

The Lancashire Infirm Secular Clergy Fund

Trustees' Report and Financial Statements

**For The Year Ended
5 April 2023**

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 S Stamp	- 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 2023

The Trustees present their report and financial statements for the year ended 5 April 2023. 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 £99,371 (2022: £28,237).

Other recognised gains and losses comprise realised and unrealised gains on investments and in 2023 there is a net loss of £377,664 compared to a net gain of £97,753 in 2022. The overall movement in reserves is a deficit of £278,293.

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 2023 was £485,835 (2022 £388,457).

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 was invested in unit trusts.

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2023

Investment return

The portfolio for the rolling year, as at 5th April 2023, returned -4.3% net which in nominal terms was a decrease of £281,325 from the previous year. The portfolio value is £5,001,706. Income within the portfolio was slightly higher for the year at £144,346 versus £140,654 in the last year.

Markets' Overview

Investment returns for the past 12 months have been a tale of two halves. With Russia's invasion of Ukraine came rising inflation, which, added to the supply shock created by the COVID-19 pandemic, caused central banks to raise interest rates faster and higher than many had anticipated. This, along with mounting recessionary concerns, triggered falls across both equity and bond markets over the following months as investors reduced the amount of risk in their portfolios given the level of uncertainty they were facing. October, by contrast, brought a sense of optimism as data releases began to imply that inflation was showing signs of nearing a peak. This optimism was further strengthened by the rapid reopening of China in early 2023 and falling wholesale gas prices in Europe (due to the warmer weather and greater than expected demand destruction). Since this point, and in spite of the many oscillations in sentiment and a banking crisis in Europe & the US in March, returns for equity investors have rebounded strongly. The resurgence has been led by a relatively narrow set of US listed technology companies, which have benefitted from the renewed excitement in large language models and the advances in machine learning.

Asset class	Index	Annual Return (05/04/2022- 05/04/2023)
Fixed Interest	ICE BofAML Sterling Corporate	-10.6%
	ICE BofAML UK Gilts	-16.3%
UK Equities	MSCI UK IMI	1.9%
Global Equities	MSCI AC World ex UK(Net TR)	-8.0%
Global Property	S&P Developed Property	-22.3%
UK Inflation	UK Retail Price Index	13.5%
LISCF Portfolio		-4.3%

Having experienced a -21.4% drop in the MSCI ACWI index during the first 6 months of this period (March to September 2022) in reaction to the ongoing events, we saw the equity market broadly rally, up 17.8% from end of September (to 31/03/2023), with the Nasdaq up 20.1%. This was the result of increased expectation that we might see a policy pivot as economic growth showed signs of slowing, increasing the likelihood of a scenario where Central Banks achieve a softer landing and earlier interest rate cuts. Over the entire period, the net result was that equity returns within the Endowments and Income and reserves funds were broadly neutral over the rolling year (as at 31/03/2023).

Market expectations for peak global interest rates increased over the course of these 12 months. In the US, peak Federal Fund rate expectations increased from just c. 2% in March 2022 to over 5% by March 2023. Sovereign bond yields, therefore, continued to rise (while their prices fell) in the first 6 months of this period, with the 2-year 10-year US Treasury yield curve inverting (a common recessionary indicator). UK Government Bonds specifically generated a return of -20.4% (31/03/2022-30/09/2022) with inflationary concerns weighing on performance, further exacerbated by temporary concerns around the stability of the UK's economy in September. Whilst, the

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

bond market stabilised over the latter 6 months, with the UK Gilt Index up 4.0% in this period, our underweight to fixed income in the earlier months helped the relative performance of both funds.

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2023

Portfolio Positioning

Having had limited exposure to fixed income in 2022, falling capital values have meant that the yields on offer, particularly from high-quality, investment grade corporate bonds, look increasingly attractive. This has provided an opportunity to start adding back to positions, which had been roughly half-weighted, to a more neutral level by the end of the twelve months.

The portfolio benefitted from our continued focus on high quality businesses with strong balance sheets and meaningful pricing power, with companies like Merck & Co (diversified pharmaceuticals), National Instruments (software and hardware for engineers and scientists) and Broadcom (semiconductors and infrastructure software) contributing strongly to performance.

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

	2023	2022
	%	%
Fixed interest	17.9	11.0
Global Equities	59.2	64.2
Global Property	3.8	5.0
Alternatives	11.8	12.5
Cash	7.3	7.3
	100.0	100.0

This report was approved by the board of Trustees on 11-10-23 and signed on its behalf


.....
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 Infirm Secular Clergy Fund for the year ended 5 April 2023 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.



N Mason FCA, DChA

Date: 11/10/2023

MHA Moore and Smalley
Chartered Accountants
Preston

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5 APRIL 2023

	Note	Capital account £	Income accumulated funds £	Total funds 2023 £	Total funds 2022 £
Income from:					
Donations and legacies	2a	-	79,152	79,152	-
Investments	2b	-	144,346	144,346	140,654
Other income		1,993	-	1,993	7,251
Total income		1,993	223,498	225,491	147,905
Expenditure on					
Raising funds:					
Investment management costs	7	-	-	-	-
Expenditure on charitable activities:					
Grants to Infirm Clergy - Individuals		-	121,100	121,100	114,100
Support costs	6	-	5,020	5,020	5,568
Total expenditure		-	126,120	126,120	119,668
Net income/(expenditure) before gains/losses on investments		1,993	97,378	99,371	28,237
Net gains/(losses) on investments	3	(377,664)	-	(377,664)	97,753
Net income/(expenditure)		(375,671)	97,378	(278,293)	125,990
Reconciliation of funds:					
Total funds brought forward		4,900,871	388,457	5,289,328	5,163,338
Total funds carried forward		4,525,200	485,835	5,011,035	5,289,328

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

BALANCE SHEET

AS AT 5 APRIL 2023

	Note	Total funds 2023 £	Total funds 2022 £
Investments	3	4,754,507	5,132,171
Current assets			
Cash at bank and in hand	4	260,563	160,962
		260,563	160,962
Creditors: Amounts falling due within one year	5	(4,035)	(3,805)
Net current assets		256,528	157,157
Total assets less current liabilities		5,011,035	5,289,328
Funds			
Restricted – capital account	9	4,525,200	4,900,871
Unrestricted – Income accumulated fund	9	485,835	388,457
Total funds		5,011,035	5,289,328

These financial statements were approved by the Trustees on 11/10/2023 and signed on their behalf:


Rev S Stamp – President


Rev S D Hawksworth – Treasurer

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2023

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 Infirmary 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 Charity has sufficient reserves to mitigate any impact of potential reductions in investment income. Investment reports are received during the year and performance is 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 2023

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

	2023 £	2022 £
Bequests	79,152	-
Donations	-	-
	79,152	-

Income from donations and legacies for the year ended 5 April 2022 related to unrestricted funds.

2b Investment income

	2023 Total £	2022 Total £
Unit Trusts	140,544	140,553
Bank deposit interest	3,802	101
	144,346	140,654

Investment income in the years ended 5 April 2023 and 5 April 2022 related to unrestricted funds.

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2023

3 Investments

	2023 Total £	2022 Total £
Market value at 5 April 2022	5,132,171	5,044,418
Additions/(Disposals)	-	(10,000)
Net investment gains/(losses)	(377,664)	97,753
Market value at 5 April 2023	4,754,507	5,132,171
Historical cost at 5 April 2022	4,267,336	4,275,608
Additions/(Disposals)	-	(8,272)
Historical cost at 5 April 2023	4,267,336	4,267,336
The market value of investments is analysed as follows:		
Unit Trusts	4,754,507	5,132,171
Total market value of investments	4,754,507	5,132,171

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

4 Cash

	2023 Total £	2022 Total £
Cash at bank and in hand	13,364	10,102
Cash held within investment portfolio	247,199	150,860
	260,563	160,962

5 Creditors: amounts falling due within one year

	2023 Total £	2022 Total £
Accruals	4,035	3,805

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 5 APRIL 2023

6 Support costs

	2023 Total £	2022 Total £
Treasurer's expenses	250	750
Secretary's expenses	500	1,000
Independent examination	2,730	2,715
Postage, printing and stationery	81	103
Officers' meetings and AGM	1,459	1,000
	5,020	5,568

The Trustees received no remuneration (2022 - £nil) and were not reimbursed for any of their expenses in the year (2022 - £nil) except as set out above.

Support costs in the year ended 5 April 2023 and 5 April 2022 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 £1,993 (2022: £3,251). 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 2023

9 Movements in charity funds

	Capital account	Income accumulated fund	Total funds	Total funds
	2023 £	2023 £	2023 £	2022 £
At 5 April 2021	4,799,867	363,471	5,163,338	4,211,669
Net incoming/(outgoing) resources	3,251	24,986	28,237	47,776
Other recognised gains and losses	97,753	-	97,753	903,893
Net movement of funds available for future activities	101,004	24,986	125,990	951,669
At 5 April 2022	4,900,871	388,457	5,289,328	5,163,338
Net incoming/(outgoing) resources	1,993	97,378	99,371	28,237
Other recognised gains and losses	(377,664)	-	(377,664)	97,753
Net movement of funds available for future activities	(375,671)	97,378	(278,293)	125,990
At 5 April 2023	4,525,200	485,835	5,011,035	5,289,328

10 Analysis of net assets between funds

	Capital account	Income accumulated fund	Total funds
	£	£	£
Investments	4,525,200	229,307	4,754,507
Net current assets/(liabilities)	-	256,528	256,528
Net assets 5 April 2023	4,525,200	485,835	5,011,035
	Capital account	Income accumulated fund	Total funds
	£	£	£
Prior year			
Investments	4,900,871	231,300	5,132,171
Net current assets/(liabilities)	-	157,157	157,157
Net assets 5 April 2022	4,900,871	388,457	5,289,328