

Charity No : 222796

The Lancashire Infirm Secular Clergy Fund

Trustees' Report and Financial Statements

**For The Year Ended
5 April 2024**



THE LANCASHIRE INFIRM SECULAR CLERGY FUND

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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
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. John Vianney Presbytery
26 Glastonbury Avenue
Blackpool
FY1 6RD

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2024

The Trustees present their report and financial statements for the year ended 5 April 2024. 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 £36,593 (2023: £99,371).

Other recognised gains and losses comprise realised and unrealised gains on investments and in 2024 there is a net gain of £296,025 compared to a net loss of £377,664 in 2023. The overall movement in reserves is a surplus of £332,618.

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 2024 was £521,091 (2023 £485,835).

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 2024

Investment return

As at 5th April 2024, the portfolio for the rolling year returned 9.3% (net) which in nominal terms was an increase of £333,885 from the previous year. The portfolio value was £5,335,591. Income within the portfolio was marginally higher for the year at £145,465 versus £144,346 for the previous year.

Market Overview

The second half of 2023 saw subdued returns across most major asset classes. UK inflation rates, which had peaked last year, fell significantly to 6.7% by August which benefited corporate bonds. The strong performance of the 'Magnificent 7' continued to dominate the market which made it challenging for diversified portfolios to maintain pace with such a concentrated equity index. As a result, the portfolio recorded a total return of 4.9% for the period, underperforming the benchmark, which returned +6.7%. Key portfolio adjustments during this time included increasing exposure to technology companies (notably key beneficiaries of the growth in AI) and selling stocks primarily on valuation concerns (e.g. Palo Alto Networks). Our alternative exposure somewhat struggled, with gold and absolute return funds providing some relief but not offsetting the weakness experienced within infrastructure and renewables, as higher interest rates increased financing costs and encouraged investors into higher yielding/lower risk fixed income assets.

Asset class	Index	Annual Return (05/04/2023- 05/04/2024)
Fixed Interest	ICE BofAML Sterling Corporate	5.4%
	ICE BofAML UK Gilts	-2.7%
UK Equities	MSCI UK IMI	7.9%
Global Equities	MSCI AC World ex UK(Net TR)	21.4%
Global Property	S&P Developed Property	5.3%
UK Inflation	UK Retail Price Index	4.3%
LISCF Portfolio		9.3%

In the second half, the portfolio rebounded significantly. Firstly, a notable rally in both equity and bond markets was driven by a sharp decline in US inflation and indications that the Federal Reserve had reached peak interest rates. Bond investment returns were particularly strong as yields began to fall, although our preference for corporate bonds over gilts allowed us to profit from the c1% spread, having been reassured by the strength of company balance sheets. Our thematic equity selection performed well amidst the broader market rally and international equities outperformed the UK market, as our shift to a global equity approach proved advantageous. Alternatives saw modest returns due to further improvements in gold and narrowing discounts in both renewable and infrastructure funds, although they remained relatively weak compared to our other exposure to this asset class. Portfolio performance across the first half of 2024 totalled 7.3% against the composite benchmark of 8.1%.

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

TRUSTEES' REPORT

FOR THE YEAR ENDED 5 APRIL 2024

Portfolio Positioning

Whilst we believe long term government bond yields are close to our estimate of fair value, the yields available from high quality, investment grade corporate bonds continue to look attractive as pension fund purchases remain strong. We remain overweight to equities as global earnings and dividend growth prove robust and market leadership is beginning to broaden out. Finally, we have established a strategic position to gold within the alternatives exposure, supported by debt fears across Western economies and extensive buying activity by central banks within emerging markets, which has been a significant contributor to returns in recent months.

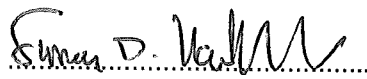
The exposures of the Fund to the various asset classes at the start and end of the year were as follows:

	2024	2023
	%	%
Fixed interest	13.9	17.9
Global Equities	68.6	59.2
Global Property	3.2	3.8
Alternatives	6.7	11.8
Cash	7.6	7.3
	100.0	100.0

Conclusion

The previous twelve months has seen increased volatility due to geopolitical tensions, including the ongoing Israel-Hamas conflict and the volatile US presidential election landscape. Although short-term market volatility presents a challenge, forecasts for interest rate cuts in the second half of the year remain on track and an emphasis on quality and liquidity remains important as geopolitical risks rise.

This report was approved by the board of Trustees on 9/10/2024 and signed on its behalf


Rev S D Hawksworth -Treasurer

THE LANCASHIRE INFIRM SECULAR CLERGY FUND
INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES
FOR THE YEAR ENDED 5 APRIL 2024

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 2024 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: 9/10/2024.....

MHA
Preston

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5 APRIL 2024

	Note	Capital account £	Income accumulated funds £	Total funds 2024 £	Total funds 2023 £
Income from:					
Donations and legacies	2a	-	1,740	1,740	79,152
Investment income	2b	-	156,522	156,522	144,346
Other income	7	1,337	-	1,337	1,993
Total income		1,337	158,262	159,599	225,491
Expenditure on					
Raising funds:					
Investment management costs	7	-	-	-	-
Expenditure on charitable activities:					
Grants to Infirmary Clergy - Individuals		-	117,750	117,750	121,100
Support costs	6	-	5,256	5,256	5,020
Total expenditure		-	123,006	123,006	126,120
Net income/(expenditure) before gains/losses on investments		1,337	35,256	36,593	99,371
Net gains/(losses) on investments	3	296,025	-	296,025	(377,664)
Net income/(expenditure)		297,362	35,256	332,618	(278,293)
Reconciliation of funds:					
Total funds brought forward		4,525,200	485,835	5,011,035	5,289,328
Total funds carried forward		4,822,562	521,091	5,343,653	5,011,035

THE LANCASHIRE INFIRM SECULAR CLERGY FUND

BALANCE SHEET

AS AT 5 APRIL 2024

	Note	Total funds 2024 £	Total funds 2023 £
Investments	3	5,068,341	4,754,507
Current assets			
Cash at bank and in hand	4	279,614	260,563
		279,614	260,563
Creditors: Amounts falling due within one year	5	(4,302)	(4,035)
Net current assets		275,312	256,528
Total assets less current liabilities		5,343,653	5,011,035
Funds			
Restricted – capital account	9	4,822,562	4,525,200
Unrestricted – Income accumulated fund	9	521,091	485,835
Total funds		5,343,653	5,011,035

These financial statements were approved by the Trustees on 9/10/2024 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 2024

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 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 2024

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

	2024 £	2023 £
Bequests	1,740	79,152
Donations	-	-
	<u>1,740</u>	<u>79,152</u>

Income from donations and legacies for the year ended 5 April 2023 related to unrestricted funds.

2b Investment income

	2024 £	2023 £
Unit Trusts	145,464	140,544
Bank deposit interest	11,057	3,802
	<u>156,522</u>	<u>144,346</u>

Investment income in the years ended 5 April 2024 and 5 April 2023 related to unrestricted funds.

THE LANCASHIRE INFIRM SECULAR CLERGY FUND
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 5 APRIL 2024

3 Investments

	2024 £	2023 £
Market value at 5 April 2023	4,754,507	5,132,171
Additions/(Disposals)	17,809	-
Net investment gains/(losses)	<u>296,025</u>	<u>(377,664)</u>
Market value at 5 April 2024	<u>5,068,341</u>	<u>4,754,507</u>
Historical cost at 5 April 2023	4,285,145	4,267,336
Additions/(Disposals)	-	-
Historical cost at 5 April 2024	<u>4,285,145</u>	<u>4,267,336</u>
The market value of investments is analysed as follows:		
Unit Trusts	<u>5,068,341</u>	<u>4,754,507</u>
Total market value of investments	<u>5,068,341</u>	<u>4,754,507</u>

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

4 Cash

	2024 £	2023 £
Cash at bank and in hand	12,365	13,364
Cash held within investment portfolio	<u>267,249</u>	<u>247,199</u>
	<u>279,614</u>	<u>260,563</u>

5 Creditors: amounts falling due within one year

	2024 £	2023 £
Accruals	<u>4,302</u>	<u>4,035</u>

THE LANCASHIRE INFIRM SECULAR CLERGY FUND
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 5 APRIL 2024

6 Support costs

	2024 £	2023 £
Treasurer's expenses	335	250
Secretary's expenses	500	500
Independent examination	2,617	2,730
Postage, printing and stationery	152	81
Officers' meetings and AGM	<u>1,652</u>	<u>1,459</u>
	<u>5,256</u>	<u>5,020</u>

The Trustees received no remuneration (2023 - £nil) and were not reimbursed for any of their expenses in the year (2023 - £nil) except as set out above.

Support costs in the year ended 5 April 2024 and 5 April 2023 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 £1,337 (2023: £1,993). Investment management costs/rebates are built into the underlying unit prices and represents restricted capital income.

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 2024

9 Movements in charity funds

	Capital account	Income accumulated fund	Total funds	Total funds
	2024 £	2024 £	2024 £	2023 £
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
Net incoming/(outgoing) resources	1,337	35,256	36,593	99,371
Other recognised gains and losses	296,025	-	296,025	(377,664)
Net movement of funds available for future activities	297,362	35,256	332,618	(278,293)
At 5 April 2024	4,822,562	521,091	5,343,653	5,011,035

10 Analysis of net assets between funds

	Capital account	Income accumulated fund	Total funds
	£	£	£
Investments	4,822,562	245,779	5,068,341
Net current assets/(liabilities)	-	275,312	275,312
Net assets 5 April 2024	4,822,562	521,091	5,343,653
	Capital account	Income accumulated fund	Total funds
	£	£	£
Prior year			
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