70,775	-	-	70,775
Trust funds	1,200,994	133,670	(513,149)	821,515
Ezekiel	1,107	7	-	1,114
	<u>2,706,532</u>	<u>230,734</u>	<u>(513,149)</u>	<u>2,424,117</u>
Total funds	<u><u>£23,961,730</u></u>	<u><u>£283,752</u></u>	<u><u>£-</u></u>	<u><u>£24,245,482</u></u>

Restricted funds (Parish and others) represent monies raised for specific purposes and Easter and Christmas offerings to priests, not yet paid out by the year end. They also include legacies received and fundraising for specific purposes, including for the Northampton Cathedral Centre, provisions made for the retirement of priests and voluntary parental contributions to building costs of our voluntary aided schools.

Restricted Together in Faith represents donations made to meet costs to support retired clergy and the training of new priests, as well as the funding of catechists and lay training and also particular parish projects. A transfer of £Nil (2017: £398,028) represents parish projects financed in full or in part by Together in Faith

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Notes to the Financial Statements

Year ended 31 March 2018

6. FUNDS (continued)

Transfers totalling £114,064 (2017: £183,852) from restricted to general funds represented amounts paid from general funds for which restricted income had been received.

An amount transferred from parochial unrestricted to curial unrestricted of £742,957 (2017: £781,477) as shown in the Statement of Financial Activities related to levies charged to parishes.

Designated funds are amounts set aside at the discretion of the trustees, and are for longer term purposes. The continuing need for these funds is being assessed. They include funds set aside for the support of the Bishop, the education of new priests and the laity, the provision of some accommodation for retired priests and the support of schools. Expenditure is made from the majority of these funds on an annual basis, but where this is not the case, the Trustees are continually reviewing their purpose to ensure their designation are still appropriate. As a result of these reviews carried out this year, in 2017 designated funds totalling £513,149 have been reclassified as unrestricted funds. The Trustees have also changed the classification of the Jubilee Fund for retired clergy from restricted to designated as the majority of funding comes from internal sources. £958,135 was transferred as at 1st April 2017. An amount of £172,400 (2017: £173,106) was transferred from general funds to the Jubilee Pension Fund representing contributions made in the year by parishes to the retirement fund for priests.

The designated fund for The Cathedral Centre Campaign represents funds allocated by Trustees from general reserves. Transfers of £192,716 (2017: £Nil) relate to parish contributions from unrestricted reserves to the Cathedral Centre Campaign. Transfers from other Diocesan unrestricted sources to the Campaign totalled £820,000 (2017: £Nil).

The funds above incorporate all funds under the control of the Diocese and these include 3 trusts registered as separate charities:-

Northampton Diocesan Education Fund	Charity Number 267132
Lord Braye's Foundation	Charity Number 242281
The Charity of Frances Alice Chesterton	Charity Number 252034

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Notes to the Financial Statements

Year ended 31 March 2018

7. CHARITABLE ACTIVITIES IN FURTHERANCE OF CHARITY'S OBJECTS

	Restricted Funds £	Unrestricted Funds £	2018 Total £	Restricted Funds £	Unrestricted Funds £	2017 Total £
Support of parish life						
Liturgical and pastoral	110,732	640,780	751,512	86,739	588,769	675,508
Domestic	-	272,708	272,708	-	274,855	274,855
Establishment	-	1,029,542	1,029,542	-	1,053,650	1,053,650
Office	-	297,245	297,245	-	286,207	286,207
Travel	-	122,900	122,900	-	126,996	126,996
Personnel	32,427	860,289	892,716	2,825	827,001	829,826
Parish workers	-	549,769	549,769	-	607,789	607,789
Repository	-	89,162	89,162	-	107,059	107,059
Parish church and presbytery repairs	(3,740)	522,619	518,879	25,995	528,904	554,899
Church and presbytery repairs	-	1,404,660	1,404,660	-	1,405,226	1,405,226
Depreciation	3,162	297,062	300,224	3,162	297,316	300,478
Loss on disposal of tangible fixed assets	-	-	-	-	13,766	13,766
Subtotal	142,581	6,086,736	6,229,317	118,721	6,117,538	6,236,259
Activities carried out centrally						
Religious advisers expenses	-	391,381	391,381	-	347,890	347,890
Expenses of diocesan commission	-	144,097	144,097	-	117,958	117,958
Mass funds	-	13,380	13,380	-	13,315	13,315
Marriage tribunal	-	21,992	21,992	-	22,973	22,973
Youth service	-	157,889	157,889	-	156,658	156,658
Diocesan maintenance	-	187,532	187,532	-	163,759	163,759
Ecclesiastical education	-	224,316	224,316	69,644	196,481	266,125
Personnel	367,825	95,056	462,881	352,571	129,981	482,552
Diocesan newspaper	-	9,585	9,585	-	11,061	11,061
Vocations	-	11,983	11,983	-	9,328	9,328
Subtotal	367,825	1,257,211	1,625,036	422,215	1,169,404	1,591,619
Provision of Catholic school buildings and maintenance						
Donations at parish level	5,523	7,326	12,849	-	3,061	3,061
School repairs	79,167	116,695	195,862	1,415	191,822	193,237
Subtotal	84,690	124,021	208,711	1,415	194,883	196,298
Totals	£595,096	£7,467,968	£8,063,064	£542,351	£7,481,825	£8,024,176

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Notes to the Financial Statements

Year ended 31 March 2018

8. SUPPORT COSTS

Finance office costs, principally comprising salaries, bank charges, bank interest and office running costs, totalled £542,341 (2017: £500,894). These costs are apportioned to activities either on a direct cost basis, on a staff time basis or on an estimated usage basis of 75% parish life, 20% curia activities, 5% provision of school buildings.

9. RAISING FUNDS

	2018 £	2017 £
Fundraising	192,004	178,413
Professional fundraisers	-	17,454
Planned giving expenses	39,554	41,904
Property managers' fees	-	1,152
Investment management costs	42,259	40,540
	£273,817	£279,463

10. AUDITORS' REMUNERATION

	2018 £	2017 £
External auditors fees audit	26,400	28,020
External auditors fees – other services	960	-
Internal auditors fees	5,008	5,649
	£32,368	£33,669

11. SECOND COLLECTIONS PAYABLE IN FURTHERANCE OF CHARITY'S OBJECTS

These are special collections held at each parish in support of certain organisations related to the church or supported by individual parishes and the work that they carry out. These incoming donations are held as restricted funds and are then paid out to the relevant organisation.

	2018 £	2017 £
Incoming second collections	456,876	336,282
Amounts paid out	510,292	378,195

Not included in these figures are second collections taken and paid out in full in relation to a number of organisations where it is either mandatory or customary to support those charities. The monies raised and paid out are treated as conduit funding and so are excluded from the Diocesan accounts. The total of such monies received and paid out in full was £323,271 (2017 - £371,798). The organisations supported include: Sick and Retired Clergy fund, Holy Shrines, Mass Media, Peter's Pence, Apostleship of the Sea, Society for the Protection of the Unborn Child, Third World Aid, Catholic Fund for Overseas Development (CAFOD), St Vincent de Paul Society, Survive-MIVA (Missionary Vehicle Association). In addition, £744 (2017 - £11,076) has been paid to Religious Orders for priest training and clergy retirement as part of the Together in Faith campaign.

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Notes to the Financial Statements

Year ended 31 March 2018

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS	Tangible fixed assets £	Investments £	Net assets £	Total £
2018				
Restricted funds	148,617	830,727	3,846,097	4,825,441
General	12,541,342	8,583,358	(3,953,924)	17,170,776
Designated	246,673	1,938,580	2,016,344	4,201,597
Total funds	<u>£12,936,632</u>	<u>£11,352,665</u>	<u>£1,908,517</u>	<u>£26,197,814</u>
2017				
Restricted Funds	151,779	860,620	4,970,534	5,982,933
General	12,667,028	6,267,815	(3,096,411)	15,838,432
Designated	251,922	2,175,416	(3,221)	2,424,117
	<u>£13,070,729</u>	<u>£9,303,851</u>	<u>£1,870,902</u>	<u>£24,245,482</u>

13. STAFF COSTS

	2018 £	2017 £
Gross salaries	1,534,382	1,554,562
Employer's national insurance	103,984	105,070
Employer's pension contributions	25,592	27,837
	<u>£1,663,958</u>	<u>£1,687,469</u>

The average number of employees analysed, by function, was:

	Number	Number
Fundraising and publicity	2	2
Direct charitable	109	113
Management and administration of the charity	5	5
	<u>116</u>	<u>120</u>

One employee earned between £70,001 and £80,000 (2017: None) and one employee £60,001-£70,000 per annum (2017: - one). Employer contributions of £4,038 (2017: £1,896) were made to a personal pension scheme on behalf of these employees.

Key management personnel received salary, employer's national insurance and pension contributions of £300,188 (2017: -£262,378).

Redundancy and termination payments of £13,928 were paid during the year (2017: - £2,517).

14. TRANSACTIONS WITH TRUSTEES

No trustee received remuneration (2017: None) and none reimbursed for expenses (2017: one - £219) in their role as trustee during the year. Insurance premiums paid include trustees' indemnity insurance. A total of £6,290 donations were received from Trustees during the year.

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Notes to the Financial Statements

Year ended 31 March 2018

15. TEACHERS' PENSION SCHEME

The Diocese participates in the Teachers' Pension Scheme ("the TPS") for one employee of its Education Service. The pension charge for the year includes contributions payable to the TPS of £3,390 (2017: £7,976) and at the year-end £Nil (2017 - £Nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also currently required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the completion and outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS on 6 September 2018 to allow the Department for Education to finalise this valuation. Early indications from the valuation are that the amount employers will be required to pay towards the scheme may increase substantially from September 2019.

There are also indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

16. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at fair value	6,655,165	6,741,173
Financial assets measured by amortised cost	2,136,375	2,433,736
	<u> </u>	<u> </u>
Financial liabilities measured by amortised cost	3,384,874	4,308,659
	<u> </u>	<u> </u>

Financial assets measured at fair value comprise listed investments.

Financial assets measured by amortised cost comprise school expenditure recoverable.

Financial liabilities measured by amortised cost comprise other creditors and school monies.

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17. SOFA Comparative 2017

	Parochial		Curial		Diocesan	
	Restricted £	Unrestricted £	Restricted £	Unrestricted £	2017 £	
Income from:						
	£	£	£	£	£	£
<i>Donations and legacies</i>						
Collections & donations	164,882	4,850,484	49,461	255,582	5,320,409	
Second collections 11	291,316	-	-	44,966	336,282	
Legacies	2,000	226,084	-	200	228,284	
Grants received	-	3,000	-	-	3,000	
Fundraising	152,311	360,384	698,107	-	1,210,802	
<i>Investment income</i>						
Dividend income	-	15,100	21,711	153,319	190,130	
Bank interest	-	-	-	36	36	
Rental income	-	559,854	-	29,581	589,435	
Sales of assets	-	-	-	42,216	42,216	
Total income	610,509	6,014,906	769,279	525,900	7,920,594	
<i>Raising funds:</i>	9					
Costs of generating voluntary income	48,995	87,891	-	100,885	237,771	
Investment & property management costs	-	1,152	2,180	38,360	41,692	
<i>Charitable activities:</i>						
2 nd collections & grants 11	351,652	26,543	11,076	2,676	391,947	
Support of parish life 7	112,734	5,779,311	5,987	338,227	6,236,259	
Curial activities 7	-	20,839	422,215	1,148,565	1,591,619	
School buildings provision 7	-	3,061	1,415	191,822	196,298	
Total expenditure	513,381	5,918,797	442,873	1,820,535	8,695,586	
	97,128	96,109	326,406	(1,294,635)	(774,992)	
Other recognised gains/ (losses) on investment assets:						
Realised on disposal	-	-	4,104	16,192	20,296	
Unrealised	-	104,742	92,047	841,659	1,038,448	
Net income	97,128	200,851	422,557	(436,784)	283,752	
Transfers between funds	(183,952)	(372,603)	(224,922)	781,477	-	
Net movement in funds	(86,824)	(171,752)	197,635	344,693	283,752	
Reconciliation of funds:						
Total funds brought forward	748,851	13,209,469	5,123,271	4,880,139	23,961,730	
Total funds carried forward at 31 Mar 2017	£662,027	£13,037,717	£5,320,906	£5,224,832	£24,245,482	