

The Lancashire Infirm Secular Clergy Fund

Trustees' Report and Financial Statements

**For The Year Ended
5 April 2021**

THE LANCASHIRE INFIRM SECULAR CLERGY FUND
CONTENTS

	Page
Reference and administrative information	1
Trustees' report	2
Independent examiner's report	5
Statement of financial activities	6
Balance sheet	7
Notes to the financial statements	8

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

REFERENCE AND ADMINISTRATIVE INFORMATION

Trustees

Rev S Stamp
Rev P Stanley
Rev S D Hawksworth
Rev A Prescott

Officers

Rev A Prescott	- President
Rev P Stanley	- Secretary
Rev S D Hawksworth	- Treasurer

Independent examiner

N Mason FCA, DChA
MHA Moore and Smalley
Chartered Accountants
& Statutory Auditor
Richard House
Winckley Square
Preston
PR1 3HP

Investment managers

Sarasin & Partners LLP
Juxon House
100 St. Paul's Churchyard
London
EC4M 8BU

Contact address

c/o Rev S D Hawksworth
Treasurer
St Joseph's Presbytery
Caroline Street
Preston
PR1 5UY

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2021

The Trustees present their report and financial statements for the year ended 5 April 2021. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: 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) issued in October 2019.

Structure, governance and management

The Fund is governed by the constitution revised in 2014 which was approved by the Charity Commission.

The Officers of the Fund are elected at the Annual General Meeting for a period of three years. Members who are resident in any of the Dioceses shall be entitled to vote at elections. Any member, whether present or not at the Annual General Meeting, is eligible to be elected as an Officer of the Fund. The required number of Trustees at any time is four.

Each financial year, the Trustees examine the major risks that the Fund faces. Systems have been established to mitigate these risks.

Objects and activities for the public benefit

The objects and activities of the Fund are the relief or support of the secular clergy of the Dioceses of Liverpool, Salford and Lancaster who are unable, through age or infirmity, to attend to the duties of their office and are in necessitous circumstances. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit reporting when viewing the Fund's aims and objectives and in planning future activities and setting the grant making policy for the year.

Grant making policy

During the year the Fund has continued to make grants to infirm clergy. Applications for grants are reviewed against specific criteria and to ensure they are in accordance with the Rules.

Financial review and performance

The statement of financial activities shows net incoming resources for the year of £47,776 (2020: £37,870).

Other recognised gains and losses comprise realised and unrealised gains on investments and in 2021 there is a net gain of £903,893 compared to a net loss of £310,395 in 2020. The overall increase in the funds for the year is £951,669.

Reserves policy

It is the policy of the Fund to maintain unrestricted funds, which are free reserves in the income accumulated fund, at a level which equates to at least 12 months unrestricted expenditure. This provides sufficient funds to cover administration costs and to respond to emergency applications for grants. Unrestricted funds were maintained at least to this level throughout the year. The level of free reserves as at 5 April 2021 was £363,471 (2020 £317,562).

Investment objective and performance

The investment objective of the Fund is to seek to achieve capital growth over the longer term, subject to market conditions, and a corresponding increasing stream of income. In order to achieve this objective, the manager maintains a balanced portfolio of investments. The portfolio value as at 5 April 2021 was £5,044,418 all of which was invested in unit trusts.

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2021

Investment return

The portfolio for the financial year ending 5th April 2021 returned 25.2% net which in nominal terms was an increase of £960,847 from the previous year. The end of year value was £5,161,373. Income within the portfolio was virtually flat for the year of £150,107 versus £149,835 in the last financial year.

Markets' Overview

It has turned into a good year for global equities, which have produced a total return of just over 61.1% in sterling terms. Whilst growth stocks performed well in the early stages of the year the out-performance of cyclical and value sectors towards the end of the year has meant that, for the portfolio, it was a year of two halves with strong outperformance in the first half followed by some relative underperformance.

Bonds, in the form of Gilts, have also had a good year generating a positive 7.9% performance. However they also had a bifurcated year with good absolute performance in the first half giving way to some underperformance latterly due to yields rising on the back of improved economic growth expectations and over the prospect of higher inflation. From a currency perspective, sterling crept higher either side of the Brexit deal but for the time being, the rally has run out of steam. Looking forward, much will depend on the appetite of international investors for UK assets.

The spectre of rising inflation in the middle of this year was always likely to challenge market confidence and so it has proved over the opening months of 2021. This, together with the continued momentum behind more cyclical and value-oriented shares, has blunted our short-term performance. While we have generated a positive return, we have given up some of the strong relative performance achieved last year.

The monetary and fiscal support for economies around the world continues to be extraordinary. This means that confidence in the economic recovery has increased, which is supportive for jobs and incomes. However, higher economic growth expectations have quickly moved to boost expectations of future inflation, with the persistent question of core versus transitory. We have not changed our expectation that US inflation will spike this year/early next year, before subsiding again in the fourth quarter and into 2022, with a similar pattern occurring in the UK. However, the market currently seems less convinced about the decline we are forecasting over the latter part of the year. This is critical as the outcome will determine how long central banks can maintain interest rates at super-low levels. The outlook for inflation remains our single biggest concern from an economic perspective and we will continue to monitor the underlying factors closely.

For the moment, we still feel there is enough slack in labour markets for higher inflation to be a temporary phenomenon. The longer-term impact of the COVID lockdown, global demographics and the extraordinarily high levels of debt in the system are more likely to prove deflationary over the medium and longer term. Against this backdrop, we feel a bias towards equities remains appropriate, with a continued focus on high quality companies that we believe will be able to grow their profits at above average levels and in a sustainable manner.

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2021

As you can see from below, equity markets exceeded all other asset classes as excess liquidity from central bank stimulus poured into this asset class over the last financial year:

Asset class	Index	Annual Return (05/04/2020- 05/04/2021)
Fixed Interest	ICE BofAML Sterling Corporate	7.9%
	ICE BofAML UK Gilts	-5.8%
UK Equities	MSCI UK IMI	31.7%
Global Equities	MSCI AC World (GBP)	61.1%
Global Property	S&P Developed Property	48.7%
UK Inflation	UK Retail Price Index	1.4%
LISCF Portfolio		25.2%

Portfolio Investment Mix

With the announcement of the vaccine back in November 2020, we have moved away from fixed income and overweight equities, transferring into the slightly more value, market-orientated stocks.

The exposures of the Fund to the various asset classes at the start and end of the year were as follows:

	2021 %	2020 %
Fixed interest	15.2	20.3
UK Equities	18.4	15.6
Global Equities	48.5	43.3
Global Property	2.2	2.9
Alternatives	7.8	9.4
Cash	7.9	6.1
	100.0	100.0

20/01/2022

This report was approved by the board of Trustees on and signed on its behalf

Simon D. Hawksworth

.....
Rev S D Hawksworth -Treasurer

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

I report to the charity trustees on my examination of the accounts of The Lancashire Infirmary Secular Clergy Fund for the year ended 5 April 2021 which are set out on pages 6 to 12 appended to this report.

Responsibilities and basis of report

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Nicola Mason

.....
N Mason FCA, DChA

Date: 26/01/2022
.....

MHA Moore and Smalley
Chartered Accountants
Preston

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5 APRIL 2021

	Note	Capital account £	Income accumulated funds £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	2a	-	10,500	10,500	2,300
Investments	2b	-	150,107	150,107	149,835
Other income		1,867	-	1,867	1,145
Total income		1,867	160,607	162,474	153,280
Expenditure on					
Raising funds:					
Investment management costs	7	-	20	20	-
Expenditure on charitable activities:					
Grants to Infirm Clergy - Individuals		-	112,000	112,000	110,600
Other charitable activities		-	19	19	770
Support costs	6	-	2,659	2,659	4,040
Total expenditure		-	114,698	114,698	115,410
Net income/(expenditure) before gains/losses on investments		1,867	45,909	47,776	37,870
Net gains/(losses) on investments	3	903,893	-	903,893	(310,395)
Net income/(expenditure)		905,760	45,909	951,669	(272,525)
Reconciliation of funds:					
Total funds brought forward		3,894,107	317,562	4,211,669	4,484,194
Total funds carried forward		4,799,867	363,471	5,163,338	4,211,669

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

BALANCE SHEET

AS AT 5 APRIL 2021

	Note	Total funds 2021 £	Total funds 2020 £
Investments	3	5,044,418	4,002,717
Current assets			
Cash at bank and in hand	4	121,560	211,467
		121,560	211,467
Creditors: Amounts falling due within one year	5	(2,640)	(2,515)
Net current assets		118,920	208,952
Total assets less current liabilities		5,163,338	4,211,669
Funds			
Restricted – capital account	9	4,799,867	3,894,107
Unrestricted – Income accumulated fund	9	363,471	317,562
Total funds		5,163,338	4,211,669

These financial statements were approved by the Trustees on 20/01/2022 and signed on their behalf:



Rev A Prescott – President

Simon D. Hawksworth

Rev S D Hawksworth – Treasurer

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2021

1 Accounting policies

Accounting convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) published October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The Lancashire Infirm Secular Clergy Fund meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Accounting and Reporting by Charities: 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) issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Preparation of the accounts on a going concern basis

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts. The Trustees have considered the impact of the Government response to Covid 19 on the activity of the charity. The Charity has sufficient reserves to mitigate the impact of potential reductions in investment income. Investment reports are received during the year and performance will be reviewed. The Trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charity's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

Investments

Investments are stated at mid-market value.

Investment income

Investment income is included in the Statement of Financial Activities on an accruals basis and is shown gross of recoverable tax.

Expenditure

Expenditure is included on an accruals basis. Grants are recognised in the year in which they are receivable.

Income accumulated fund (unrestricted fund)

The rules of the Fund state that annual income, not including benefactions, shall be applied to defray administration expenses and to pay infirmity allowances. The surplus income, if any, shall be added to the Income Accumulated Fund.

Capital account (restricted fund)

The rules of the Fund state that benefactions and profits arising from the realisation of investments shall be added to the capital account. Losses on the realisation of investments shall be made good out of the capital account.

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2021

1 Accounting policies (Continued)

Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions.

Critical areas of judgement

There are no other critical areas of judgement in these accounts.

2a. Donations and legacies

	2021 £	2020 £
Bequests	10,000	1,450
Donations	500	770
Decems	-	80
	10,500	2,300

Income from donations and legacies for both the year ended 5 April 2021 and 5 April 2020 related to unrestricted funds.

2b Investment income

	2021 Total £	2020 Total £
Unit Trusts	149,912	148,694
Bank deposit interest	195	1,141
	150,107	149,835

Investment income in the years ended 5 April 2021 and 5 April 2020 related to unrestricted funds.

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2021

3 Investments

	2021 Total £	2020 Total £
Market value at 5 April 2020	4,002,717	4,313,112
Additions/(Disposals)	137,808	-
Net investment gains/(losses)	903,893	(310,395)
Market value at 5 April 2021	5,044,418	4,002,717
Historical cost at 5 April 2020	4,137,800	4,137,800
Additions/(Disposals)	137,808	-
Historical cost at 5 April 2021	4,275,608	4,137,800
The market value of investments is analysed as follows:		
Unit Trusts	5,044,419	4,002,717
Total market value of investments	5,044,419	4,002,717

All investments at the year end are held in unit trusts.

4 Cash

	2021 Total £	2020 Total £
Cash at bank and in hand	4,605	13,659
Cash held within investment portfolio	116,955	197,808
	121,560	211,467

5 Creditors: amounts falling due within one year

	2021 Total £	2020 Total £
Accruals	2,640	2,515

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2021

6 Support costs

	2021 Total £	2020 Total £
Treasurer's expenses	-	335
Secretary's expenses	-	500
Independent examination	2,555	2,496
Postage, printing and stationery	104	40
Officers' meetings and AGM	-	669
	2,659	4,040

The Trustees received no remuneration (2020 - £nil) and were not reimbursed for any of their expenses in the year (2020 - £nil) except as set out above.

Support costs in the year ended 5 April 2021 and 5 April 2020 related to unrestricted funds.

The charity had no employees during the year.

7 Investment management costs

Investment management costs for the current year amount to a net rebate of £1,867 (2020: £1,141). Investment management costs/rebates are built into the underlying unit prices.

8 Related Party Transactions

There were no related party transactions during the year.

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2021

9 Movements in charity funds

	Capital account	Income accumulated fund	Total funds	Total funds
	2021 £	2021 £	2021 £	2020 £
At 5 April 2019	4,203,357	280,837	4,484,194	4,291,239
Net incoming/(outgoing) resources	1,145	36,725	37,870	33,985
Other recognised gains and losses	(310,395)	-	(310,395)	158,970
Net movement of funds available for future activities	(309,250)	36,725	(272,525)	192,955
At 5 April 2020	3,894,107	317,562	4,211,669	4,484,194
Net incoming/(outgoing) resources	1,867	45,909	47,776	37,870
Other recognised gains and losses	903,893	-	-	(310,395)
Net movement of funds available for future activities	905,760	45,909	951,669	(272,525)
At 5 April 2021	4,799,867	363,471	5,163,338	4,211,669

10 Analysis of net assets between funds

	Capital account	Income accumulated fund	Total funds
	£	£	£
Investments	4,799,867	244,551	5,044,418
Net current assets/(liabilities)	-	118,920	118,920
Net assets 5 April 2021	4,799,867	363,471	5,163,338
	Capital account	Income accumulated fund	Total funds
	£	£	£
Prior year			
Investments	3,894,107	108,610	4,002,717
Net current assets/(liabilities)	-	208,952	208,952
Net assets 5 April 2020	3,894,107	317,562	4,211,669