CLIFTON DIOCESE

ANNUAL REPORT
and
FINANCIAL STATEMENTS

for the year ended

31st DECEMBER 2016

CHARITY INFORMATION

Charity Registration Number: 233977

Registered Address:
St. Ambrose
North Road
Leigh Woods
Bristol
BS8 3PW

PROFESSIONAL ADVISERS

Auditors:
haysmacintyre
26 Red Lion Square
London
WC1R 4AG

Bankers:
National Westminster Bank Plc
Commercial Office
PO Box No 2702
3 Temple Back East
Temple Quay
Bristol
BS1 9BW

Investment Manager:
Smith & Williamson Investment Management
Portwall Place
Portwall Lane
Bristol
BS1 6NA

Solicitors:
Stone King LLP
13 Queen Square
Bath
BA1 2HJ

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BISHOP'S INTRODUCTION

The Diocese of Clifton is one of the 22 Dioceses of the Roman Catholic Church in England and Wales, based in Bristol and covering the South West of England. The Diocese is a registered charity and works to promote all aspects of the Catholic faith both within the Diocese and further afield.

For many years our Diocesan pastoral guidelines entitled 'Called to be a People of Hope' have been succinctly summed up by:

- Deepening Prayer
- Enabling Communion
- Strengthening Mission

We have encouraged our parishes, schools, religious communities and organisations to participate in these three important actions.

Over the past twelve months the Diocese has been reflecting on what the next five to ten years will look like and the pastoral guidelines will now focus on 'A Future Full of Hope' to help to continue the delivery of our Mission.

The key objectives and achievements of the Diocese in 2016 are detailed in this report, which also explains our constitution and governance structure and outlines our future plans for the Diocese, which includes the incorporation of the Trust from 1 January 2018.

Our audited financial statements provide the financial details of our work and how we are funded.

I hope you find this report informative and useful.

Rt. Rev Declan Lang
Bishop of Clifton

HISTORY OF THE DIOCESE OF CLIFTON

Clifton Diocesan Trust was established under a Declaration of Trust dated 6th May 1934 as amended by a scheme dated 19th August 1996, further amended by a scheme dated 19th January 2007 and is a registered Charity No. 233977. Its Trustee is the Clifton Catholic Diocesan Trustees Registered, a body corporate established by the Charity Commissioners under the Charitable Trustees Incorporation Act, 1872.

With effect from 1 January 2018, the Diocese is changing its legal status from a Charitable Trust to a Company Limited by Guarantee with charitable status. The assets and undertakings of the Trust will transfer to the new company, which will operate under the name of Clifton Diocese. The current Trustees of the Charitable Trust are all directors of the new company.

The Diocese covers the West of England and includes the City and County of Bristol, the counties of Gloucestershire, Somerset, Wiltshire, North Somerset, South Gloucestershire, Bath and North-East Somerset. The Diocese serves its people through 107 parishes, 45 maintained schools, 18 academies, 2 special schools and 6 independent schools and the Diocesan administrative office (Curia).

The principal objects of the charity are the advancement of the Roman Catholic religion, the relief of poverty, the maintenance of the Roman Catholic Churches and the provision of Roman Catholic education within the Diocese of Clifton.

ORGANISATIONAL STRUCTURE

The primary routes of delivery of the Charity's objectives are the parishes and schools within the Diocese.

As part of the wider Catholic community the Diocese works collaboratively with other Dioceses in England and Wales and the Bishop is active internationally through his work with the Catholic Trust for England and Wales.

The Diocesan administrative office supports the delivery of the objectives by co-ordination of Diocesan-wide programmes and provision of advice and support to ensure compliance with requirements for the civil administration of the Diocese.

Parishes

There are approximately 34,400 worshipping members of the Catholic Church within Clifton Diocese. They gather together weekly in our Churches for worship within the parishes creating local Catholic communities which underpin the formation of their faith and deliver outreach to the wider communities in which they are based. There are 88 active priests (Diocesan and Religious) within the Diocese who lead the parish communities, supported by 49 deacons many of whom combine their religious vocation with career and family responsibilities. In addition, there are many retired priests who continue to provide support and ministry where needed.

Diocesan officers offer programmes for young people and organise conferences, courses and retreats which support the development of the mission of the Church within the parishes.

Care is provided to the elderly, the housebound and those in hospital and in prison. Programmes are being developed to support family life in the face of the pressures of societal change.

Parishes reach out to their local communities through work in food banks, soup runs and support groups for the elderly. Often such work is done in collaboration with other faith groups or local charities. Parish properties are also frequently made available as a base for local community groups and pre-schools to operate from.

The Diocese and parishes have close links with CAFOD and through this and other routes there is strong support from across the Diocese for overseas work in areas of poverty, war and where natural disasters have taken place. There are also various initiatives undertaken to support refugees both in the UK and overseas.

The 107 parishes comprising the Clifton Diocese form the core of our Catholic community. They are served by 69 secular priests and 19 priests from orders and other missions. The priest fulfils the central role in the parish ministering sacraments, leading worship and in wider ministry to the faithful and the community at large.

Clifton Diocese is also fortunate to be served by a team of 49 permanent deacons who are vital to the pastoral life of the Diocese. The deacons offer ministry to the Church sometimes alongside, and woven into, a full working career and family life. In many parishes that share priests the deacon works under the direction of the priest in the delivery of pastoral care.

The parishes co-operate as 13 deaneries. This structure facilitates local collaboration and provides a collegiate environment for parish priests. Each deanery has a pastoral council presided over by a dean and containing representatives of each member parish. In turn, each deanery pastoral council is represented on the Diocesan Pastoral Council.

The parishioners fund both the upkeep of the Church buildings and the accommodation and living costs of their priests. In addition to this responsibility they contribute through a parish share to the support of the Diocesan departmental structure and a vast range of external charities and groups. As well as their financial contribution, the parishioners also contribute time and effort both to the running of their parishes and to the wider community through groups providing local support and welfare services. Some of our parishes are operating in communities facing the challenges of unemployment and social deprivation and community building is integral to the work of these parishes.

Schools

There are 54 Catholic Primary, 8 Catholic secondary schools and a sixth form college, 2 independent special schools and 6 other independent schools within the Diocese. One of the secondary schools is operated jointly with the Church of England. Whilst giving priority to Catholic applicants approximately 43.9% of pupils are drawn from outside the Catholic community.

The schools sometimes provide education in challenging circumstances to very diverse communities and the Diocesan Department for Schools and Colleges works closely with the relevant Local

Authorities, the Regional Schools Commissioner and OFSTED to ensure that high quality education is delivered whilst maintaining the Catholic ethos of the schools.

PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty as defined in section 4 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission, in determining the activities undertaken by the Charity. In making this declaration, the Trustees consider the work of the Diocese in supporting our charitable objects and the sections below elaborate further on the key areas of the benefit of our work to the public.

Access to our Churches

Our Churches are an important part of how our communities define themselves and they are a significant feature in many towns and cities. Most of these buildings are between 30 and 150 years old and some are of historical and architectural importance. Some are listed by English Heritage. We are guardians of a heritage that has been passed on to us and we will always do our best to pass them on in good order to the next generation. All of them are subject to a need for constant maintenance and repair and this is a significant part of our overall expenditure.

Help to the needy

When we come to love of our neighbours Jesus Christ was very clear that this did not just mean those who live next door to us, but everyone that we share this beautiful God-given planet with. Our clergy and parishioners reach out not just to their own members, but also to all who may need their help. They can be found helping on soup runs and feeding the homeless, at night shelters and food banks, assisting disabled adults and children, visiting the sick at home, in a nursing home, or in hospital, dealing with Fair Trade and a whole range of environmental issues, working for justice and peace at home and abroad, helping with asylum issues and counselling those with all sorts of problems. Finally, raising awareness of the plight of the marginalised in many parts of the world, and raising funds to give practical assistance to such areas and peoples.

Co-ordinating collective fundraising efforts

For accounting purposes, the money that churchgoers raise for third parties is not classified as church income. However, the reality is that without the help and structure of the Church, these funds would not be raised. So, for the Church, charity is not a welfare activity which could be left to others, but an integral part of what it means to be a person of faith and a member of the Roman Catholic Church.

Education

The number of primary and secondary schools with which we are involved makes us a significant figure in the field of education. We are involved with as many, if not more schools, than many local education authorities. Whilst our primary thrust is to provide places for Catholic children, it is also true that the schools have a significant number of pupils and staff from other Christian traditions and other faiths. We constantly encourage via our Curia to make sure that all our schools are striving for excellence for all pupils and we value the contribution that these schools make to their local communities. We always

aim to have our schools as beacons of excellence, not only academically but also in faith and morals. In this way, we help to show our love of our neighbours.

OBJECTIVES AND ACHIEVEMENTS IN THE YEAR

The Diocese's key objectives to enhance the work and support the strategy of the Diocese in 2016 were:

- Ongoing maintenance and improvement of places of worship and parish facilities
- Providing the resources to recruit, train and form priests and provide on-going formation throughout their ministry
- Adult Education & Formation for all the people of the Diocese to give them the opportunity to understand the Church's teaching fully and to contribute to the mission of the diocese
- Ongoing development of youth programmes
- Supporting Diocesan schools in the ever-changing educational landscape and encouraging them to work together collaboratively in view of the ongoing reduction in support in shared services available from local authorities
- Provision of training to support the development of Catholic teachers to create a pool of high quality talent in order to address the issue of lack of Catholic head teachers and deputy head teachers in Diocesan schools
- Ongoing review of the Diocesan central administration (Curia) to ensure that high quality support is provided to all parishes and schools and that compliance is achieved in all appropriate areas

Achievements in 2016

Ongoing delivery of the major programme of work to re-roof Clifton Cathedral, following further funding support from the World War 1 Cathedral fund. Work on this second phase of activity continued throughout 2016, with completion achieved in February 2017.

Delivery of a major programme in December 2016 to re-roof The Immaculate Conception, Stroud, which is a Grade II listed building.

Forty-three young people from the Diocese attended World Youth Day in Krakow, Poland in July 2016. This event, hosted by Pope Francis, attracted over two million young people.

Appointment of a School Organisation Officer to support and assist Diocesan schools in devising appropriate structures to develop collaborative working. This post was filled in September 2016.

The implementation of a hub structure for Diocesan schools in order to facilitate collaborative working, sharing of best practice and services. All Diocesan schools have been allocated into one of seven hubs and have started to work together successfully.

Ongoing development of Catholic leadership in schools. Work continues with excellent heads working across different schools with both formal and informal arrangements in place to support the dissemination of best practice and to support schools in difficulty. Eight individuals successfully

completed the Aspiring Leaders course during 2016, with a further seven candidates enrolled for 2017. However, as in 2015, the recruitment of Catholic heads and deputy heads continues to be a significant problem.

The implementation team to deliver the Incorporation Project was successfully established and work continued throughout 2016 to ensure that the target date for conversion of the Diocese to a company limited by guarantee with charitable status of 1 January 2018 remains achievable. The new company and charity were established in November 2016, following Charity Commission approval of the transfer.

A new risk framework was introduced during 2016 and each Diocesan Trustee sub-committee now reviews the departmental risk registers on a regular basis to ensure that current and new risks are identified, agreed plans for mitigations established and monitored accordingly. The main Trustee body review the high-risk areas on a quarterly basis, as well as those risks where the assessment of risk has changed significantly.

Key areas of work for the future

- Continue to build on the work undertaken by the Director of Vocations to bring forward candidates for the priesthood
- Support the Diocesan school hub structure, so that the partnerships become fully effective in working together collaboratively and are in a position to form multi-academy trusts, if this remains a government requirement for the future
- Successful delivery of the incorporation project
- Effective communication between the Curial offices and parishes, so that parishes are aware of the support and services available to them
- Ongoing enhancement of the health and safety regimes across the Diocese
- Continued development of plans to enhance parish facilities and maximise the benefits from property assets of the Diocese
- Provision of information as required by the Independent Enquiry into Child Sexual Abuse
- Development of IT infrastructure to improve IT Security across the Diocese

RISK MANAGEMENT

The Trustees have identified the major risks to which the Diocesan Trust is exposed, and are satisfied that systems are in place to mitigate exposure to those risks. Trustees regularly review the Charity's risk assessment and each of the key risks have mitigating controls, procedures and plans in place to minimise the risk to the Diocese.

Arising from the risk assessment process, the key risks have been identified as:

- **IT security and data protection**
  Mitigations – Diocesan IT equipment, practices and procedures ensures compliance with all data protection legislation and enables confidentiality to be maintained. All staff are adequately trained to ensure their practices are consistent with confidentiality requirements and data protection legislation. Encrypted data transfer and storage to the highest standard. Daily backup of data (encrypted) and periodic testing of backup to ensure restoration of backed up data.

- **Safeguarding**
  Mitigations – Nationally accredited training and online Educare Safeguarding modules available to ensure that staff and volunteers have the appropriate knowledge and training for the Safeguarding of Children and Vulnerable adults. Detailed policies and procedures to ensure all national policies are recorded and clear decision making is evidenced regarding implementation within the Diocese.

- **Health & Safety**
  Mitigations - Adoption of a H&S Policy for all parishes and the Curial offices, including the distribution of a H&S manual. Implementation of the policy, appointment of H&S Co-ordinator and consultants. Training of parish priests and other 'responsible' people. Auditing of implementation and referral procedure for non-compliant parishes.

- **Pastoral – the ageing profile of the parish priests and the numbers currently in active service**
  Mitigations - Continuing provision for good ongoing formation for priests and good formation for permanent deacons. Good lay leadership, whilst not replacing priests, allows parishes to continue with a real sense of mission and pastoral leaders to foster community. Vocations director in post with a focus on promoting and encouraging vocations to the priesthood and the consecrated life.

- **Academies, schools' management and protection of vulnerable schools**
  Mitigations – Schools & Colleges department actively involved with the Catholic Education Service in the drafting of the revised academies documentation. Separate company, Clifton Catholic Diocesan Educational Foundation, has oversight of all educational and school issues in the Diocese. Ongoing support provided to head teachers, aspiring leaders and governors in the form of regular training courses.

GOVERNANCE AND MANAGEMENT

Governance

The Diocesan Trustees led by the Bishop, in conjunction with the canonical bodies of the Diocese, are responsible for formulating strategies which deliver the pastoral work of the Diocese. They develop policies which ensure compliance with civil legislation and ensure the dissemination of such policies throughout the Diocese e.g. safeguarding and health and safety. Through the Committee structure they oversee all aspects of compliance with relevant legislation including financial controls, management of Diocesan properties and employment issues.

The Bishop is appointed by the Pope as chief shepherd, teacher and sanctifier of the Diocesan flock in the Diocese. The Bishop also has a role as the leader of an organisation with 156 employees (as at October 2017), assets of £45m and income of £11m. He is advised by a Bishop's Council of senior clergy and chairs the Board of Trustees formed of both clergy and lay members.

The Bishop is empowered to appoint and remove all Trustees. The Trustee body is made up of clergy and lay faithful of the Diocese. There are 15 Trustees of which the Bishop is the Chairman. The 7 clerical Trustees are appointed for their expertise in parochial, spiritual, pastoral and canonical expertise. The 8 lay Trustees are selected for their wide-ranging business and educational expertise. Additional Trustees would be appointed if it was perceived that there was a significant skill or knowledge gap on the board. Trustees are appointed for a term of three years renewable up to a maximum of nine years. Periodically a skills audit is undertaken and skill gaps identified bearing in mind the current areas of work which provide specific challenges for the Diocese. Recruitment is carried out after advertising throughout the Catholic community of the Diocese.

New Trustees are given an induction which includes a pack of information on the constitution, governance and operation of the Diocese. All Trustees are expected to be familiar with the central departments and the parishes of the Diocese. The Board has established several committees to look at specific aspects of the Charity and they report back to the main Board of Trustees.

The Bishop and employees of the Diocese wish to acknowledge the contribution made by the Trustees and the support that they give to the Diocese in terms of both skills and time.

A list of the Trustees and the key committees of the Diocese are set out below:

Trustee:

Clifton Catholic Diocesan Trustees Registered
St Ambrose
North Road
Leigh Woods
Bristol BS8 3PW

Trustees of Clifton Catholic Diocesan Trustees Registered:

Right Reverend Declan Lang, Bishop of Clifton (Chairman)
Rev. Mgr. Canon Bernard Massey VG (Vice Chair) (Moderator of the Curia)
Rev. Mgr. Canon William Slattery VG
Rev. Canon Richard Dwyer
Rev. Canon John Cunningham
Rev. David Mills
Rev. Deacon Paul White
Mr Peter Baxter (resigned 18/10/2016)
Mr Stephen McNulty
Dr Giles Mercer (resigned 13/08/2016)
Ms Ruth FitzJohn
Mrs Margaret Young
Mrs Catherine Hipkiss

Dr Timothy Coyle
Mr Michael Setter
Mrs Michelle Morgan (appointed 04/01/2017)
Mr Michael Thompson (appointed 04/01/2017)

Secretary to the Trustees:

Miss Anna Gillies (resigned 31/07/2016)
Mrs Andrea Barrett (appointed 01/08/2016)

Private Secretary to the Bishop:

Miss Alessia Dini

SUB-COMMITTEES

The members of the eight main sub-committees are as follows (Trustees denoted with (T)).

The Audit Committee:

Rev. Mgr. Canon Bernard Massey VG (T) (Chairman)
Mr John Kyffin
Rev. Gerry Walsh (resigned 14/12/2016)

This committee is made up of a minimum of a Trustee (Moderator of the Curia) and 1 lay member. The Chief Operating Officer and Diocesan Financial Administrator as well as the lead partner from our Auditors are in attendance. They meet twice per year.

The Investment Committee:

Rev. Mgr. Canon Bernard Massey VG (T)
Mr Peter Baxter (T) (resigned 18/10/2016)
Dr Timothy Coyle (T)
Mr Martin Appleby (Chairman)
Mr Edward Corrigan
Mr John Rodgers
Ms Fiona Macpherson

This committee is made up of at least 2 Trustees and 4 lay professional members and meets with the lead member from our investment manager, currently Smith & Williamson. The Chief Operating Officer and Diocesan Financial Administrator are in attendance. It generally meets twice per year but in volatile times has a mechanism in place to meet more frequently. The Investment Committee is a sub-committee of the Finance Committee.

The Clergy Welfare Committee:

Rev. David Mills (Chairman) (T)
Rev. Canon Alan Finley
Rev. Canon Bosco MacDonald
Rev. Mgr. Canon Richard Twomey
Rev. Deacon Trevor Jones

The Clergy Welfare Committee reports to the full Trustee Board via the HR Committee. This committee deals with the welfare of all clergy but particularly those who due to age, infirmity or other circumstances need assistance. The Chief Operating Officer and Diocesan Financial Administrator are in attendance.

The Property Committee:

Rev. Mgr. Canon Bernard Massey VG (T)
Rev. David Mills (T) (Chairman)
Rev. Deacon Paul White (T)
Mr Peter Baxter (T) (resigned 18/10/2016)
Mr Stephen McNulty (T)
Mr Michael Setter (T)

This committee is made up of Trustees with the Diocesan Surveyor, Chief Operating Officer and the Diocesan Financial Administrator in attendance. Its role is to look at all property related issues in parishes and to give approval for small works (up to £250k) and where possible to make recommendation to the main Board for approval on works over this limit. The Property Committee generally meets 6 times a year. The Diocesan Surveyor and the Diocesan Financial Administrator have a further delegated responsibility per a schedule approved by Trustees.

The HR Committee:

Right Reverend Declan Lang, Bishop of Clifton (Chairman) (T)
Rev. Mgr. Canon Bernard Massey VG (T)
Rev. David Mills (T)
Mrs Catherine Hipkiss (T)

This committee is composed of 4 Trustees as well as having the support of a professional HR Advisor who is retained by the Diocese to give information and advice as needed. This committee deals with all employee related issues in the Diocese. It is chaired by the Bishop with the Chief Operating Officer in attendance.

The Finance Committee:

Rev. Mgr. Canon Bernard Massey VG (T) (Chairman)
Dr. Timothy Coyle (T)
Rev. David Mills (T)
Rev. Gerry Walsh (resigned 14/12/2016)
Mrs Ann Tarr

This committee is composed of 3 Trustees plus 2 other financial experts with the Chief Operating Officer and the Diocesan Financial Administrator in attendance. Its role is to look at all finance related issues in parishes and to give approval for expenditure (up to £250k) and where possible to make recommendation to the main Board for approval on expenditure over this limit. The Finance Committee generally meets 6 times a year. The Diocesan Financial Administrator has a further delegated responsibility per a schedule approved by Trustees.

The Risk Committee:

Mrs Margaret Young (T) (Chair)
Rev. Mgr. Canon Bernard Massey VG (T)
Ms Ruth FitzJohn (T)
Rev. Deacon Paul White (T) (resigned 01/12/2016)
Mr Peter Baxter (T) (resigned 18/10/2016)
Rev. Canon John Cunningham (T) (appointed 19/04/2017)

This committee is composed of 4 Trustees and the Chief Operating Officer in attendance.

The Health and Safety Committee:

Rev. David Mills (T) (Chairman)
Mrs Margaret Young (T)
Mr Peter Baxter (T) (resigned 18/10/2016)
Rev. Mgr. Canon Bernard Massey VG (T)
Rev. Deacon Paul White (T)

This committee is composed of 4 Trustees with the Chief Operating Officer, the Diocesan Surveyor, the Diocesan Financial Administrator and the Health and Safety Co-ordinator in attendance.

As well as these committees, there are several other bodies that report indirectly to the board.

Safeguarding Commission

This has 1 priest, 1 deacon and 7 lay members with extensive experience in the whole area of safeguarding. The Safeguarding Co-ordinator is in attendance. It gives advice to the Bishop and Board of Trustees on all aspects of safeguarding within the Diocese.

Clifton Catholic Diocesan Education Foundation

This is a company limited by guarantee and the Board of Directors is formed from experienced educationalists from across the Diocese. The work is supported by director led sub-groups and informed by regional partnership groups of schools. It deals with all aspects of education from 4 - 19 years. The Director of the School and Colleges Department presents a report to every Trustees meeting.

Council of Priests

The priests in this body meet at least twice per year to advise and discuss with the Bishop on a variety of pastoral issues that are relevant to the Diocese.

Diocesan Pastoral Council

This council is made up of a mixture of lay and clerical members from around the Diocese, together with some staff from the central departments. It meets 3 times per year to look at strategic planning to deal with the pastoral needs of diverse communities that make up our parishes and deaneries.

Bishop's Council

This confidential council is composed of the 2 Vicars General and the Judicial Vicar (all of whom are Trustees) who meet with the Bishop to discuss any aspects of the life of the Diocese that the Bishop wishes to air with them. It generally meets 5 times per year.

Pastoral management

The Bishop is supported in his pastoral leadership of the Diocese by two Vicars General, one of whom also acts as Moderator of the Curia and provides a link between the civil and pastoral direction of the Diocese. The Bishop is advised by the Bishop's Council and the Chapter of Canons. The Council of Priests provides the link to the parish priests and deaneries.

The Bishop also undertakes parish visitations, visits to schools and presides over Diocesan events such as the Diocesan Pastoral Council.

The Trustees and Committees are supported in their work by the Curia.

The Curia is comprised of several departments that work together to provide a robust and effective administrative structure to support the parishes and schools and provide day to day support for the delivery of pastoral aims.

SENIOR MANAGEMENT TEAM

Mrs Lyn Murray – Chief Operating Officer
Mrs Colleen Collett – Director of Schools and Colleges
Mr Liam Ring – Safeguarding Coordinator
Miss Janet Parker – Diocesan Financial Administrator, Head of Finance Department
Mr Derek Salmon – Diocesan Surveyor, Head of Property Department
Rev. Christopher Whitehead – Director of Adult Education and Evangelisation
Mr Philip Gibbons – Communications Officer

Remuneration Policy

Remuneration for the senior management team is determined by the HR Committee by benchmarking roles against similar positions in other Dioceses and the charity sector, with the aim to attract, retain

and motivate a talented leadership team who are focused on supporting delivery of the Diocesan mission.

DIOCESAN DEPARTMENTS

Adult Education & Evangelisation

This group work with the Director of Adult Education to ensure that there is a comprehensive range of training and formation opportunities presented to the laity and the clergy of the Diocese.

Youth Work

This comes under the above department and this work is undertaken by a central Youth Coordinator who helps to stimulate and coordinate a wide range of youth activities around the Diocese. It is also the central hub for the organisation of the Biennial World Youth Day which takes place around the globe.

Property Services

This department works both with the central Curial offices and the individual parishes to deal with the vast range of issues associated with the parish buildings as well as issues relating to school property and land.

School and Colleges

This department both advises the Trustees of all aspects of education, and works closely with the Catholic staff of the school and colleges of the Diocese. It also has a service level agreement with schools to provide a range of services to each institution.

Finance

This department deals with a multitude of financial and administrative aspects of the work of the Diocese. It not only co-ordinates the central finances and budgets of the Diocese but it also collects all parish shares and deals with all aspects of Gift Aided donations and salaries for the individual parishes and their staff.

PARISHES

The 107 parishes in the Diocese have the day to day administration of the property and assets delegated to the parish priests who are advised by their parish finance committee.

VOLUNTEERS

Many volunteers help in all areas of the work of the Diocesan Trust. Without their assistance, our parishes could not function. The Trustees, parish clergy and our employees are most grateful to them

for giving so much time and effort to us. Certain volunteers such as treasurers, school governors and parish safeguarding representatives are required to attend training courses so that they are properly equipped for their roles in the Diocese.

RELATED PARTIES

Subsidiary Charities

The following charities' income, expenditure and assets have been included in the financial statements of Clifton Diocesan Trust in this and previous years. The amounts are not material and therefore we have not presented entity-only financial statements.

CHARITY NAME	REGISTERED NO.
Edith Mary Young Memorial Fund	201234
William Goldstone's Charity	211002* (closed 26/04/2017)
Charity of Mrs Sarah Ann Board	236616* (closed 26/04/2017)
Elizabeth Lady Herbert Foundation	309304
Heaven's Roman Catholic Orphanage for Girls	310187
The Countess Isabella Jane English Foundation	310230* (closed 26/04/2017)
The Carpue Foundation	310301* (closed 26/04/2017)
The Pratt Fund	310302* (closed 26/04/2017)
The Bessie Yates Sturges Scholarship	310303* (closed 26/04/2017)
Goldstone's Charity for Education of Students for Priesthood	311781* (closed 26/04/2017)
Lady Arundell of Wardour Bequest for Training of Students for the Roman Catholic Priesthood	313492
The Wigmore Trust	313830* (closed 26/04/2017)

The following charities have not been activated:

Clifton Diocesan Clergy Fund	246069* (closed 14/12/2010)
St Francis of Assisi Roman Catholic Church, Nailsea	292071
The Diocese of Clifton Education Trust	313215

Note: Following a review of the small charities as part of the Incorporation Project, resolutions were passed in January 2017 to de-restrict the capital for eight charities (annotated *) and for both the capital and income to be expended. The Charity Commission has now confirmed that these charities have been closed.

Subsidiary Company

On 26 August 1999, the subsidiary company, Clifton Parish Clubs Limited, (registered in England, Company Number 3831775), was formed. The ordinary share capital is 100% owned by Clifton Diocesan Trust. The Subsidiary has not traded since incorporation. In accordance with the provisions of the SORP 2015 consolidated accounts are not prepared on the basis that the subsidiary company is not material to the group. The company was dissolved on 25 April 2017.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

We are responsible for preparing the Trustees' 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 & Wales requires us 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, we are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- 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 business.

We are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable us to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. We are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

haysmacintyre have indicated their willingness to continue in office and a resolution to appoint them for a further year will be put to the Trustees in October 2017.

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Financial Statements have been prepared in accordance with the principles contained in the Statement of Recommended Practice – 'Accounting and Reporting by Charities' 2015 (SORP 2015) issued by the Charity Commissioners for England and Wales and in accordance with the accounting policies set out in note 1 to the Financial Statements.

The Financial Statements do not include any value for school properties as the Trustees consider that no meaningful value can be attributed to these assets, since they are not used directly by the Charity, do not generate income and cannot be disposed of in the open market or put to alternative use while such occupation, which may be indefinite, continues.

Reclassification of Fixed Assets

A review was carried out of fixed asset land, and as a result there was a reclassification of some land as freehold buildings. The total amount (at original cost) of assets reclassified was £564k. This adjustment gave rise to an additional depreciation charge in the year of £152k.

Curial Funds

Curial income includes the parish share, which is a contribution from all parishes and religious orders towards the running costs of the Diocesan Curia.

Total Curial income was lower in 2016 at £1,493k compared to £2,522k in 2015, due to lower legacy income in the year. There was a gain on fixed asset investments of £772k (2015: £85k loss). Investment income was £479k (2015: £475k). Other income included profit on the sale of buildings of £140k (2015: £256k).

Total Curial expenditure was £3,095k (2015: £1,930k). This included £1.037m of expenditure on the Cathedral Roof works, by means of a transfer to parochial funds.

Overall, Curial Funds decreased in the year by £105k (2015: increase of £748k).

Total Curial Funds at 31 December 2016 were £19,375k (2015: £19,480k) of which £14,150k (2015: £14,626) were unrestricted. Total Curial Funds include £683k (2015: £915k) net balances due from parishes.

Parochial Funds

The unrestricted offertory, donations and legacies income for the year was £5,920k (2015: £5,595k). Income from charitable activities, including fundraising income, was £2,451k (2015: £3,122k).

The charitable expenditure by the parishes remained at a similar level in 2016 at £7,208k (2015: £7,179k).

Overall Parish Funds increased in the year by £1,470k (2015: £2,038k) including gains of £298k on fixed asset investments (2015: £192k gain). Also, £1,037k (2015: £1,788k) of expenditure on the refurbishment of the Cathedral roof was capitalised.

Total Parish Funds at 31 December 2016 amounted to £26,156k (2015: £24,686k) of which £25,569k (2015: £22,866k) was unrestricted. Freehold land and buildings account for £14,877k (2015: £14,501k) of total Parish Funds.

INVESTMENT POWERS

Under the Trust Deed of the Charity, the Trustees may invest any money in any manner in which trust money may be invested, according to the law for the time being in force and in the purchase of real property of any nature or tenure. In the case of property held as permanent endowments, no investment may be made in any manner not authorised by or without such consent required by the instrument creating the permanent endowment and no sale or exchange of real property shall be made without the consent of the Charity Commissioners.

Investment Policy and Performance

Investment balances are managed by Smith & Williamson on a discretionary basis. The aim of the investment portfolio is to maintain the purchasing power of the capital while maintaining an income stream. General Diocesan deposits are invested in a spread of short term bank deposits. In 2014 a secondary investment portfolio was established with a smaller proportion of equities than the main portfolio in the anticipation of generating better returns than fixed interest deposits.

The Investment Committee reviews the performance of the main portfolio against the appropriate indices. The primary benchmark index is RPI with a secondary benchmark of the APCIMS Balanced Index. Excluding additional investment, the underlying funds fell in value overall during the year in line with the general markets. The Trustees remain confident that the performance demanded by the investment policy will continue to be achieved in the longer term although the markets are expected to be volatile.

The Investment Committee continues to invest Diocesan funds in accordance with an ethical policy which was amended in 2014 to specifically exclude investments in companies which receive more than 10% of their revenues from:

- Adult entertainment
- Production of contraceptives
- Healthcare relating to abortions
- Military/armaments
- Gambling
- Tobacco
- Alcohol

RESERVES POLICY

The free reserves of the Charity are those funds that are freely available to be spent in pursuing the Charity's objects. Tangible fixed assets, permanent endowment, restricted and designated funds are not included in free reserves.

The free reserves of the Charity at the financial year-end were:

	2016	2015
	£'000	£'000
Total Funds	45,532	44,166
Less: Permanent Endowment Funds	(794)	(795)
Restricted Funds	(5,018)	(5,726)
Designated Funds	(3,804)	(2,925)
Tangible Fixed Assets	(16,121)	(15,854)
Free Reserves of the Charity	**19,795**	**18,866**

The Trustees carefully monitor the level of free reserves as part of their longer term financial planning that includes not only the on-going programme of property repairs and new builds but includes a ten-year programme of schools' expenditure. The officers on behalf of the Trustees also monitor cash on a day to day basis to ensure liquid funds are available for routine expenditure.

In view of the nature of the Charity the Trustees consider that the holding of reserves is necessary to provide a buffer against short-term fluctuations in income and expenditure and to provide sufficient resources to implement long-term projects which are by their nature uncertain in their financial effect. The timing of the call for Diocesan funds for the schools' building programme will depend on the availability of funding by the Education Funding Authority.

Free reserves have increased by £929k during the year. The free reserves represent 26 months of recurring unrestricted expenditure (2015: 29 months). In the light of the long-term characteristics of the expenditure plans the Trustees consider that the Charity should maintain free reserves of at least 24 months recurring unrestricted expenditure.

The parochial free reserves form £10.4m (2015: £8.4m) of the total £19.8m (2015: £18.9m). It should also be noted that whilst the balance sheet shows "cash at bank and short-term deposits" of £24.2m (2015: £24.3m), this balance includes sale proceeds of £5.7m (2015: £5.7m) held for future schools building projects and other funds held for restricted purposes.

Approved by the Trustees on the 18 October 2017 and signed on their behalf by:

+ Declan Lang

Rt. Rev. Declan Lang
Bishop of Clifton
(Chairman)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CLIFTON DIOCESAN TRUST FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of The Clifton Diocesan Trust for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, 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 Auditors' 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.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Report, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016, and of its 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.

Matters on which we are required to report by exception:

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

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the 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.

haysmacintyre
Statutory Auditor

haysmacintyre

18 October 2017

26 Red Lion Square
London
WC1R 4AG

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

STATEMENT OF FINANICAL ACTIVITIES (SOFA) FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted Funds Curial £'000	Unrestricted Funds Parochial £'000	Restricted Funds Curial £'000	Restricted Funds Parochial £'000	Endowment Funds Curial £'000	Endowment Funds Parochial £'000	Total Funds Curial £'000	Total Funds Parochial £'000	**Total Funds 2016 £'000**	Total Funds 2015 £'000
Income and endowments from:											
Donations and legacies	3	86	5,920	169	-	-	-	255	5,920	**6,175**	7,362
Charitable activities	4	277	2,451	3	-	-	-	280	2,451	**2,731**	3,438
Other trading activities	5	-	127	-	-	-	-	-	127	**127**	143
Investments	6	420	154	59	-	-	-	479	154	**633**	589
Other		479	454	-	-	-	-	479	454	**933**	256
Total income and endowments:		1,262	9,106	231	-	-	-	1,493	9,106	**10,599**	11,788
Expenditure on:											
Raising Funds		19	-	-	-	-	-	19	-	**19**	39
Charitable activities	7	2,947	7,206	128	2	1	-	3,076	7,208	**10,284**	9,070
Other		-	-	-	-	-	-	-	-	**-**	-
Total expenditure:		2,966	7,206	128	2	1	-	3,095	7,208	**10,303**	9,109
Net gains/(losses) on investments		576	284	150	-	46	14	772	298	**1,070**	107
Net income/(expenditure)		(1,128)	2,184	253	(2)	45	14	(830)	2,196	**1,366**	2,786
Transfers between funds	18	652	520	135	(1,247)	(61)	1	726	(726)	**-**	-
Net movement in funds		(476)	2,704	388	(1,249)	(16)	15	(104)	1,470	**1,366**	2,786
Total funds brought forward	2	14,626	22,866	4,243	1,636	611	184	19,480	24,686	**44,166**	41,380
Total funds carried forward		14,150	25,570	4,631	387	595	199	19,376	26,156	**45,532**	44,166

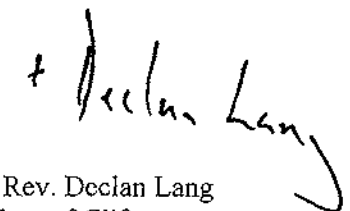
The net movement in funds shown above arises entirely from continuing activities. Comparative figures for 2015 by fund can be found in note 2.

BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	2016 Curial £'000	2016 Parochial £'000	2016 Total £'000	2015 Curial £'000	2015 Parochial £'000	2015 Total £'000
FIXED ASSETS							
Tangible fixed assets	9	1,244	14,877	16,121	1,353	14,501	15,854
Investments	10	8,959	2,862	11,821	8,177	2,574	10,751
		10,203	17,739	27,942	9,530	17,075	26,605
CURRENT ASSETS							
Debtors	11	580	23	603	924	125	1,049
Cash at bank and in hand		15,027	9,160	24,187	15,629	8,694	24,323
		15,607	9,183	24,790	16,553	8,819	25,372
LIABILITIES							
Creditors: amounts falling due within one year	12	(1,352)	(83)	(1,435)	(1,596)	(265)	(1,861)
Curia: amounts due from parishes within one year		(3)	-	(3)	55	-	55
Parishes: amounts due from curia within one year		-	3	3	-	(55)	(55)
Parish loans		113	(113)	-	181	(181)	-
NET CURRENT ASSETS		14,365	8,990	23,355	15,193	8,318	23,511
TOTAL ASSETS LESS CURRENT LIABILITIES		24,568	26,729	51,297	24,723	25,393	50,116
Creditors: amounts falling due after more than one year	13	(5,765)	-	(5,765)	(5,922)	(28)	(5,950)
Parish loans		573	(573)	-	679	(679)	-
NET ASSETS		19,376	26,156	45,532	19,480	24,686	44,166

FUNDS	Notes	2016 Curial £'000	2016 Parochial £'000	2016 Total £'000	2015 Curial £'000	2015 Parochial £'000	2015 Total £'000
RESTRICTED FUNDS							
Permanent endowment funds	14	595	199	794	611	184	795
Restricted income funds	15	4,631	387	5,018	4,243	1,636	5,879
		5,226	586	5,812	4,854	1,820	6,674
UNRESTRICTED FUNDS							
Designated funds	16	4,772	15,153	19,925	4,125	14,501	18,626
General fund	17	9,378	10,417	19,795	10,501	8,365	18,866
		14,150	25,570	39,720	14,626	22,866	37,492
TOTAL FUNDS		19,376	26,156	45,532	19,480	24,686	44,166

The balance sheet was approved by the Board of Trustees on the 18 October 2017 and signed on their behalf by the Chairman and Bishop, Right Reverend Declan Lang:



Rt. Rev. Declan Lang
Bishop of Clifton
(Chairman)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Cash flow from operating activities:			
Net cash provided by (used in) operating activities:	20	79	1,770
Cash flows from investing activities:			
Dividends, interest and rents from investments	6	633	589
Proceeds from the sale of property, plant and equipment		146	539
Purchase of property, plant and equipment	9	(1,037)	(2,356)
Proceeds from the sale of investments	10	(1,554)	-
Purchase of investments	10	1,605	(2,528)
Net cash provided by (used in) investing activities:		(207)	(3,756)
Cash flows from financing activities:			
Repayments of borrowing		(8)	(2)
Cash inflows from new borrowing		-	3
Receipt of endowment		-	-
Net cash provided by (used in) financing activities:		(8)	1
Change in cash and cash equivalents in the reporting period:		(136)	(1,985)
Cash and cash equivalents at the beginning of the reporting period:		24,323	26,308
Cash and cash equivalents at the end of the reporting period:		**24,187**	**24,323**

The notes on pages 26 to 46 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – effective 1 January 2015.

The Charity is a Public Benefit Entity registered as a charity in England and Wales.

The principal accounting policies which have been adopted on a consistent basis within that convention are set out below.

Going concern

The Trustees consider there are no material uncertainties about the charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Trustees are required to make judgement, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Income and endowments

Income is recognised in the period in which the Charity is entitled to receipt, it is probable that income will be received and the amount can be measured reliably.

Donations and any associated income tax reclaimable from HMRC are recognised on a receivable basis. Donations received for the general purposes of the Charity are credited to unrestricted funds. Donations subject to specific wishes of the donors are carried to relevant restricted funds.

1. ACCOUNTING POLICIES (CONTINUED)

Legacies are accounted for when the conditions for their receipt have been met and the amount can be quantified with reasonable accuracy.

Donated assets are included in the Statement of Financial Activities on a receivable basis using the lower of market value or the value to the Diocese.

Sundry grant income and grants obtained on behalf of School Governors are accounted for on a receivable basis (see Schools Accounting Policy below). Fundraising income is shown net of associated costs.

Income arising from sales of property is recognised as soon as there is a binding agreement. This is usually the date of exchange of contracts. However, if the sale is conditional income is recognised when those conditions have been fulfilled.

All income from endowment funds is restricted income and is expended in accordance with the original terms of the endowment.

Expenditure

Expenditure is accounted for in the period in which the Charity becomes obliged to make a transfer of value to a third party. The irrecoverable element of VAT is included within the item of expense to which it relates.

Where an item of expenditure falls directly within one cost category it is attributed to that category only. Where expenditure involves more than one category it is apportioned on a reasonable and justifiable basis.

Social Clubs' expenditure includes salaries, direct expenditure and overhead costs of running the Charity's proprietary social clubs.

Grants and donations are payments the charity makes voluntarily to other institutions or individuals in order to further its objectives. They are charged to the Statement of Financial Activities in the year in which they are payable. Grants and donations also include amounts paid to particular charities or funds or spent on specific projects. These sums have been collected from parishioners for these specific purposes.

Costs of charitable activities are analysed in the notes by the type of activity.

Governance includes the costs of maintaining records, preparing the accounts, the secretarial function regarding Trustees and other committee meetings.

1. ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Short term benefits
Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Employee termination benefits
Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Pensions

The Trustees designate an amount each year which is allocated to the Priests' Retirement Fund. The Clergy Welfare Committee which manages this fund considers the needs of priests in retirement and makes appropriate grants.

In addition, the Parishes made contributions for priests to a Group Personal Pension Scheme and contributions are also paid for all eligible employees by the Curia to a Defined Contribution Scheme. The assets of the Schemes are held separately from those of the Charity in independently administered funds. The Pension Scheme charge represents contributions payable by the Charity in accordance with the rules of the Schemes.

Schools

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 Secretary of State. Consequently, for the purposes of these financial statements the land 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.

Where it has been agreed with the School Governors and the Department of Education and Skills that a school property and the land on which it is sited is surplus to requirements the share of the proceeds due to the Department of Education and Skills and any other interested parties are netted off the total amount receivable. Therefore, only the amount due to the Charity is credited to the Statement of Financial Activities.

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 Secretary of State. Consequently, for the purposes of these financial statements any cost of new building is written off to the Statement of Financial Activities in the year in which it is incurred.

1. ACCOUNTING POLICIES (CONTINUED)

Any grants donated on behalf of the School Governors are netted off against total costs as are the sums received through the Voluntary Contributions Scheme (VCS) and only the residual cost is included in the Statement of Financial Activities.

The Diocese of Clifton includes 45 (2015: 45) maintained schools, 18 Academics (2015: 17), 2 special schools (2015: 2) and 6 independent schools (2015: 7). Details of the Diocesan Schools are listed in the Clifton Diocesan Directory.

Taxation

The Trustees consider that the Charity is largely exempt from income tax under the provisions of the Income and Corporation Taxes Act 1988 and the Taxation of Taxable Gains Act 1992. However, provision is made for taxation on the Social Clubs income less expenditure.

Tangible Fixed Assets

Only tangible fixed assets with a cost in excess of £5,000 have been capitalised.

(i) Freehold Land
Functional land, (i.e. land used for the primary 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.

(ii) Freehold Buildings
Functional buildings (i.e. buildings used for the primary purpose of 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.

The cost of assets held at 31 December 1996 was estimated based on indexing back reinstatement insurance values to the year of acquisition.

Rents are received in respect of certain properties which are held in furtherance of the Charity's objectives and mostly used by the Diocese. Only surplus space is rented. These properties have, therefore, all been shown as charitable functional properties.

(iii) Fixtures, Fittings and Equipment
The costs of Churches and the Cathedral include all fixtures and fittings and organs which forms part of the fabric of the building. All other fixtures, fittings and equipment are included in the financial statements at cost.

1. ACCOUNTING POLICIES (CONTINUED)

The insured value of buildings' contents not capitalised is £24.4 million (2015: £23.5 million).

(iv) Works of Art and Historic Treasures
Individual works of art, historic treasures and plate are not capitalised, as historic cost information is not available. Because of the many locations over which these assets are dispersed and their specialist nature, obtaining reliable information to estimate their cost would be both time consuming and expensive. The Trustees believe that the cost of carrying out such an exercise would outweigh the benefit of this information to the user of the accounts.

(v) Motor Vehicles
Motor vehicles have been capitalised and included in the financial statements at their historical cost or in the case of donated assets, at an estimate of the value at the date of acquisition.

Depreciation

Depreciation of tangible fixed assets (excluding land) is calculated to write off their cost less any residual value in equal annual instalments over their estimated useful lives as follows:

Churches built prior to 1941 and the Cathedral	1%	(100 years)
Churches built 1941 and after	1.33%	(75 years)
All Other Freehold Buildings	2%	(50 years)
Motor Vehicles	20%	(5 years)
Fixtures, Fittings and Equipment	33⅓% - 10%	(3 to 10 years)

Listed Investments

Investments are included in the balance sheet at their market value at the balance sheet date. Realised and unrealised gains and losses on investments are included in the Statement of Financial Activities in the year in which they arise. Investment income is credited to income on an accruals basis.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

1. ACCOUNTING POLICIES (CONTINUED)

Investment Properties

Investment properties are included in the balance sheet at their estimated market value at the balance sheet date. The valuation of investment properties is performed annually by the Trustees. As these assets are recorded at market value no charge for depreciation is made in the accounts.

Realised and unrealised gains and losses on investment properties are included within the Statement of Financial Activities in the year in which they arise.

Fund Accounting

Funds held by the Charity are either:

- Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Designated funds – these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.
- Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.
- Permanent endowment funds – these funds represent those assets which must be held permanently by the Charity. Income arising on the endowment funds must be used in accordance with the terms of the endowment.

Cash

Cash includes cash in hand and deposits repayable on demand less overdrafts repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed.

Liquid resources represent bank and building society deposits where the period of notice exceeds 24 hours or one working day.

2. STATEMENT OF FINANCIAL ACTIVITIES (SOFA) FOR THE YEAR ENDED 31 DECEMBER 2015

	Unrestricted Funds		Restricted Funds		Endowment Funds		Total Funds	Total Funds	**Total Funds**	Total Funds
	Curial £'000	Parochial £'000	Curial £'000	Parochial £'000	Curial £'000	Parochial £'000	Curial £'000	Parochial £'000	**2015 £'000**	2014 £'000
Income and endowments from:										
Donations and legacies	1,278	5,595	197	292	-	-	1,475	5,887	**7,362**	6,295
Charitable activities	315	3,122	1	-	-	-	316	3,122	**3,438**	1,045
Other trading activities	-	143	-	-	-	-	-	143	**143**	1,263
Investments	417	112	58	2	-	-	475	114	**589**	532
Other	256	-	-	-	-	-	256	-	**256**	5,609
Total income and endowments:	**2,266**	**8,972**	**256**	**294**	**-**	**-**	**2,522**	**9,266**	**11,788**	**14,744**
Expenditure on:										
Raising Funds	39	-	-	-	-	-	39	-	**39**	200
Charitable activities	1,701	6,910	190	269	-	-	1,891	7,179	**9,070**	8,024
Other	-	-	-	-	-	-	-	-	-	79
Total expenditure:	**1,740**	**6,910**	**190**	**269**	**-**	**-**	**1,930**	**7,179**	**9,109**	**8,303**
Net gains/(losses) on investments	(75)	193	(6)	-	(4)	(1)	(85)	192	**107**	99
Net income/(expenditure)	**451**	**2,255**	**60**	**25**	**(4)**	**(1)**	**507**	**2,279**	**2,786**	**6,540**
Transfers between funds	241	(241)	-	-	-	-	241	(241)	-	-
Net movement in funds	**692**	**2,014**	**60**	**25**	**(4)**	**(1)**	**748**	**2,038**	**2,786**	**6,540**
Total funds brought forward	13,934	20,852	4,183	1,611	615	185	18,732	22,648	**41,380**	34,840
Total funds carried forward	**14,626**	**22,866**	**4,243**	**1,636**	**611**	**184**	**19,480**	**24,686**	**44,166**	**41,380**

3. DONATIONS AND LEGACIES

	2016			2015		
	Curial	Parochial	Total	Curial	Parochial	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Offertory	-	4,752	4,752	-	5,092	5,092
Donations	232	857	1,089	276	591	867
Legacies	23	311	334	1,199	204	1,403
Total	**255**	**5,920**	**6,175**	**1,475**	**5,887**	**7,362**

4. INCOME FROM CHARITABLE ACTIVITIES

	2016			2015		
	Curial	Parochial	Total	Curial	Parochial	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Grants	16	207	223	-	948	948
Fundraising	2	909	911	123	876	999
Repository Sales	-	268	268	-	254	254
Educational Services	133	-	133	104	-	104
Training and Publications	36	-	36	40	-	40
Rental Income	93	1,039	1,132	49	1,012	1,061
Chaplaincy Services	-	28	28	-	32	32
Total	**280**	**2,451**	**2,731**	**316**	**3,122**	**3,438**

5. INCOME FROM OTHER TRADING ACTIVITIES

	2016			2015		
	Curial	Parochial	Total	Curial	Parochial	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Social Club	-	127	127	-	143	143
Total	**-**	**127**	**127**	**-**	**143**	**143**

6. INVESTMENT INCOME AND INTEREST RECEIVABLE

	2016			2015
	Curial	Parochial	Total	Total
	£'000	£'000	£'000	£'000
Income on UK listed investments	253	47	300	235
Income on UK investment properties	13	51	64	44
Interest on UK cash held at bank	213	56	269	310
Total	**479**	**154**	**633**	**589**

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Curial	Parochial	Total 2016	Total 2015
	£'000	£'000	£'000	£'000
FAITH AND EDUCATION				
Worship	61	7,173	7,234	6,452
Clergy Support	678	-	678	443
Pastoral	131	35	166	92
Chaplaincy	47	-	47	68
Education	398	-	398	395
Pilgrimages	54	-	54	4
Total	1,369	7,208	8,577	7,454
SUPPORT				
Bishop's Office	138	-	138	128
Governance	206	-	206	172
Finance	740	-	740	729
HR	17	-	17	16
Estate Management	457	-	457	412
Safeguarding	98	-	98	117
Communications	51	-	51	42
Total	1,707	-	1,707	1,616
TOTAL EXPENDITURE	**3,076**	**7,208**	**10,284**	**9,070**

8. EMPLOYEE COSTS

	Curial	Parochial	Total 2016	Total 2015
	£'000	£'000	£'000	£'000
Salaries	939	657	1,596	1,361
Pension	49	15	64	61
Life Insurance	4	-	4	-
Employer's NIC	88	17	105	85
Total Employee Costs	**1,080**	**689**	**1,769**	**1,507**

The average number of employees during the year was 141 (2015: 140).

Two employees had emoluments, excluding pension contributions, within the band £60,000 - £70,000 (2015: Two).

The total remuneration for key management employees in 2016 was £369k (2015: £336k).

There were no termination payments for employees during 2016 (2015: £19k).

Employee costs include £6k for holiday pay not taken during 2016 (2015: £4k).

None of the Trustees received remuneration for their work as Trustees in 2016 (2015: None). Expenses totalling £287 (2015: £4,517) were reimbursed to Trustees in respect of travel costs incurred.

The priests who are Trustees are housed and remunerated in their parishes and are reimbursed their expenses for carrying out their priestly duties in the same way as priests who are not Trustees. To assist him in the performance of his duties, the Bishop is provided with a house and his expenses in carrying out his office as Bishop are borne out of Curial funds.

9. TANGIBLE FIXED ASSETS

	CURIAL					PAROCHIAL					DIOCESE
	Freehold Land	Freehold Buildings	Vehicles	Fixtures, Fittings and Equipment	Total	Freehold Land	Freehold Buildings	Vehicles	Fixtures, Fittings and Equipment	Total	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
COST											
As at 1 January 2016	277	1,466	-	11	1,754	646	23,659	47	67	24,419	**26,173**
Reclassification of assets	(277)	277	-	-	-	(287)	287	-	-	-	-
Additions	-	-	-	-	-	-	1,037	-	-	1,037	**1,037**
Disposals	-	(1)	-	-	(1)		(73)	-	-	(73)	**(74)**
As at 31 December 2016	-	1,742	-	11	1,753	359	24,910	47	67	25,383	**27,136**
DEPRECIATION											
As at 1 January 2016	-	390	-	11	401	-	9,816	39	63	9,918	**10,319**
Charge for the year	-	108	-	-	108	-	605	4	4	613	**721**
Disposals	-	-	-	-	-	-	(25)	-	-	(25)	**(25)**
As at 31 December 2016	-	498	-	11	509	-	10,396	43	67	10,506	**11,015**
NET BOOK VALUE											
As at 31 December 2016	-	**1,244**	-	-	**1,244**	**359**	**14,514**	**4**	-	**14,877**	**16,121**
As at 31 December 2015	277	1,076	-	-	1,353	646	13,843	8	4	14,501	15,854

All tangible fixed assets are used in the direct furtherance of the Charity's objectives.

One property included in freehold buildings is subject to a legal charge of £98,500 plus interest at 5% from 1981. This charge will not crystallise unless the property is sold. The property has been capitalised at deemed cost with a current net book value of £nil (2015: £nil). The Trustees consider that the market value of the property is substantially in excess of this amount.

10. FIXED ASSET INVESTMENTS

	Curial £'000	Parochial £'000	**Total 2016 £'000**	Total 2015 £'000
Listed Investments	8,379	1,532	**9,911**	9,081
UK Investment Properties	580	1,330	**1,910**	1,670
Total	8,959	2,862	**11,821**	10,751

Listed Investments – Common Investment Fund

	Curial £'000	Parochial £'000	**Total 2016 £'000**	Total 2015 £'000
Market Value brought forward	7,677	1,404	**9,081**	6,711
Additions at Cost	1,357	248	**1,605**	4,617
Fees	(43)	(8)	**(51)**	(46)
Sale Proceeds from Disposals	(1,314)	(240)	**(1,554)**	(2,022)
Realised Gain/(Loss)	63	14	**77**	(21)
Unrealised Appreciation	639	114	**753**	(158)
Market Value carried forward	8,379	1,532	**9,911**	9,081
Book Cost carried forward	7,122	1,303	**8,425**	8,388

UK Investment Properties

Investment properties are included at their estimated open market valuation at the balance sheet date. The valuation of investment properties is performed by the Trustees.

Movements in the investment properties held during the year were as follows:

	Curial £'000	Parochial £'000	**Total 2016 £'000**	Total 2015 £'000
Valuation brought forward	510	1,160	**1,670**	1,405
Revaluation to estimated open market value	70	170	**240**	265
Valuation carried forward	580	1,330	**1,910**	1,670

10. FIXED ASSET INVESTMENTS (CONTINUED)

Realised Gains / (Losses) on Fixed Asset Investments

	Curial £'000	Parochial £'000	**Total 2016 £'000**	Total 2015 £'000
On Listed Investments	63	14	77	(21)
On UK Investment Properties	-	-	-	-
Total	63	14	77	(21)

Unrealised Gains / (Losses) on Fixed Asset Investments

	Curial £'000	Parochial £'000	**Total 2016 £'000**	Total 2015 £'000
On Listed Investments	702	128	**830**	(158)
On UK Investment Properties	70	170	**240**	265
Total	772	298	**1,070**	107

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Curial £'000	Parochial £'000	**Total 2016 £'000**	Total 2015 £'000
Prepayments and Other Debtors	462	23	**485**	840
Income Tax Recoverable (Gift Aid)	51	-	**51**	120
Legacies	67	-	**67**	89
Total	580	23	**603**	1,049

Prepayments and other debtors include £6,542 (2015: £14,630) in respect of loans to priests to purchase cars, on which no interest is payable, and which are repayable within four years.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Curial £'000	Parochial £'000	**Total 2016 £'000**	Total 2015 £'000
Deposits held on behalf of connected charities	1	-	**1**	75
Deferred income	18	-	**18**	-
School Projects Funding	684	-	**684**	1,109
Sundry creditors and accruals	649	83	**732**	669
Loans	-	-	**-**	8
Total	1,352	83	**1,435**	1,861

Loans falling due within one year are unsecured.

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

The following liabilities disclosed under creditors falling due after more than one year are unsecured.

	Curial £'000	Parochial £'000	**Total 2016 £'000**	Total 2015 £'000
Grants Repayable	73	-	**73**	71
Proceeds of sale of school site payable	5,690	-	**5,690**	5,737
Sundry creditors and accruals	2	-	**2**	142
Total	5,765	-	**5,765**	5,950

14. ENDOWMENT FUNDS

The endowed funds are permanent endowments.

The balances on the main funds are as follows:

	Balance as at 1 January 2016 £'000	Income £'000	Expenditure, gains/(losses) and transfers £'000	Balance as at 31 December 2016 £'000
CURIAL				
Bishop's Support Fund	147	-	(25)	122
Clergy Training Fund	101	-	8	109
Clifton Mission Benefactors Fund	122	-	-	122
Heavens Fund	124	-	2	126
Young Fund	64	-	(2)	62
Poor Missions Fund	8	-	1	9
Sundry Curial Funds	45	-	-	45
Total Curial	**611**	-	**(16)**	**595**
PAROCHIAL				
Pro Cathedral Endowment	3	-	1	4
Hussey Endowment	3	-	-	3
Knight Endowment	6	-	1	7
Hensler Fund	14	-	1	15
Scoles Endowment	9	-	1	10
Patterson Endowment	3	-	-	3
Stapleton Brethren Endowment	10	-	1	11
Fairford Mission Endowment	12	-	1	13
Algar Endowment	7	-	1	8
Malmesbury Mission Endowment	11	-	1	12
Nelson Endowment	11	-	1	12
The Lady Herbert of Lea Fund	27	-	1	28
Carey Trust Endowment	12	-	1	13
Board Endowment	6	-	1	7
Barnes Trust Endowment	16	-	3	19
Lucy Sharp Fund	18	-	-	18
Sundry Parochial Funds	16	-	-	16
Total Parochial	**184**	-	**15**	**199**
Diocese Total	**795**	-	**(1)**	**794**

14. ENDOWMENT FUNDS (CONTINUED)

Curial Endowments

Most of the endowments are for specific purposes as follows:

- The Bishop's Support Fund is for the maintenance of the Bishop's Office at St. Ambrose House (which also serves as his residence)
- The Clergy Training Fund is for the training of clergy and vocational support
- The Clifton Mission Benefactors Fund is to say masses for certain individuals
- The Heaven's Fund is the for the maintenance and education of Catholic orphan girls
- The Young Fund is to assist widows and distressed ladies
- The Poor Missions Fund is for the assistance of poor parishes of the Diocese
- Sundry Curial Funds is made up of small endowments that support the general work of the Diocese

Parochial Endowments

Most of the endowments are for specific parishes as follows:

- Pro Cathedral – for the benefit of Clifton Cathedral, Bristol
- Hussey – for the benefit of the parish of St. John's, Bath
- Knight – for the benefit of the parish of Sacred Hearts, Westbury on Trym
- Hensler Fund - for the benefit of the Clifton Cathedral Parish, Bristol
- Scoles – for the benefit of the parishes of Chard, Crewkerne and Yeovil
- Patterson – for the benefit of the parish of Chipping Camden
- Stapleton Brethren – for the benefit of the parish of Chippenham
- Fairford Mission – for the benefit of the parish of Fairford
- Algar – for the benefit of the parish of Frome
- Malmesbury Mission – for the benefit of the parish of Malmesbury
- Nelson – for the benefit of the parish of Downton, Salisbury
- Lady Herbert of Lea Fund - for the benefit of St. Osmund's Parish, Salisbury
- Carey Trust – for the benefit of the parishes of Holy Rood, Swindon and St. George's, Taunton
- Board – for the benefit of the parish of St. George's, Taunton
- Barnes Trust - for the benefit of the Sacred Heart Parish, Tisbury
- Lucy Sharp Fund - for the benefit of the parishes of St. John's and St. Mary's in Bath, and St. Joseph's in Bridgwater
- Sundry parochial funds represent small funds for specific projects in parishes

15. RESTRICTED FUNDS

	Balance as at 1 January 2016 £'000	Net Movement £'000	Balance as at 31 December 2016 £'000
CURIAL			
Bishop's Charitable Trust	102	14	116
Bishop's Support Fund	154	14	168
Priests' Retirement Fund	667	283	950
Clergy Welfare Fund	282	63	345
Youth Development Fund	11	-	11
Youth Bursary Fund	13	-	13
Christ's College Education Fund	2,235	(750)	1,485
Curial Restricted Legacies	-	708	708
Curial Trust Funds	610	73	683
Fundraising Appeals	2	6	8
Restricted Fixed Assets Fund	154	(12)	142
Other Curial Funds	13	(11)	2
Total Curial	**4,243**	**388**	**4,631**
PAROCHIAL			
Parsons Fund - Tisbury	14	-	14
Parsons Fund - Jesuit	178	(1)	177
Parochial Restricted Legacies	196	-	196
Other Parochial Funds	1,248	(1,248)	-
Total Parochial	**1,636**	**(1,249)**	**387**
Diocese Total	**5,879**	**(861)**	**5,018**

Restricted funds can only be used for a particular purpose.

The restrictions on the funds are as follows:

- Bishop's Charitable Trust – this fund is for charitable donations at the discretion of the Bishop
- The Bishop's Support Fund is for the maintenance of the Bishop's Office (which also serves as his residence)
- Priests' Retirement Funds – this fund supports retired priests and provides accommodation where necessary
- The Clergy Welfare Fund is for the relief of infirm, sick and aged Roman Catholic secular priests of the Diocese
- The Youth Development Fund is to be used for the young people of the Diocese
- The Youth Bursary Fund is for young people of the Diocese
- Christ's College Education fund is the proceeds from the sale of the college which are restricted for educational purposes

15. RESTRICTED FUNDS (CONTINUED)

- Curial Restricted Legacies comprise a number of legacies donated for specific purposes
- Curial Trust Funds comprises a small number of small specific Trusts relating to individual parishes or parishioner groups
- Fundraising Appeals represents funds donated to support fundraising activities
- The restricted fixed assets fund represents funds donated to assist in the purchase of the Diocesan administrative offices in Bristol (Alexander House) as well as properties restricted for the use of retired priests
- Other Curial Funds comprises special collections, legacies and donations for specific projects
- The Tisbury Parsons Fund is to be used for the benefit of the people, buildings and activities in the parish of Tisbury and Wardour
- The Tisbury Jesuit Fund is to be used for the benefit of the people, buildings and activities in rural parishes of the Diocese
- Parochial Restricted Legacies comprise a number of legacies donated for specific purposes
- Other Parochial Funds comprises special collections, legacies and donations for specific projects within the parishes

16. DESIGNATED FUNDS

Designated Funds are unrestricted funds that have been designated by the Trustees for a specific purpose.

The fund designations are reviewed annually.

	Balance as at 1 January 2016 £'000	Income £'000	Expenditure, gains/(losses) and transfers £'000	Balance as at 31 December 2016 £'000
Fixed Assets Fund	15,701	-	278	15,979
Clergy Welfare Fund	9	43	-	52
Priests' Retirement Fund	719	26	-	745
St. Thomas More Secondary School	1,995	2	-	1,997
Christ's College Sponsorship Fund	-	-	750	750
Adult Education Fund	-	-	39	39
School Projects Reserve	-	-	19	19
Bristol Catholic Players	-	-	4	4
CIF Income Reserve	-	-	64	64
St. Bonaventure's Fund	-	-	276	276
Other Curial Funds	202	-	(202)	-
Total Designated Funds	**18,626**	**71**	**1,228**	**19,925**

The funds have been designated for the following purposes:

16. DESIGNATED FUNDS (CONTINUED)

- The Fixed Asset Fund represents the net book value of tangible fixed assets less the net book value of tangible fixed assets included in restricted funds
- The Clergy Welfare Fund supports the medical and welfare costs for sick priests and those requiring nursing care
- The Priests' Retirement Fund is a fund to support priests currently in retirement
- The St Thomas More Secondary School fund represents the proceeds of sale of the school site which are designated for the purposes of future schools' building projects
- Christ's College Sponsorship Fund represents funds held to sponsor a shared faith school
- Adult Education Fund represents grants received for formation and spiritual direction
- School Projects Reserve represents funds set aside to support school capital projects
- Bristol Catholic Players represents funds held on behalf of a connected charity
- CIF Income Reserve represents funds held for distribution to parishes
- St. Bonaventure's Fund is for a liability on the property that will only be realised once the property is sold

17. UNRESTRICTED FUNDS (EXCLUDING DESIGNATED FUNDS)

	Balance as at 1 January 2016	Movement during 2016	Balance as at 31 December 2016
	£'000	£'000	£'000
General Curial Funds	10,501	(1,123)	9,378
General Parochial Funds	8,365	2,052	10,417
Total Unrestricted Funds	**18,866**	**929**	**19,795**

18. TRANSFERS BETWEEN CURIAL AND PAROCHIAL FUNDS

	Curial	Parochial	**Total 2016**
	£'000	£'000	**£'000**
Parish Share	1,915	(1,915)	-
Interest on Diocesan loans to parishes	20	(20)	-
Other transfers	(1,209)	1,209	-
Total	726	(726)	-

The Parish Share is a contribution from the parishes towards the costs of running the central activities of the Diocese, to support the collective pastoral and legal functions. It is assessed on the basis of parish income.

Other transfers include a transfer of £1,037k from curial to parochial funds for the works on the Cathedral Roof.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Endowments £'000	Restricted £'000	Designated £'000	Unrestricted £'000	Total Funds £'000
Tangible Fixed Assets	-	142	15,979	-	16,121
Fixed Asset Investments	697	911	754	9,458	11,821
Net Current Assets	96	9,656	3,265	10,338	23,355
Long Term Liabilities	-	(5,691)	(74)	-	(5,765)
Total	794	5,018	19,925	19,795	45,532

20. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £'000	2015 £'000
Net income/(expenditure) for the reporting period	1,366	2,786
Depreciation charges	721	515
(Gains)/losses on investments	(1,070)	(107)
Dividends, interest and rents from investments	(633)	(589)
Loss/(profit) on the sale of fixed assets	(140)	(256)
(Increase)/decrease in debtors	446	(73)
Increase/(decrease) in creditors	(611)	(506)
Net cash provided by/(used in) operating activities	79	1,770

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

	2016 £'000	2015 £'000
Increase/(decrease) in cash in the year	(136)	(1,984)
Cash outflow from repayment of loan	8	1
New loans received	-	(3)
Increase/(decrease) in net funds in the year	(128)	(1,986)
Net funds brought forward	24,315	26,301
Net funds carried forward	**24,187**	**24,315**

20. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(c) Analysis of changes in net funds

	As at 1 January 2016 £'000	Cash Flow £'000	As at 31 December 2016 £'000
Short-Term Deposits	25,666	(548)	25,118
Cash at bank and in hand	(1,343)	412	(931)
Net cash at bank and short-term deposits	24,323	(136)	24,187
Loans due for repayment within one year	(8)	8	-
	24,315	(128)	24,187

Cash at bank and in hand is held in a group bank account together with short-term deposits. Overdrawn cash balances are offset by the short-term deposits.

Short-term deposits on more than one day's notice are treated as liquid resources.