

Leeds Diocesan Trust

Registered Charity Number 249404

Report and Consolidated Financial Statements

For the year ended
31 March 2018



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DIRECTORS AND ADVISORS

Trustee

Diocese of Leeds Trustee

(Company registration number 2886244)

Registered Office: Hinsley Hall, 62 Headingley Lane, Leeds, LS6 2BX

Directors

Rt Rev M Stock (Bishop of Leeds)

Rev Mgr P Fisher (Vicar General)

Rev Mgr A Summersgill

Mr M Booth (appointed 26 October 2017)

Mr M Gargan (appointed 26 October 2017)

Mrs T Hagerty (retired 19 September 2017)

Mrs A Miller (appointed 26 October 2017, resigned 30 June 2018)

Mr P Rogerson (appointed 26 October 2017)

Registered Office

Hinsley Hall, 62 Headingley Lane, Leeds, LS6 2BX

Company Secretary and Chief Operating Officer

Mr I Burrell

Auditor

Saffery Champness LLP, Mitre House, North Park Road, Harrogate, HG1 5RX

Banker

HSBC Bank plc, 33 Park Row, Leeds, LS1 1LD

Investment Managers

Investec Wealth & Investment, 100 Wood Street, London, EC2V 7AN

Rathbone Investment Management, 1 Curzon Street, London, W1J 5FB

Solicitor

DLA Piper UK LLP, Princes Exchange, Princes Square, Leeds, LS1 4BY

REPORT OF THE TRUSTEE

The Trustee presents its Annual Report and the audited Consolidated Financial Statements of the Charity for the year ended 31 March 2018.

CONSTITUTION AND AIMS

The Charity, the Leeds Diocesan Trust, is a registered charity with the registration number 249404. The Charity was established, in its current form, by a Trust Deed dated 20 December 1993. The sole Trustee of the Charity is a trust corporation, the Diocese of Leeds Trustee, company registration number 2886244.

The Leeds Diocesan Trust is the legal entity of the Diocese of Leeds (“the Diocese”).

In support of the mission of the Catholic Church, the principal objectives of the Charity are:

- the advancement of the Catholic Religion;
- the promotion of Catholic Teaching in the Diocese and beyond;
- the provision and care of Priests; and
- the maintenance of Churches, Presbyteries and Schools.

The Trustee confirms that it has complied with the requirements of the Charities Act 2011 Section 17 to have due regard to the public benefit guidance published by the Charities Commission including the guidance “Public benefit: running a charity (PB2)” in determining the activities undertaken by the Charity. Throughout this Annual Report the Trustee seeks to demonstrate that the Charity’s aims and objectives are for the public benefit.

The Diocese consists of 78 Parishes (77 administered by the Charity and 1 administered by the Ampleforth Abbey Trust) in West Yorkshire, North Yorkshire, the East Riding of Yorkshire, Greater Manchester and Lancashire. The Diocese also has 93 Catholic Schools, Academies and Colleges. Leeds Trinity University, a Catholic Foundation University, is also located within the Diocese.

REPORT OF THE TRUSTEE (continued)

GOVERNANCE

The operation of the Charity is overseen by the Trustee. The Directors of the Trustee are appointed by the Bishop of Leeds who is Chair of the Board. There were five Trustee Board meetings during the financial year. The Trustee Board is, for the purposes of Canon Law, the Finance Council of the Diocese.

During the year, the Board continued its review of its Governance processes including the terms under which Directors are appointed. The Bishop of Leeds and the Vicar General are ex-officio Directors of the Board. The Board determined to appoint all other Directors for a term of three years which may be renewed subject to performance and review for an additional two terms of three years each. Directors with more than nine years' service have as a consequence retired. On 19 September 2017 Mrs T Hagerty retired from the Board. The Bishop of Leeds wishes to record his appreciation for the long and dedicated service to the Diocese of Mrs T Hagerty.

A process to appoint four new Lay Directors to the Board was completed in September 2017 and on 26 October 2017, Mr M Booth, Mr M Gargan, Mrs A Miller and Mr P Rogerson were appointed to the Board. On appointment new Directors are introduced to their role and responsibilities by the Vicar General and the Chief Operating Officer at which time copies of the Trust Deed and the latest financial information are issued. Directors attend formal and informal training sessions as required.

Following her appointment to an overseas role, Mrs A Miller resigned from the Board on 30 June 2018.

As disclosed in Note 10 to the Financial Statements Directors do not receive any payments in respect of their Office. No reimbursement of expenses was paid to the Directors of the Trustee in either the current or prior year.

In the day-to-day management of the Charity, the Bishop of Leeds refers ecclesiastical related matters to the Vicar General and administrative matters to the Chief Operating Officer and Diocesan Officials employed by the Charity on behalf of the Diocese.

REPORT OF THE TRUSTEE (continued)

GOVERNANCE (continued)

The Trustee Board, as the Diocesan Finance Council, delegates oversight of the Diocese's day-to-day financial, property, investment and administration matters to a Finance Sub-Committee ("the FSC"). During the year under review the FSC comprised four current or former Directors and was supported and advised by the Chief Operating Officer and Officers from within the Curia. Monsignor K Heskin and Mr T Forbes, who are former Directors, agreed to remain members of the FSC. Monsignor P Fisher joined the FSC on his appointment as Vicar General.

The FSC meets on a monthly basis. In addition to considering all Diocesan financial, property, investment and administration matters the FSC also monitors the operating performance of the Curia. This includes a quarterly review of Curia management accounts which assess actual outcomes against budgets.

Reflecting Canon Law the activities of the Charity are separated in this Report into Parish and Curia functions.

Parishes

The Diocese is divided into distinct Parishes. Parish Priests are appointed by the Bishop to exercise pastoral care for the Parish community which includes representing the Parish in all juridical and financial affairs and ensuring that the Parish is administered in accordance with the norms of Canon Law and thereby fulfilling the aims of the Charity.

As encouraged by the "Directory for the Pastoral Ministry of Bishops", the Bishop, in consultation with Priests and Laity, reviews on a regular basis the Parish structure to ensure the long term pastoral sustainability of the Parishes. The Bishop undertakes "Visitations" where he personally reviews the Parishes on a rolling five year programme.

Each Parish is required by Canon Law to have a Finance Council to assist the Priest in the administration of the Parish. Parish Finance Councils include parishioners with knowledge and experience in finance, property management and administration.

REPORT OF THE TRUSTEE (continued)

Curia

The Diocesan Curia consists of Officers and Officials who assist the Bishop in the governance of the Diocese and especially in directing pastoral activity, administration and the exercise of judicial (canonical) power.

The remuneration of Key Management Personnel is disclosed in Note 10 to the Financial Statements. Annual pay changes are approved by the Trustee, and job roles and remuneration are reviewed periodically. Benchmarking against market rates is employed when new roles are created or when significant changes occur.

Safeguarding

The Bishop and the Directors are committed to safeguarding children, young people and vulnerable adults in accordance with Civil Law and Church policy.

The Diocese of Leeds Safeguarding Office and the 135 safeguarding volunteers who work in Parishes, promote good working practices for all activities and events involving children and adults who may be at risk, in accordance with national policies and procedures (www.csas.uk.net).

A key part of creating a safe environment is assisting those involved in Diocesan and Parish Ministry to undertake Disclosure and Barring Service (DBS) checks. In 2017 the DBS eligibility decision tool alongside individual role descriptions have been used to ensure compliance with the legislation. DBS checks are undertaken at the appropriate level for different roles within the Church.

The Leeds Catholic Safeguarding Commission focus specifically upon:

- The management of allegations and concerns including referral to statutory agencies.
- The management of risk for those who have been subject to concerns, allegation or convictions which are relevant to safeguarding.
- Responding to the individual needs of those affected by abuse within the Church.
- Safeguarding information by ensuring that advice and training is available, up to date and accessible.

REPORT OF THE TRUSTEE (continued)

Health and Safety

The Trustee keeps under review its Health and Safety Policy and works with Health and Safety professionals to ensure that its processes and procedures follow good practice. Amendments to its Health and Safety Policy, and supporting documentation, are regularly communicated to Parishes to assist them in meeting their obligations.

The Diocese has developed a comprehensive Asbestos Management Plan for Parishes. This is being rolled out to Parishes from June 2018.

The day-to-day management of the Diocese's Health and Safety Policy is undertaken by the Curia's Property Department which includes a full time Health and Safety professional. In its work with Parishes and Schools (as disclosed in the Maintenance of Property section below) the Department ensures that Health and Safety is an integral part of its processes.

Fundraising

The majority of funding is received from Parishioners principally through the weekly offertory collection, planned giving, special collections and fundraising activities. The Bishop and the Directors express their deepest gratitude and sincere thanks for this continuing generosity.

The Diocese is registered with the Fundraising Regulator and adheres to its Code of Fundraising Practice. The Diocese does not employ outside agencies to raise funds. In the year ended 31 March 2018 no complaints were received in respect of fundraising.

Internal Audit

The Diocese's internal audit policy is designed to provide independent assurance to the Trustee on the integrity of the financial accounting and governance procedures within Parishes and the Curia. Following the implementation of a new Online Parish Accounting System for all Parishes the Diocese's internal audit processes are being reviewed. This review will include improved systems to identify and monitor risks to which the Diocese and Parishes are exposed. In addition Parishes are audited on the appointment of a new Parish Priest. The External Auditor randomly selects a sample of Parishes to be audited as part of its audit processes.

REPORT OF THE TRUSTEE (continued)

ACHIEVEMENTS AND PERFORMANCE

The Diocese's activities are reported in the Financial Statements between those performed in the Parishes and those performed through the Curia.

It is within Parishes that people experience what it is to be a member of the Catholic Church and where faith is nurtured and given expression. The majority of the funds in the Diocese are raised and expended within individual Parishes. The average number of people attending weekly Sunday Mass in the year ending 31 March 2018 was 26,078 (2017: 27,657).

Central to the Diocese being able to continue to fulfil its aims is the role played by a significant number of volunteers who help in all aspects of the work of their Parish. Volunteers generously give of their time serving in various ministries, caring for and visiting the sick, the housebound and those on the margins of society. They play a significant role in the upkeep of Parish property and assist in financial and other administrative duties. These Parishioners are the lifeblood of their communities and their contribution is significant. It is not possible to quantify the number of volunteers within Parishes nor to estimate the financial value of their contribution.

In pursuing the charitable aims of the Diocese, the Curia performs and co-ordinates a number of functions in addition to those undertaken in Parishes.

A review of the Diocese's four principal charitable objectives is outlined below and therefore excludes its trading subsidiary undertaking, Hinsley Properties Limited. The trading performance of Hinsley Properties Limited is reported in Note 14 (b) to the Financial Statements.

REPORT OF THE TRUSTEE (continued)

1. Advancement of the Catholic Religion

The Diocese supports and encourages the promotion of the Catholic Religion at a local, national and international level.

Locally the Diocese encourages, facilitates and supports volunteering and a wide range of activities. The Diocese promotes second collections for local initiatives including the Poor Mission Fund to support the smaller and poorer Parishes and Communities within the Diocese. Working with Catholic Care the Diocese has established the Diocesan Refugee Support Group.

An initiative has commenced to develop a Mission in Bradford City Centre. The St Patrick's Mission will be based at the former Parish Church of St Patrick. The Mission will have three main purposes. Firstly, the former Presbytery is now St Pio's Friary and home to the Franciscan Friars of the Renewal. The Friars operate a soup kitchen and clothing bank that is used by approximately 200 homeless people each week. Secondly, the Church will be a Centre for Evangelisation serving the spiritual needs of those who work and visit Bradford City Centre. The Friends of St Patrick's Mission have been formed to fundraise for the refurbishment of the Church. Thirdly, the establishment of the Legacy Project seeks to honour the people and history of St. Patrick's Church, particularly the descendants of Bradford's large Irish and Italian immigrant populations.

Nationally the Diocese supports the work of Catholic charities such as CAFOD and the St Vincent de Paul Society. The Diocese supports the Bishops' Conference in its advocacy and promotion of the Catholic Religion.

The Diocese continues to support the work of the Church in Peru. The annual collection for the Diocese's Peru Mission raised £27k (2017: £28k) and contributions of £40k (2017: £43k) were made to projects in Peru.

The Bishop launched Caritas Leeds ("Faith through Loving Service") in September 2017. This organisation is a forum to encourage the faithful to express their Christian life and to share in the Mission of the Church in a spirit of practical charity. It will co-ordinate the work of Catholic charities, agencies, projects and groups within the Diocese of Leeds.

REPORT OF THE TRUSTEE (continued)

2. Promotion of Catholic Teaching

The Promotion of Catholic Teaching through Schools is co-ordinated by the Episcopal Vicar for Education and a team of professional staff working with the 93 Schools, Academies and Colleges across the Diocese.

During the year, the Bishop published his vision for education in the Diocese, “A Diocesan Family of Schools”. He requested that Schools come together in ‘families’ that could encourage families in raising their children in the faith whilst ensuring support for each School and their staff with the challenges arising from the ever changing landscape of education. The current five permanent strategic partnerships of Catholic Schools as Multi Academy Trusts will be the model for the families of Schools.

Governance in education includes appointments, made by the Bishop, of Parishioners with appropriate skills to serve as Foundation Governors, Trust Directors and Academy Councillors. As well as their responsibilities as governors they are commissioned to assist the Bishop in sustaining and developing the Catholic ethos and nature of the Schools and Academies that they serve. These posts are recruited through Parishes and the Trustee is grateful for the time and expertise volunteered by Parishioners.

The Vicariate for Education has a comprehensive programme of professional development for Governors, Trust Directors and School staff. It works closely with other educational bodies including the Catholic Education Service, to promote Catholic education across the Diocese as well as with regional bodies such as Ofsted, the Regional Schools Commissioner and Local Authorities.

Six Diocesan Teaching Schools enrol students for teacher training as well as offering a range of courses and support to other Schools. The work of the Teaching Schools has been acknowledged by the Department for Education (DfE) as being highly effective. The Teaching Schools work with Leeds Trinity University as their higher education partner. The Schools have a good retention of those they have trained, rating higher than the national average, and have developed a successful programme to support teachers in Diocesan Schools from qualifying to their fourth year of working. Aspiring Leaders and Induction for new Headteachers programmes continue to be offered jointly with the Northern Dioceses. A new requirement of the Bishops’ Conference is to establish “Formatio” and form four hubs across England and Wales to encourage and support the development of future leaders. In this respect, the North East hub, comprising Schools in Hexham and Newcastle, Middlesbrough, Hallam, Nottingham and Leeds Dioceses, was rapidly established and is chaired by the Diocesan Director of Education who is also a Trustee of “Formatio”.

REPORT OF THE TRUSTEE (continued)

2. Promotion of Catholic Teaching (continued)

During the year, the Vicariate for Education implemented the Bishop's Pastoral Letter on "Sacramental Preparation for First Holy Communion and Confirmation and The Provision of Youth Services" published in September 2016.

Parishes are being advised and supported, by the co-ordinator for catechesis and the parenting support co-ordinator, to bring forward the age of confirmation. As part of this strategy, the Vicariate professional staff designed and published a new resource to assist with catechesis for the Sacrament of Confirmation for 10 year old children. This has been very successful and was welcomed by many Parishes across the Diocese.

The Diocesan Youth Service developed a pilot of 'Faith in Action' as part of the Bishop's vision for the provision of youth services. The programme has been structured for young people, aged 10 to 16, years old and requires successful projects to be completed under the themes of Prayer, Procession and Pilgrimage, Parish Practice and Social Action.

In June 2018, four primary Schools, three high Schools, and one Parish attended a celebration at Leeds Cathedral, where the Bishop awarded 185 young people their first Faith in Action award. These young people are now working to complete the requirements of the next level of their awards. Following the successful piloting of the programme, Faith in Action is now being rolled out to more Schools and Parishes across the Diocese.

As well as its working with Schools and Parishes on Faith in Action, the Diocesan Youth Service is committed to providing and supporting an engaging programme of evangelising and formative events, retreats and pilgrimages for young people. This includes the annual pilgrimages to Lourdes, Walsingham and Ripon.

The Diocesan Music Department, through its nationally recognised Schools' Singing Programme, has continued its expansion in economic and socially disadvantaged areas in the Diocese. This youth evangelisation is directed towards broadening opportunities and providing structured points of transition for the developing young person. The Bishop Konstant Catholic Academy Trust primary and secondary schools joined the Schools' Singing Programme during the year. The work in these Schools is providing the foundation for new after-school liturgical choirs for boys and girls. The Schools' Singing Programme makes regular contributions to BBC broadcasts, which culminated in 85 children singing at the BBC One live television broadcast of Midnight Mass at Christmas. The choral partnerships with Leeds Trinity University, Leeds College of Music, Notre Dame University and the Gabrieli Consort continue to enrich the Singing Programme in Bradford, Huddersfield, Keighley and Leeds.

REPORT OF THE TRUSTEE (continued)

2. Promotion of Catholic Teaching (continued)

The continuing pressure on School budgets presents both opportunities and threats to the Schools' Singing Programme. A medium term financial plan has been developed to ensure the continuing viability of the Programme and to sustain the quality of work undertaken in Schools as changes in educational structures continue. The Trustee is grateful for the support of the Leeds Music Education Partnership, alongside charitable trusts and the generosity of private donors.

During the year, the new Diocesan Organists Training Programme reached its full complement of 35 learners. The Programme will be further expanded through grant funded School Workshops Expansion and recruiting more teachers to meet demand and generate wider interest in this instrument. The first "Leeds International Organ Festival" took place over the summer with a full programme of concerts, talks and masterclasses at Leeds Cathedral.

REPORT OF THE TRUSTEE (continued)

3. Provision and Care of Priests

Parishes and the Curia support Priests in their ministry. This is, in part, provided through living and housing allowances and these costs are charged to individual Parishes and Curia departments.

Central to Parish life is the relationship between the Priests and Parishioners. The welfare of Priests is defined in Canon Law. Within the Diocese, Parishes are responsible for the support of their own Priests. During the year Parishes paid £666k (2017: £699k) in allowances, £327k (2017: £347k) in housekeeping costs and £178k (2017: £164k) in travel expenses to Priests.

Key to sustaining the advancement of Catholicism is the promotion and support of vocations to the Priesthood and the Diaconate. Currently the Diocese has 5 (2017: 8) men training to be Priests with 3 additional candidates expected to commence training in September 2018. In the year to 31 March 2018 the Diocese invested £168k (2017: £289k) in seminary fees and living allowances. This expenditure was partially funded by collections taken in the Parishes amounting to £34k (2017: £34k). During the year the Diocese received legacies amounting to £29k (2017: £10k) to support Priests' training.

Priests are supported in their full time ministry by men ordained to the Permanent Diaconate. The Diocese has 22 Permanent Deacons (2017: 22) and has 5 candidates at various stages of formation. Permanent Deacons assist our Priests through teaching, by providing pastoral oversight in Parishes and in specific pastoral responsibilities assigned to them by the Bishop.

The Diocese continues to engage with men and women discerning vocations to the Priesthood, Religious and Consecrated Life. This is achieved through discernment groups and also through the University Chaplaincies and the secondary schools in the Diocese.

The Curia supports the Bishop in his responsibility for the welfare of Priests who have retired from active ministry. The Diocese fulfils this by providing appropriate living accommodation and an allowance to supplement their statutory pensions.

During the year the Diocese paid £328k (2017: £328k) in grants to retired Clergy and in addition paid accommodation costs for retired Clergy. This was financed in part by £26k (2017: £30k) in donations from second collections in the Parishes, £29k from legacies (2017: £Nil) and by £185k (2017: £209k) from dividend income. A further £259k (2017: £287k) was invested to finance the purchase of 2 properties for use by retired Clergy. A review of the Retirement Policy for Priests is being undertaken.

REPORT OF THE TRUSTEE (continued)

4. Maintenance of Property

Churches and associated Parish buildings play a central role in the spiritual life of Parishioners and are often significant landmarks in their wider local communities. More than 90 per cent of the buildings owned by the Parishes are over 50 years old. Parishes, collectively, spent £2,565k (2017: £1,503k) on refurbishments, maintenance and repairs to Churches, Presbyteries and Parish Halls during the year. This level of investment equates to 24 per cent (2017: 13 per cent) of Total Operating Income and reflects the importance that the Diocese attaches to maintaining its Sacred Places. During the year, the Diocese has substantially invested in major refurbishments at St William's, Bradford, and Sacred Heart, Bingley.

The Curia employs a dedicated team of property professionals including experienced Architects and Surveyors. The team works with Parishes and Schools to ensure that refurbishments, maintenance and repairs take full account of the needs of the users of their properties, the historic architecture of the buildings, the requirements for accessibility for Parishioners and Pupils with disabilities and that they meet all current Health and Safety legislation.

The Property team manage the delivery of the Diocese's Health and Safety Policy as disclosed above.

Future Plans

The intention for the future is to continue to focus on delivering the four principal aims of the Charity. The narrative supporting each principal aim of the Charity includes references about future plans, initiatives and investments to be made in each area.

The future plans for the Charity's finances are set out in the Financial Strategy section below.

REPORT OF THE TRUSTEE (continued)

FINANCIAL REVIEW

The table below summarises the financial activities of the Parishes and Curia during the year.

	2018	2017
	£'000	£'000
Parishes		
Income	7,872	8,043
Expenditure	(6,344)	(6,831)
	<u>1,528</u>	<u>1,212</u>
Diocesan Assessment	(1,417)	(1,393)
Transfers	(108)	-
	<u>3</u>	<u>(181)</u>
Surplus/(Deficit)		
Gains on the Sale of Assets	156	55
Increase/(Decrease) in Reserves	<u>159</u>	<u>(126)</u>
Curia		
Income	3,038	3,140
Diocesan Assessment	1,417	1,393
Transfers	108	-
Expenditure	(4,774)	(4,373)
	<u>(211)</u>	<u>160</u>
(Deficit)/Surplus		
Gains on the Sale and Revaluation of Assets	4,221	2,868
Increase in Reserves	<u>4,010</u>	<u>3,028</u>
	<u>4,169</u>	<u>2,902</u>
Total Group Increase in Reserves		

Details of the income and expenditure are shown in the Consolidated Statement of Financial Activities on page 23.

The Diocese continues to comply with current statutory requirements and its governing documents.

The total income for the Diocese in the year was £10,910k (2017: £11,183k) a decrease of 2 per cent. The largest individual component of income is offertory income and amounted to £4,311k (2017: £4,304k) a small improvement compared with the prior year. This compares with the reduction of 6 per cent (2017: 5 per cent) in the recorded number of people attending Sunday Mass. Income from donations and legacies combined, which are less predictable, were very close to the prior year.

REPORT OF THE TRUSTEE (continued)

FINANCIAL REVIEW (continued)

The total expenditure shown was £11,118k (2017: £11,204k) a small improvement compared with the prior year. This expenditure continues to be tightly managed and remained focussed on delivering the Diocese's charitable objectives.

Net resources increased in the year by £4,169k (2017: £2,902k) a net improvement of £1,267k compared with the prior year. The operational deficit in the year was £208k (2017: £21k) and included legal fees for two major property sales of £173k. The increase in net resources in the year is principally due to an increase in the market value of a Property Held for Sale, and Investment Properties, of £2,448k (2017: £233k) and gains on the sale of assets of £1,621k (2017: £599k).

As disclosed in Note 1 to the Financial Statements (Accounting Policies 1.12), occupied School properties are valued at £Nil (2017: £Nil) because the Directors consider these properties to be inalienable.

The Cash Flow Statement on page 26 shows a net increase in cash and cash equivalents amounting to £1,604k (2017: £640k). This improvement continued the reduction in Net Debt. As at 31 March 2018 Net Debt amounted to £3,108k (2017: £8,020k). The improvement was driven mainly by cash generated from the proceeds of the sale of fixed asset investments and from the sale of surplus properties.

Investment Policy and Performance

The Trust Deed authorises the Trustee to make and hold investments using the general funds of the Diocese. The Diocese's funds are managed in one unrestricted fund (Main Fund) and four restricted funds (Priests' Retirement Fund, Batley Carr Cockrem Fund, Episcopal Mensa Fund and Leeds Cathedral Music Fund). The Diocese operates an ethical investment policy and has agreed an investment strategy with the investment managers. The investment managers manage the funds and their portfolio of investments on a discretionary basis within these guidelines. The investment managers provide quarterly reports and meet with the FSC annually to review fund performance and to consider the investment outlook.

The market value of investments reported in the Financial Statements at 31 March 2018 was £14,447k (2017: £15,352k). The movements are analysed in Note 14 to the Financial Statements. The main components comprise investment income generated of £422k (2017: £418k), cash withdrawn of £1,681k (2017: £1,725k) and profits arising on the sale of investments of £308k (2017: £427k). At the date of signing this report the market value of investments has been maintained.

REPORT OF THE TRUSTEE (continued)

Investment Policy and Performance (continued)

The Diocese holds a portfolio of investment properties that are either held for a long term rental income stream or are surplus to meeting its principal charitable objectives and are planned for long term sale.

Reserves Policy

The Total Funds of the Diocese at 31 March 2018 were £45,795k (2017: £41,626k) of which £29,591k (2017: £29,136k) related to Parishes and £16,204k (2017: £12,490k) related to the Curia and subsidiary undertaking.

The reserves policy of the Diocese is to hold a value equivalent to at least three months of Total Operating Expenditure as Free Reserves. Free Reserves are defined as Unrestricted Funds less Tangible Fixed Assets. Funds invested in Tangible Fixed Assets are excluded from Free Reserves as these funds cannot be released without undermining the Diocese's ability to fulfil its principal charitable objectives. At 31 March 2018 Free Reserves were £7,217k (2017: £2,978k) and represented eight months (2017: three months) of Total Operating Expenditure. The Directors consider that this level of Free Reserves is reasonable to enable the Diocese to fulfil its immediate financial obligations and commitments and to plan for future investment requirements including the training of Seminarians and Permanent Deacons, the support of Parish Priests, the welfare needs of retired Priests and the maintenance of the Diocese's Places of Worship.

Total Funds included £956k (2017: £837k) in Permanent Endowment Funds and £7,775k (2017: £8,471k) in Restricted Funds. The allocation of Permanent Endowment Funds and Restricted Funds are determined by the wishes of the donors and are disclosed in Note 23 to the Financial Statements. Unrestricted Funds of £37,064k (2017: £32,318k) comprise Designated Funds in Parishes of £28,999k (2017: £28,545k) and Designated and General Funds in the Curia of £8,065k (2017: £3,773k). Designated Funds in Parishes are raised to ensure the financial sustainability of the Parish and will be expended over the life of the Parish.

Subsidiary Trading Company

The Diocese holds an investment in a wholly owned trading subsidiary, Hinsley Properties Limited. The Directors of this subsidiary company are appointed from the Directors and Officers of the Trustee. Hinsley Properties Limited was formed to manage the Diocesan Pastoral Centre at Hinsley Hall and an investment property. The Diocesan Pastoral Centre is considered to be an important national centre for the Catholic community. As disclosed in Note 14(b) to the Financial Statements, during the year the company generated a turnover of £762k (2017: £816k) and reported an operating loss of £25k (2017: operating profit £43k). The company made gift aid donations to the Charity of £Nil (2017: £74k). The retained loss has been taken to unrestricted reserves.

REPORT OF THE TRUSTEE (continued)

Risk Management

The Trustee considers and assesses the major risks to which the Diocese is exposed. This will include strategic, financial, operational and reputational risks. The Trustee implements policies and procedures in order to mitigate or minimise these risks and also monitors the effectiveness of its risk management processes.

The operating activities of the Diocese have shown an excess of expenditure over income in recent years. Combined Parish and Curia costs have been reduced in response to this challenge. Total expenditure is now close to total income. Further action is being taken to improve this position. Delivering the financial strategy for the Diocese is a key priority.

Financial Strategy

The Directors developed and agreed a three year Financial Strategy with its principal aim being to eliminate the Diocese's Net Debt. The main components of this strategy are to bring the Diocese's expenditure into line with its income on an annual sustainable cash basis and to realise cash from the sale of surplus assets. The strategy also recognises the need to make appropriate investments in our Places of Worship and the need to invest in meeting the principal aims of the Charity.

The Diocese continued to make progress on this financial strategy during the current year with income and expenditure being more closely aligned and with Net Debt falling from £8,020k in 2017 to £3,108k in 2018.

Approved by the Trustee on 18 September 2018 and signed on its behalf by:



Rt Rev M Stock
Bishop of Leeds
Director

TRUSTEE'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors of the Trustee are responsible for preparing the Trustee's Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to Charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Charity and the Group and of its income and expenditure for that period. In preparing these Financial Statements the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the Financial Statements ; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Charitable Group will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable it to ensure that the Financial Statements comply with the Charities Act 2011 and The Charities (Accounts and Reports) Regulations 2008. It is also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee did not have any beneficial interest in any contract to which the Charity was party during the year.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE LEEDS DIOCESAN TRUST

Opinion

We have audited the Financial Statements of the Leeds Diocesan Trust for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated Cash Flow and the 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 Group and Parent Charity's affairs as at 31 March 2018 and of the Group's and the Parent Charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

This report is made solely to the Charity's Trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for Opinion

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 Group and the Parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE LEEDS DIOCESAN TRUST (continued)

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 Trustee use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Trustee has not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent 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 Trustee is responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE LEEDS DIOCESAN TRUST (continued)

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:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the Financial Statements; or
- the Group and the Parent Charity has not kept sufficient accounting records; or
- the Parent's Financial Statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustee

As explained more fully in the Trustee's Responsibilities Statement set out on page 18, the Trustee is 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 Trustee determines 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 Trustee is responsible for assessing the Group's and the Parent 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 Trustee either intends to liquidate the Group or the Parent Charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

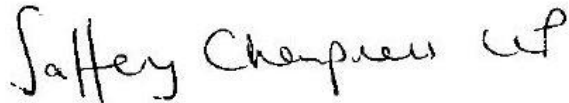
We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE LEEDS DIOCESAN TRUST (continued)**

Auditor's responsibilities for the Audit of the Financial Statements (continued)

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.

A handwritten signature in black ink that reads "Saffery Champness LLP". The signature is written in a cursive, flowing style.

Saffery Champness LLP
Chartered Accountants and Statutory Auditors
Mitre House
North Park Road
Harrogate
HG1 5RX

18 September 2018

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

LEEDS DIOCESAN TRUST
YEAR ENDED 31 MARCH 2018

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2018

	Note	Parishes			Curia and Subsidiary			Group	
		Designated Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total Funds	Total Funds
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income and Endowments from:									
Donations, Legacies and Grants	2	6,212	720	6,932	237	228	-	465	7,397
Charitable Activities	3	28	-	28	971	-	-	971	999
Trading Activities		904	-	904	794	-	-	794	1,698
Investment Income	4	-	8	8	595	182	31	808	816
Total Operating Income		7,144	728	7,872	2,597	410	31	3,038	10,910
Expenditure on:									
Total Cost of Raising Funds	5	-	-	-	1,100	-	-	1,100	1,100
Charitable Expenditure	6	5,425	919	6,344	2,849	789	36	3,674	10,018
Total Operating Expenditure		5,425	919	6,344	3,949	789	36	4,774	11,118
		1,719	(191)	1,528	(1,352)	(379)	(5)	(1,736)	(208)
Gross Transfer between Funds		(1,417)	(108)	(1,525)	1,335	66	124	1,525	-
Net Operating Income/(Expenditure)		302	(299)	3	(17)	(313)	119	(211)	(208)
Net Gains/(Losses) on Investment Assets		-	4	4	392	(88)	-	304	308
Gains on the Sale of Investment Properties		152	-	152	1,469	-	-	1,469	1,621
Net Income/(Expenditure)		454	(295)	159	1,844	(401)	119	1,562	1,721
Revaluation of Property Held for Sale		-	-	-	2,448	-	-	2,448	2,448
Net Movement in Funds	11	454	(295)	159	4,292	(401)	119	4,010	4,169
Reconciliation of Funds:									
Total Funds brought forward		28,545	591	29,136	3,773	7,880	837	12,490	41,626
Reclassification of Restricted Funds	23	-	296	296	-	(296)	-	(296)	-
Total Funds carried forward		28,999	592	29,591	8,065	7,183	956	16,204	45,795

All activities are from continuing operations.

The Notes from page 27 to 54 form part of these Financial Statements.

There were no recognised gains or losses for the year ended 31 March 2018 other than those included in the Consolidated Statement of Financial Activities.

The results of Hinsley Properties Limited are included in Curia Unrestricted Funds.

LEEDS DIOCESAN TRUST
YEAR ENDED 31 MARCH 2018

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES 2017

	Note	Parishes			Curia and Subsidiary			Group	
		Designated Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Permanent Endowment Funds	Total Funds	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Income and Endowments from:									
Donations, Legacies and Grants	2	6,175	1,007	7,182	262	164	-	426	7,608
Charitable Activities	3	44	-	44	1,051	-	-	1,051	1,095
Trading Activities		792	-	792	880	-	-	880	1,672
Investment Income	4	25	-	25	565	218	-	783	808
Total Operating Income		7,036	1,007	8,043	2,758	382	-	3,140	11,183
Expenditure on:									
Total Cost of Raising Funds	5	-	-	-	1,066	28	-	1,094	1,094
Charitable Expenditure	6	6,173	658	6,831	2,671	608	-	3,279	10,110
Total Operating Expenditure		6,173	658	6,831	3,737	636	-	4,373	11,204
		863	349	1,212	(979)	(254)	-	(1,233)	(21)
Gross Transfer between Funds		(1,393)	-	(1,393)	1,363	30	-	1,393	-
Net Operating Income/(Expenditure)		(530)	349	(181)	384	(224)	-	160	(21)
Net Gains on Investment Assets		-	-	-	1,181	905	5	2,091	2,091
Gains on the Sale of Assets		55	-	55	544	-	-	544	599
Net Income/(Expenditure)		(475)	349	(126)	2,109	681	5	2,795	2,669
Revaluation of Investment Properties		-	-	-	233	-	-	233	233
Net Movement in Funds	11	(475)	349	(126)	2,342	681	5	3,028	2,902
Reconciliation of Funds:									
Total Funds brought forward		29,020	242	29,262	1,431	7,199	832	9,462	38,724
Total Funds carried forward		28,545	591	29,136	3,773	7,880	837	12,490	41,626

All activities are from continuing operations.

The Notes from page 27 to 54 form part of these Financial Statements.

There were no recognised gains or losses for the year ended 31 March 2017 other than those included in the Consolidated Statement of Financial Activities.

The results of Hinsley Properties Limited are included in Curia Unrestricted Funds.

LEEDS DIOCESAN TRUST
YEAR ENDED 31 MARCH 2018

CONSOLIDATED BALANCE SHEET AND CHARITY BALANCE SHEET

	Note	Group		Charity	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed Assets					
Tangible Assets	12	29,847	29,340	28,432	28,022
Investment Properties	13	5,256	7,650	4,356	6,750
Investments	14	14,447	15,352	16,394	17,324
Total Fixed Assets		49,550	52,342	49,182	52,096
Current Assets					
Inventories		6	2	-	-
Debtors	15	775	1,145	882	1,241
Properties Held for Sale	16	4,139	290	4,139	290
Cash at Bank and in Hand	18	2,267	663	2,264	655
Total Current Assets		7,187	2,100	7,285	2,186
Current Liabilities					
Creditors and Accrued Expenses	17	(5,567)	(4,133)	(5,297)	(3,973)
Bank Balances, Overdrafts and Loans	18	(500)	(700)	(500)	(700)
Creditors: Amounts falling due within one year		(6,067)	(4,833)	(5,797)	(4,673)
Net Current Assets/(Liabilities)		1,120	(2,733)	1,488	(2,487)
Creditors: Amounts falling due after more than one year	19	(4,875)	(7,983)	(4,875)	(7,983)
Net Assets		45,795	41,626	45,795	41,626
The Funds of the Charity:					
Unrestricted Funds					
- Designated Funds	23	28,999	28,545	28,999	28,545
- General Funds	23	8,065	3,773	8,065	3,773
Restricted Funds	23	7,775	8,471	7,775	8,471
Permanent Endowments	23	956	837	956	837
Total Charity Funds		45,795	41,626	45,795	41,626

The Notes from page 27 to 54 form part of these Financial Statements.

These Financial Statements were approved and authorised by the Directors on 18 September 2018 and signed on their behalf by:



Rt Rev M Stock
Bishop of Leeds
Director

LEEDS DIOCESAN TRUST
YEAR ENDED 31 MARCH 2018

CONSOLIDATED CASH FLOW STATEMENT

	2018 £'000	2017 £'000
Cash Flows from Operating Activities		
Net Movement in Funds	4,169	2,902
Adjusted for:		
Deprecation Charges	620	600
Revaluation of Property Held for Sale and Investment Properties	(2,448)	(233)
Gain on the Sale of Investment Properties and Assets	(1,621)	(599)
Net Gains on Investment Assets	(308)	(2,091)
Investment Income	(816)	(808)
(Increase)/Decrease in Inventories	(4)	1
Decrease/(Increase) in Debtors	370	(244)
Increase/(Decrease) in Creditors	749	(287)
Other non cash Expenditure	104	84
Net cash provided by/(used in) Operating Activities	815	(675)
Cash Flows from Investing Activities		
Proceeds from the Disposal of Fixed Asset Investments	1,681	1,725
Payments to Acquire Fixed Asset Investments	(150)	-
Investment Properties Income	394	390
Proceeds from the Sale of Tangible Assets	-	612
Proceeds from the Sale of Investment Properties	3,263	599
Proceeds from the Sale of Assets Held for Sale	590	275
Payments to Acquire Tangible Fixed Assets	(1,681)	(885)
Net cash provided by Investing Activities	4,097	2,716
Cash Flows from Financing Activities		
Overdraft repaid	-	(730)
Loans repaid	(3,308)	(671)
Net Cash used in Financing Activities	(3,308)	(1,401)
Net Increase in Cash and Cash Equivalents	1,604	640
Cash and Cash Equivalents at the beginning of year	663	23
Cash and Cash Equivalents at end of year	2,267	663

Analysis of Net Debt

	2018 £'000	Movement £'000	2017 £'000	Movement £'000	2016 £'000
Bank Overdraft	-	-	-	730	(730)
Bank Loans	(5,375)	3,308	(8,683)	671	(9,354)
Cash at Bank and in Hand	2,267	1,604	663	640	23
Net Debt	(3,108)	4,912	(8,020)	2,041	(10,061)

The Notes from page 27 to 54 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

These Financial Statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain fixed assets, and include the results of the Charity and its subsidiary's operations which are described in the Trustee's Report.

The Financial Statements are prepared in sterling which is the functional currency of the entity. Monetary amounts in these Financial Statements are rounded to the nearest thousand pound (£'000). The Financial Statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The Charity and its subsidiaries are a public benefit group for the purposes of FRS 102.

1.2 Going Concern

The Directors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charitable Group to continue as a going concern. The Directors have made this assessment for a period of at least one year from the date of approval of the Financial Statements. In particular the Directors have considered the Charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the Directors have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its Financial Statements.

1.3 Basis of Consolidation

The Statement of Financial Activities, Balance Sheet and Cash Flow consolidate the Financial Statements of the Charity, comprising the Curia and the Parishes, together with a subsidiary undertaking, Hinsley Properties Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.4 Income

Income, including grants, is included in the Statement of Financial Activities on the basis of the amounts receivable for the year. Income from trading activities is included in the period that the Charity is entitled to the receipt.

In Parishes the majority of income is received from voluntary donations and legacies. Legacies are recognised following probate and once there is sufficient evidence that receipt is probable and the amount of the legacy receivable can be measured reliably. Where entitlement to a legacy exists, but there is uncertainty as to its receipt or the amount receivable, the details are disclosed as a contingent asset, if material, until the criteria for income recognition are met.

Curial income includes income from services carried out at the Diocesan Pastoral Centre, Hinsley Hall, income from Investment Properties and other Investments.

Gifts of fixed assets are included at valuation and the equivalent value is recorded as donations. If a gifted asset is under construction then its value is recorded on completion.

1.5 Expenditure

Expenditure is included in the Statement of Financial Activities on the basis of the amounts payable for goods and services provided in the year.

Charitable expenditure consists of all expenditure directly relating to the objectives of the Diocese. Certain central costs, which cannot be directly apportioned, are allocated in proportion to the direct costs of the aims of the Charity.

The Diocese does not incur direct costs in its voluntary fundraising activities. The Diocese receives substantial voluntary help in its work and it is not possible to place a financial value on this work.

Investment management fees, interest costs and the cost of sales and administrative costs of the subsidiary company are included in the cost of raising funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.5 Expenditure (continued)

Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure includes VAT where it cannot be fully recovered and is reported as part of the expenditure to which it relates.

Governance costs are those incurred in connection with the audit of the Charity and its compliance with constitutional and statutory requirements including legal fees.

1.6 Commitments

Commitments that are made by the Trustee that are legally binding have been accrued. Those that are not legally binding have not been charged in the Financial Statements but have been disclosed in the Notes to the Financial Statements.

1.7 Grants Payable

Discretionary grants are paid as a contribution to the running costs of organisations whose objectives are consistent with those of the Charity. Grants are paid on an ad-hoc basis and payment in one financial year does not imply continued support in future financial years. Liabilities relating to grants payable are recognised once the Charity is irrevocably committed to the provision of the grant.

1.8 Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted mid-market price. Realised and unrealised gains and losses on Investments are reported in the Statement of Financial Activities. Investment income plus associated tax recoverable is credited to income on an accruals basis.

Investments in subsidiaries are accounted for at cost less impairment in the individual Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.9 Investment Properties

Investment property, which is property held to earn rentals and capital appreciation, is measured using the fair value model as at the balance sheet date. The surplus or deficit on revaluation is recognised in the Statement of Financial Activities.

1.10 Taxation

The Trustee considers that the exemption from taxation set out in the Income Tax Act 2007 and the Taxation of Chargeable Gains Act 1992 are met and, therefore, no provision is made for taxation.

1.11 Pension Scheme

The Charity makes defined contributions to a Group personal pension scheme for certain employees. Contributions payable for the year are charged in the Statement of Financial Activities. Contributions are also paid, for eligible employees, to the Teachers' Pension Scheme (England and Wales) and further information regarding this scheme is disclosed in Note 9 to the Financial Statements. Contributions payable are charged as charitable expenditure in the Statement of Financial Activities.

1.12 Tangible Assets

Parish Property

The value of Parish properties is capitalised in the Financial Statements as follows:

- Properties acquired on or before 31 March 1997: These properties were capitalised at ten per cent of their insurance value at that date.
- Properties acquired since 31 March 1997: These are capitalised at cost.

All Parish buildings are depreciated on a straight line basis of two per cent per annum.

Curial Freehold Buildings

A review of building valuations is carried out annually and, where required, an appropriate impairment charge is made in the Statement of Financial Activities. Curial freehold buildings are maintained to a high standard and depreciation is not provided for as, in the Trustee's opinion, the residual value is equal to the carrying value in the Financial Statements.

Freehold Property Improvements

Improvements to freehold properties are capitalised at cost and depreciated on a straight line basis of two per cent per annum.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.12 Tangible Assets (continued)

Fixtures, Fittings and Equipment

Fixtures, fittings and equipment are stated at cost less depreciation. Depreciation is calculated by the straight line method to write off the cost or value, less anticipated residual value, over the expected useful lives of the assets as follows:

	Percentage	
Motor Vehicles	33.33	per annum
Fixtures, Fittings and Equipment	10.00	per annum

Impairment reviews are undertaken on an annual basis.

School Property

Certain School and Academy properties are owned by the Diocese and occupied and run by independent charities in the form of Voluntary Aided (maintained) Schools and Multi Academy Trusts. There are significant legal restrictions on the disposal of these properties under education legislation. The Trustee considers the ownership of these assets to be in the nature of custodianship and they are therefore not capitalised in the Financial Statements.

1.13 Properties Held for Resale

Curia and Parish properties no longer used by the Diocese in pursuing its charitable aims and whose sale is expected to complete within 12 months of the Balance Sheet date are reported as Properties Held for Sale within current assets on the face of the Balance Sheet and are included at their estimated realisable value.

1.14 Schools Building Programme

The Diocese acts as agent on behalf of School Governors. Grants received and contributions through the Voluntary Contributions Scheme (VCS), are netted off against total costs so that only the residual cost is included in the Financial Statements. As an agent, the Diocese is bound by agreement with each individual School and therefore has no discretion over the use of these funds.

1.15 Inventories

Inventories consist of purchased goods for resale and are valued at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.16 Fund Accounting

General Funds are Unrestricted Funds which are available for use at the discretion of the Trustee in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

The Parishes in the Diocese are established and operate under Canon Law. This Law gives each Parish a distinct legal status within the Church. Unrestricted Parish funds are reported as Designated Funds in the Financial Statements to reflect the relative autonomy given to the Parish Priest under Canon Law.

Restricted Funds are funds that are used in accordance with specific instructions made by donors or that have been raised by the Diocese for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each Restricted Fund is set out in these Notes to the Financial Statements.

The capital of Permanent Endowment Funds must be maintained intact with any income arising being available for restricted or general charitable purposes of the Diocese, according to the terms of the original gift.

1.17 Financial Instruments

Basic financial instruments are measured at amortised cost. The Group has no other financial instruments or basic financial instruments measured at fair value.

1.18 Critical Accounting Estimates

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in those financial statements. The following judgement and estimate is considered by the Trustee to have the most significant effect on amounts recognised in the Financial Statements.

Useful Economic Life: The annual depreciation charge for buildings, fixtures, fittings and equipment is sensitive to change in the estimated useful economic lives and residual value of assets. These are re-assessed annually and amended where necessary to reflect current circumstances.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. DONATIONS, LEGACIES AND GRANTS

	2018						Group Total £'000
	Parishes			Curia			
	Designated £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000	
Offertories	4,311	-	4,311	-	-	-	4,311
Donations and Gifts	223	-	223	156	74	230	453
Votives	284	-	284	-	-	-	284
Legacies	291	-	291	-	57	57	348
Gift Aid Tax Refunds	710	-	710	61	-	61	771
Parish Projects	-	190	190	-	-	-	190
Parish Second Collections	-	170	170	-	-	-	170
Diocesan Second Collections	-	158	158	-	-	-	158
National Second Collections	-	202	202	-	-	-	202
Grants	168	-	168	20	97	117	285
Other	225	-	225	-	-	-	225
Total	6,212	720	6,932	237	228	465	7,397

	2017						Total £'000
	Parishes			Curia			
	Designated £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000	
Offertories	4,304	-	4,304	-	-	-	4,304
Donations and Gifts	265	-	265	93	87	180	445
Votives	279	-	279	-	-	-	279
Legacies	247	-	247	117	10	127	374
Gift Aid Tax Refunds	839	-	839	52	-	52	891
Parish Projects	-	281	281	-	-	-	281
Parish Second Collections	-	238	238	-	-	-	238
Diocesan Second Collections	-	144	144	-	-	-	144
National Second Collections	-	231	231	-	-	-	231
Grants	38	-	38	-	67	67	105
Other	203	113	316	-	-	-	316
Total	6,175	1,007	7,182	262	164	426	7,608

3. INCOME FROM CHARITABLE ACTIVITIES

Income from charitable activities consists of:

	2018 £'000	2017 £'000
School Contribution Scheme	317	299
Music Contribution Scheme	98	108
Youth Pilgrimages	187	192
Conference Fees	41	32
Cemetery Fees	284	339
Other	72	125
Total	999	1,095

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INVESTMENT INCOME

	2018			Total Funds
	Unrestricted Fund	Restricted Fund	Permanent Endowment Fund	
	£'000	£'000	£'000	£'000
Income arising from:				
Investment Properties	377	17	-	394
Listed Investments	218	173	31	422
Total	595	190	31	816

	2017			Total Funds
	Unrestricted Fund	Restricted Fund	Permanent Endowment Fund	
	£'000	£'000	£'000	£'000
Income arising from:				
Investment Properties	380	10	-	390
Listed Investments	210	208	-	418
Total	590	218	-	808

5. TOTAL COST OF RAISING FUNDS

The total cost of raising funds consists of:

	2018	2017
	£'000	£'000
Interest Payable	299	306
Investment Management Fees	84	84
Hinsley Properties Limited Expenditure	717	704
Total	1,100	1,094

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. CHARITABLE EXPENDITURE

		2018				
		Aims of the Charity				
		Advancement of Catholic Religion £'000	Promotion of Catholic Teaching £'000	Care of Priests £'000	Maintenance of Properties £'000	Total £'000
Parishes	Grants Payable	24	-	-	-	24
	Other Direct Costs	1,405	43	1,234	2,148	4,830
	Support Costs	220	7	190	1,073	1,490
	Total	1,649	50	1,424	3,221	6,344
Curia	Grants Payable	121	31	344	-	496
	Other Direct Costs	250	1,080	376	377	2,083
	Support Costs	157	475	304	159	1,095
	Total	528	1,586	1,024	536	3,674
Total	Grants Payable	145	31	344	-	520
	Other Direct Costs	1,655	1,123	1,610	2,525	6,913
	Support Costs	377	482	494	1,232	2,585
	Total	2,177	1,636	2,448	3,757	10,018

		2017				
		Aims of the Charity				
		Advancement of Catholic Religion £'000	Promotion of Catholic Teaching £'000	Care of Priests £'000	Maintenance of Properties £'000	Total £'000
Parishes	Grants Payable	14	-	-	-	14
	Other Direct Costs	1,534	-	1,308	2,504	5,346
	Support Costs	269	-	227	975	1,471
	Total	1,817	-	1,535	3,479	6,831
Curia	Grants Payable	127	30	351	-	508
	Other Direct Costs	234	1,070	458	496	2,258
	Support Costs	67	204	150	92	513
	Total	428	1,304	959	588	3,279
Total	Grants Payable	141	30	351	-	522
	Other Direct Costs	1,768	1,070	1,766	3,000	7,604
	Support Costs	336	204	377	1,067	1,984
	Total	2,245	1,304	2,494	4,067	10,110

Support Costs have been apportioned across the four aims of the Charity by pro-rating those costs to the grants payable and other direct costs of the individual aims. Included in Support Costs are Governance Costs of £22k (2017: £27k).

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. ANALYSIS OF GRANTS PAYABLE

	2018			2017
	Grants to			Total
	Institutions £'000	Individuals £'000	Total £'000	£'000
Catholic Trust for England and Wales	81	-	81	84
Catholic Education Service	31	-	31	30
Clergy Retirement Grants	-	328	328	328
Seminarian Grants	-	15	15	25
Peru Mission	40	-	40	43
Local Organisations	25	-	25	7
Flood Victims	-	-	-	5
	177	343	520	522

Grants paid to institutions are paid as a contribution to the running costs of charities with objectives similar to those of the Leeds Diocesan Trust. There were 46 (2017: 46) grants given either directly to the Clergy, or to their Care Provider, amounting to £328k (2017: £328k).

8. CLERGY COSTS

	Clergy Allowances		
	Parishes	Curia	Total
	£'000	£'000	£'000
2018	666	153	819
2017	699	153	852

These allowances relate to Clergy in active ministry.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. EMPLOYMENT COSTS AND NUMBERS

Staff costs comprise the following:

	2018			2017
	Parishes £'000	Curia £'000	Total £'000	Total £'000
Salaries and Wages	533	1,235	1,768	1,656
Employers' National Insurance	69	97	166	155
Pension Costs	6	56	62	59
	608	1,388	1,996	1,870

The number of employees who received a salary in excess of £60,000 per annum were as follows:

	2018	2017
£60,001 to £70,000	1	-
£70,001 to £80,000	1	1
	2	1

The Diocese contributes, for eligible staff, to one of two qualifying defined contribution pension schemes which are fully compliant with the requirements of auto-enrolment. The schemes are managed by an independent firm of pension administrators. The Diocese matches employee contributions up to a maximum of 6 per cent of pensionable salary. Each member of staff has their own individual pension account within the schemes. In addition, the Diocese makes contributions to the Teachers' Pension Scheme (England and Wales) (TPS), a defined benefits scheme, for a small number of eligible staff. The employers' contribution rate is set by the TPS and, as the scheme is a collective scheme, it is not possible to separately identify the assets and liabilities attributable to a particular employer. The Diocese has neither a commitment to make good any actuarial deficit nor an entitlement to benefit from any overfunding of this scheme.

The average weekly number of full time and part time employees analysed between Parish and the Curia across the Diocese is:

	Total Diocesan Employees		
	Parishes	Curia	Total
2018	111	51	162
2017	102	50	152

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DIRECTORS AND KEY MANAGEMENT PERSONNEL

The Directors do not receive any payments in respect of their Office. Directors who are members of the Clergy receive allowances and expenses for their work in active ministry which is paid by their Parish or by the Curia if they have a non-Parish role. No payments were made to Lay Directors in either the current year or the prior year. No reimbursement of expenses was paid to the Directors of the Trustee in either the current year or prior year.

The Charity considers that its Key Management Personnel comprise the Directors and the Chief Operating Officer. The Directors did not receive any employment benefits in either the current year or the prior year. The Chief Operating Officer received total employment benefits in the year of £85,938 (2017: £85,090), including employers' National Insurance contributions of £9,430 (2017: £9,340) and £Nil (2017: £Nil) of pension contributions.

Central to the fulfilment of the Leeds Diocesan Trust's objectives is the role played by volunteers in ministries in the Parishes. It is not practical to collate the number of volunteers involved across all our Parishes.

11. NET MOVEMENT IN FUNDS IN THE YEAR

Movement in net funds in the year is stated after charging:

	2018	2017
	£'000	£'000
Auditor's Remuneration		
- audit services	21	22
- other services	1	2
Depreciation of Owned Assets	620	600
Operating Lease Rentals	10	10
	<hr/>	<hr/>

LEEDS DIOCESAN TRUST
YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TANGIBLE ASSETS

Group

	Total Charity			Subsidiary			Total Group		
	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000	Leasehold Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost or valuation									
At 1 April 2017	33,537	2,468	36,005	1,894	273	2,167	35,431	2,741	38,172
Additions	1,529	1	1,530	-	151	151	1,529	152	1,681
Disposals	(19)	(6)	(25)	-	(118)	(118)	(19)	(124)	(143)
Transfers	(593)	-	(593)	-	-	-	(593)	-	(593)
At 31 March 2018	34,454	2,463	36,917	1,894	306	2,200	36,348	2,769	39,117
Depreciation and impairments									
At 1 April 2017	7,241	742	7,983	669	180	849	7,910	922	8,832
Charge for the year	508	58	566	37	17	54	545	75	620
Disposals	(1)	(8)	(9)	-	(118)	(118)	(1)	(126)	(127)
Transfers	(55)	-	(55)	-	-	-	(55)	-	(55)
At 31 March 2018	7,693	792	8,485	706	79	785	8,399	871	9,270
Net book value at 31 March 2018	26,761	1,671	28,432	1,188	227	1,415	27,949	1,898	29,847
Net book value at 31 March 2017	26,296	1,726	28,022	1,225	93	1,318	27,521	1,819	29,340

LEEDS DIOCESAN TRUST
YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TANGIBLE ASSETS (continued)

Charity

	Parishes			Curia			Total Charity		
	Church Properties £'000	Church Contents £'000	Total £'000	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000	Freehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost or valuation									
At 1 April 2017	24,568	2,383	26,951	8,969	85	9,054	33,537	2,468	36,005
Additions	1,270	-	1,270	259	1	260	1,529	1	1,530
Disposals	-	-	-	(19)	(6)	(25)	(19)	(6)	(25)
Transfers	(326)	-	(326)	(267)	-	(267)	(593)	-	(593)
At 31 March 2018	25,512	2,383	27,895	8,942	80	9,022	34,454	2,463	36,917
Depreciation and impairments									
At 1 April 2017	7,241	678	7,919	-	64	64	7,241	742	7,983
Charge for the year	508	48	556	-	10	10	508	58	566
Disposals	(1)	(1)	(2)	-	(7)	(7)	(1)	(8)	(9)
Transfers	(55)	-	(55)	-	-	-	(55)	-	(55)
At 31 March 2018	7,693	725	8,418	-	67	67	7,693	792	8,485
Net book value at 31 March 2018	17,819	1,658	19,477	8,942	13	8,955	26,761	1,671	28,432
Net book value at 31 March 2017	17,327	1,705	19,032	8,969	21	8,990	26,296	1,726	28,022

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. INVESTMENT PROPERTIES

	Charity			Subsidiary	Group Total £'000
	Parishes £'000	Curia £'000	Total £'000		
Cost or valuation					
At 1 April 2017	614	6,136	6,750	900	7,650
Disposals	-	(1,626)	(1,626)	-	(1,626)
Transfers	-	(768)	(768)	-	(768)
At 31 March 2018	614	3,742	4,356	900	5,256
Depreciation and impairments					
At 1 April 2017	-	-	-	-	-
At 31 March 2018	-	-	-	-	-
Net book value at 31 March 2018	614	3,742	4,356	900	5,256
Net book value at 31 March 2017	614	6,136	6,750	900	7,650

Investment Properties are valued on the basis of market value, as defined in the RICS Appraisal and Valuation Manual (7th Edition), every five years. The last valuation was carried out on 31 March 2017 by Sanderson Weatherall, Chartered Surveyors.

In the intervening years a review of Investment Properties is carried out annually and, where required, an appropriate impairment charge is made in the Statement of Financial Activities. In the Trustee's opinion, the net book value disclosed in the Balance Sheet reflects its best estimate of the fair value of Investment Properties at 31 March 2018.

The historic cost of the Group and Charity's Investment Properties at 31 March 2018 is £1,914k (2017: £2,414k).

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. INVESTMENTS

a) GROUP

Listed Investments	2018	2017
	£'000	£'000
Movement in Fixed Asset Investments:		
Market value at 1 April	15,352	14,652
Investment Income	422	418
Net Unrealised Gain on Revaluation	-	1,664
Net Realised Gains in the Year	308	427
Investment Managers Costs Deducted from Investments	(84)	(84)
Addition to Investments	150	-
Withdrawn from Investments	(1,681)	(1,725)
Other movements	(20)	-
Market Value at 31 March	<u>14,447</u>	<u>15,352</u>
Analysis of Market Value of Investment by Type:		
Equities	10,402	11,724
Bonds	2,712	2,606
Properties	166	239
Alternative Investments	865	750
Cash	302	33
Market Value at 31 March	<u>14,447</u>	<u>15,352</u>
Analysis of Market Value of Investments between those held within and outside the United Kingdom:		
Within the United Kingdom	9,645	10,063
Outside the United Kingdom	4,802	5,289
Market Value at 31 March	<u>14,447</u>	<u>15,352</u>
Analysis of Market Value by Fund:		
Unrestricted	7,645	8,157
Restricted	5,846	6,358
Permanent Endowment	956	837
Market Value at 31 March	<u>14,447</u>	<u>15,352</u>
Historic Cost of Investments	<u>11,947</u>	<u>12,831</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. INVESTMENTS (continued)

b) CHARITY

The investments of the Charity comprise:

	2018	2017
	£'000	£'000
Listed Investments (see Note 14(a) above)	14,447	15,352
Investment in Subsidiary Companies	1,947	1,972
	<u>16,394</u>	<u>17,324</u>

Investment in Subsidiary Companies

Hinsley Properties Limited (company registration number 2974080).

The Charity owns 100 per cent of the ordinary share capital of the company. A provision of £25k (2017: £31k) has been made against the investment in this company in the year. The principal activities of the company were the operation of the Diocesan Pastoral Centre at Hinsley Hall, Leeds, and the management of an investment property.

A summary of the company's audited trading results for the year ended 31 March 2018 is shown below:

	2018	2017
	£'000	£'000
Turnover	762	816
Cost of Sales	(403)	(413)
Administrative Expenses	(344)	(320)
Rent paid to the Diocese	(40)	(40)
Operating (Loss)/Profit before Impairment, Gift Aid Donation and Taxation	(25)	43
Gift Aid Donation	-	(74)
Taxation	-	-
Loss for the Financial Year	<u>(25)</u>	<u>(31)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. INVESTMENTS (continued)

b) CHARITY (continued)

A summary of the company's audited Balance Sheet at 31 March 2018 is shown below:

	2018	2017
	£'000	£'000
Fixed Assets	2,315	2,218
Net Current Liabilities	<u>(368)</u>	<u>(246)</u>
Total Assets	<u>1,947</u>	<u>1,972</u>
Called up Share Capital	1,500	1,500
Profit and Loss Account	<u>447</u>	<u>472</u>
Equity Shareholders' Funds	<u>1,947</u>	<u>1,972</u>

Inter-Diocesan Fuel Management Limited

The Charity owns 11.1 per cent of the ordinary share capital of the company. The company was set up and is owned with a number of other dioceses in order to obtain competitively priced energy for the Diocese's properties.

Dormant Companies

The Charity owns 100 per cent of the ordinary share capital of Diocese of Leeds Limited, Hinsley Properties No 2 Limited and Hinsley Hall Limited. All companies were dormant in both the current and prior year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. DEBTORS

	2018				Group Total £'000
	Charity			Subsidiary £'000	
	Parishes £'000	Curia £'000	Total £'000		
Trade Debtors	-	66	66	50	116
Gift Aid Tax Recoverable	480	-	480	-	480
Other Debtors and Prepayments	-	96	96	83	179
Amounts due from Subsidiary Company	-	240	240	(240)	-
	480	402	882	(107)	775

	2017				Group Total £'000
	Charity			Subsidiary £'000	
	Parishes £'000	Curia £'000	Total £'000		
Trade Debtors	-	173	173	29	202
Gift Aid Tax Recoverable	743	-	743	-	743
Other Debtors and Prepayments	-	92	92	108	200
Amounts due from Subsidiary Company	-	233	233	(233)	-
	743	498	1,241	(96)	1,145

16. PROPERTIES HELD FOR SALE

Properties held for sale comprises properties no longer used by the Diocese in pursuing its charitable aims and whose sale is expected to complete within 12 months of the Balance Sheet date. Properties are included in the Financial Statements at their estimated realisable value. At 31 March 2018 properties held of £4,139k (2017: £290k) were included in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018				Group Total £'000
	Charity			Subsidiary £'000	
	Parishes £'000	Curia £'000	Total £'000		
Trade Creditors	-	3,728	3,728	104	3,832
Other Tax and Social Security	-	43	43	29	72
Accruals and Deferred Income	154	1,159	1,313	137	1,450
Other Creditors	30	183	213	-	213
	184	5,113	5,297	270	5,567

	2017				Group Total £'000
	Charity			Subsidiary £'000	
	Parishes £'000	Curia £'000	Total £'000		
Trade Creditors	-	2,404	2,404	39	2,443
Other Tax and Social Security	-	43	43	42	85
Accruals and Deferred Income	132	1,098	1,230	79	1,309
Other Creditors	30	266	296	-	296
	162	3,811	3,973	160	4,133

Included in Trade Creditors is £1,617k (2017: £1,527k) in respect of the School Building Programme for which the Diocese acts as agent. As agent, the Diocese is bound by agreement with each individual School and therefore has no discretion over the use of these funds. As agent, during the year the Diocese received £3,331k (2017: £3,796k) and paid out £3,241k (2017: £3,635k).

Included in Accruals and Deferred Income is £1,095k (2017: £1,000k) of deferred consideration in respect of the transfer of an Investment Property from a registered charity, St John's Catholic School for the Deaf.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. BANK BALANCES, OVERDRAFTS AND LOANS DUE WITHIN ONE YEAR

	2018				Group Total £'000
	Charity			Subsidiary £'000	
	Parishes £'000	Curia £'000	Total £'000		
Bank Balances/(Overdrafts)	6,748	(4,484)	2,264	3	2,267
Bank Loans (Note 20)	-	(500)	(500)	-	(500)
	6,748	(4,984)	1,764	3	1,767

	2017				Group Total £'000
	Charity			Subsidiary £'000	
	Parishes £'000	Curia £'000	Total £'000		
Bank Balances/(Overdrafts)	6,018	(5,363)	655	8	663
Bank Loans (Note 20)	-	(700)	(700)	-	(700)
	6,018	(6,063)	(45)	8	(37)

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018				Group Total £'000
	Charity			Subsidiary £'000	
	Parishes £'000	Curia £'000	Total £'000		
Bank Loans (Note 20)	-	4,875	4,875	-	4,875

	2017				Group Total £'000
	Charity			Subsidiary £'000	
	Parishes £'000	Curia £'000	Total £'000		
Bank Loans (Note 20)	-	7,983	7,983	-	7,983

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. BANK LOANS

Bank loans fall due for repayment as follows:

	Charity and Group	
	2018	2017
	£'000	£'000
Due within one year (Note 18)	<u>500</u>	<u>700</u>
Due between two and five years	2,000	2,941
Due over five years	<u>2,875</u>	<u>5,042</u>
Total due after more than one year (Note 19)	<u>4,875</u>	<u>7,983</u>
Total Bank Loans	<u>5,375</u>	<u>8,683</u>

A term loan facility from The Co-operative Bank p.l.c. was fully repaid in the year.

There is a £7.5 million 15 year term loan facility from HSBC Bank plc. The Trustee confirms that the Diocese operated within all covenants stipulated in the loan agreement.

The Diocese also has an overdraft facility of £2.0 million with HSBC Bank plc repayable on demand.

21. CAPITAL COMMITMENTS

The Diocese entered into a Private Finance Initiative (PFI) arrangement for the building of a School on 4 June 1999. The Leeds Diocesan Trust is obliged to make a payment of £115k per annum until August 2025. The payment is recognised as a charge to the Statement of Financial Activities in the year in which it is incurred.

The Parishes had capital commitments of £200k at 31 March 2018 (2017: £Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. OPERATING LEASES

At 31 March 2018 the Diocese had the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Group and Charity 2018			2017
	Parishes £'000	Curia £'000	Total £'000	Total £'000
Expiry date:				
Within one year	33	6	39	35
Between two and five years	88	9	97	59
	121	15	136	94

23. ANALYSIS OF CHARITABLE FUNDS

a) Analysis of Unrestricted Fund Movements

	For the year ended 31 March 2018					At 31 March 2018 £'000
	At 1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	Investments Gains/(Losses) £'000	
	Parishes - Designated Funds	28,545	7,144	(5,425)	(1,417)	
Curia - Designated Funds	-	-	(63)	3,010	-	2,947
Curia - General Funds	3,773	2,597	(3,886)	(1,675)	4,309	5,118
Curia - Unrestricted Funds	3,773	2,597	(3,949)	1,335	4,309	8,065
Total Group	32,318	9,741	(9,374)	(82)	4,461	37,064

	For the year ended 31 March 2017					At 31 March 2017 £'000
	At 1 April 2016 £'000	Income £'000	Expenditure £'000	Transfers £'000	Investments Gains/(losses) £'000	
	Parishes - Designated Funds	29,020	7,036	(6,173)	(1,393)	
Curia - General Funds	1,431	2,758	(3,737)	1,363	1,958	3,773
Total Group	30,451	9,794	(9,910)	(30)	2,013	32,318

The amount of £1,417k (2017: £1,393k) included in the transfer of funds from Parishes to Curia is the annual assessment that the Bishop of Leeds makes on Parishes to enable the Diocese to meet its pastoral and charitable objectives. The assessment is made on each Parish in proportion to its income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. ANALYSIS OF CHARITABLE FUNDS (continued)

a) Analysis of Unrestricted Fund Movements (continued)

A transfer of £82k was made from Unrestricted Funds to Restricted Funds (see Note 23 (b)) below to ensure the correct classification of donations received by the Diocese.

Unrestricted Funds for Parishes are classified as Designated Funds to reflect the autonomy of an individual Parish given to it under Canon Law. The Designated Funds will be spent over the lifetime of the individual Parishes.

b) Analysis of Restricted Fund Movements

	For the year ended 31 March 2018						At 31 March 2018 £'000
	At 1 April 2017 £'000	Income £'000	Expenditure £'000	Special Collections £'000	Transfers £'000	Investments Gains/(Losses) £'000	
Parishes							
Second Collections	17	530	(405)	(108)	-	-	34
Parish Fundraising	574	190	(514)	-	-	-	250
Total Collections	591	720	(919)	(108)	-	-	284
Batley Carr Cockrem Fund	296	8	-	-	-	4	308
Total Parishes	887	728	(919)	(108)	-	4	592
Curia							
Priests' Retirement Fund	6,597	214	(496)	26	-	(92)	6,249
Peru Mission Fund	197	6	(40)	21	-	-	184
Poor Mission Fund	213	-	(10)	16	82	-	301
Episcopal Mensa Fund	73	7	(7)	-	-	4	77
Leeds Cathedral Choir School Fund	13	30	(32)	-	-	-	11
Leeds Cathedral Music Fund	78	34	(34)	-	(78)	-	-
Pastoral Development Fund	89	-	(25)	-	-	-	64
Priests' Training Fund	111	106	(143)	34	-	-	108
Other Funds	213	13	(2)	11	(46)	-	189
Total Curia	7,584	410	(789)	108	(42)	(88)	7,183
Total Restricted Funds	8,471	1,138	(1,708)	-	(42)	(84)	7,775

A net transfer of £42k was made (£82k from Unrestricted Funds (see Note 23 (a)) to Restricted Funds and £124k from Restricted Funds to Permanent Endowment Funds (see Note 23 (c)) below). This was to ensure the correct classification of endowments and of legacies. The Batley Carr Cockrem Fund has been transferred from Curia Restricted Funds to Parish Restricted Funds within the Charity Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. ANALYSIS OF CHARITABLE FUNDS (continued)

b) Analysis of Restricted Fund Movements (continued)

	At 1 April 2016 £'000	For the year ended 31 March 2017				At 31 March 2017 £'000
		Income £'000	Expenditure £'000	Transfers £'000	Investments Gains/(Losses) £'000	
Parishes						
Total Collections	242	1,007	(658)	-	-	591
Total Parishes	242	1,007	(658)	-	-	591
Curia						
Priests' Retirement Fund	5,867	239	(361)	-	852	6,597
Batley Carr Cockrem Fund	274	7	-	(25)	40	296
Peru Mission Fund	212	28	(43)	-	-	197
Poor Mission Fund	213	-	-	-	-	213
Episcopal Mensa Fund	66	1	(7)	-	13	73
Leeds Cathedral Choir School Fund	13	-	-	-	-	13
Leeds Cathedral Music Fund	71	7	-	-	-	78
Pastoral Development Fund	89	-	-	-	-	89
Priests' Training Fund	243	74	(206)	-	-	111
Other Funds	151	26	(19)	55	-	213
Total Curia	7,199	382	(636)	30	905	7,880
Total Restricted Funds	7,441	1,389	(1,294)	30	905	8,471

The purposes of the principal funds are detailed below:

Priests' Retirement Fund:	This fund provides accommodation and allowances for Priests who have retired from active ministry.
Batley Carr Cockrem Fund:	This legacy has been invested for the sole benefit of St Joseph's Parish, Batley Carr.
Peru Mission Fund:	The Diocese supports the Church's mission in Peru.
Poor Mission Fund:	The fund provides assistance to less affluent Parishes and Communities within the Diocese.
Episcopal Mensa Fund:	This fund is utilised to make a payment to support the Bishop of Leeds and appeals at his discretion.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. ANALYSIS OF CHARITABLE FUNDS (continued)

b) Analysis of Restricted Fund Movements (continued)

Leeds Cathedral Choir School Fund: This fund supports the Choir based at Holy Rosary and St Anne's Primary School, Leeds.

Priests' Training Fund: This fund pays for the seminary fees and other costs associated with training men for the Priesthood.

c) Analysis of Permanent Endowment Fund Movements

Curia	For the year ended 31 March 2018					At 31 March 2018 £'000
	At 1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	Investment Gains/(Losses) £'000	
	Priests' Training Fund	754	25	(29)	-	
Poor Mission Fund	83	3	(4)	-	-	82
Leeds Cathedral Music Fund	-	3	(3)	78	-	78
Mass Intentions Account	-	-	-	46	-	46
Total Endowment Funds	837	31	(36)	124	-	956

Curia	For the year ended 31 March 2017					At 31 March 2017 £'000
	At 1 April 2016 £'000	Income £'000	Expenditure £'000	Transfers £'000	Investment Gains/(Losses) £'000	
	Priests' Training Fund	750	-	-	-	
Poor Mission Fund	82	-	-	-	1	83
Total Endowment Funds	832	-	-	-	5	837

A transfer of £124k was made from Restricted Funds (see Note 23 (b) above) to Permanent Endowment Funds. This was to ensure the correct classification of endowments and of legacies.

LEEDS DIOCESAN TRUST
YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. NET ASSETS

2018	Parishes Funds			Curia Funds				Total Group and Charity Funds			
	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Permanent Endowment £'000	Total £'000	Unrestricted £'000	Restricted £'000	Permanent Endowment £'000	Total £'000
Tangible Fixed Assets	19,477	-	19,477	10,370	-	-	10,370	29,847	-	-	29,847
Investment Properties	614	-	614	4,642	-	-	4,642	5,256	-	-	5,256
Fixed Asset Investments	-	308	308	7,645	5,538	956	14,139	7,645	5,846	956	14,447
Bank Balances(Cash, Overdrafts and Loans)	6,464	284	6,748	(4,981)	-	-	(4,981)	1,483	284	-	1,767
Other Net Current Assets / (Liabilities)	858	-	858	(3,150)	1,645	-	(1,505)	(2,292)	1,645	-	(647)
Inter Parishes and Curia Loans (net)	1,586	-	1,586	(1,586)	-	-	(1,586)	-	-	-	-
Bank Loans due after more than One Year	-	-	-	(4,875)	-	-	(4,875)	(4,875)	-	-	(4,875)
TOTAL NET ASSETS	28,999	592	29,591	8,065	7,183	956	16,204	37,064	7,775	956	45,795

2017	Parishes Funds			Curia Funds				Total Group and Charity Funds			
	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Permanent Endowment £'000	Total £'000	Unrestricted £'000	Restricted £'000	Permanent Endowment £'000	Total £'000
Tangible Fixed Assets	19,032	-	19,032	10,308	-	-	10,308	29,340	-	-	29,340
Investment Properties	614	-	614	7,036	-	-	7,036	7,650	-	-	7,650
Fixed Asset Investments	-	-	-	8,157	6,358	837	15,352	8,157	6,358	837	15,352
Bank Balances(Cash, Overdrafts and Loans)	5,427	591	6,018	(6,055)	-	-	(6,055)	(628)	591	-	(37)
Other Net Current Assets / (Liabilities)	871	-	871	(5,089)	1,522	-	(3,567)	(4,218)	1,522	-	(2,696)
Inter Parishes and Curia Loans (net)	2,601	-	2,601	(2,601)	-	-	(2,601)	-	-	-	-
Bank Loans due after more than One Year	-	-	-	(7,983)	-	-	(7,983)	(7,983)	-	-	(7,983)
TOTAL NET ASSETS	28,545	591	29,136	3,773	7,880	837	12,490	32,318	8,471	837	41,626

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. RELATED PARTY TRANSACTIONS

The Diocese of Leeds Trustee is also the Trustee of one other registered charity, the St John's Catholic School for the Deaf. As disclosed in Note 17 the Leeds Diocesan Trust owed deferred consideration of £1,095k at 31 March 2018 (2017: £1,000k) in respect of the transfer of an Investment Property transferred to the Trust in the prior year. The deferred consideration was fully repaid after the Balance Sheet date on 23 June 2018.

The Rt Rev Marcus Stock (Chair of the Trustee) is also a Trustee of a registered charity, Catholic Care. The Leeds Diocesan Trust made payments to Catholic Care in the year ended 31 March 2018 of £19k (2017: £12k) for care and other support services for retired Priests.

The Leeds Diocesan Trust operates a wholly owned trading subsidiary, Hinsley Properties Limited. Rev Mgr P Fisher is a Director of the both the Diocese of Leeds Trustee and Hinsley Properties Limited.

During the year, the Charity received £70k (2017: £70k) in rents and management fees and £Nil (2017: £74k) in Gift Aid donations from Hinsley Properties Limited. At 31 March 2018 £240k (2017: £233k) was payable to the Leeds Diocesan Trust by Hinsley Properties Limited.