T05: Custodian Trust Funds

Your church may have one or more trust funds that are looked after jointly with the Diocese. These trusts can arise from money left in a will, the sale of a building, or some other reason.

Why are the funds held by the Diocese rather than the PCC?

The **Parochial Church Councils (Powers) Measure 1956** sets out that if a PCC has funds which are to be kept on a permanent basis, then the funds must be held by the Diocese. In the case of most trusts, responsibility for the funds is as follows:

- The Diocesan Trustees (Oxford) Limited/ODBF is the **custodian trustee** of the funds and is responsible for holding the assets and ensuring their safekeeping.
- The PCC (or the incumbent and churchwardens) are **managing trustees** of the fund and are responsible for managing and maintaining the funds, including making decisions about where the funds are invested, and distributing assets to beneficiaries.

The role of the Diocese is to hold the governing document (a will, trust deed, Charity Commission Scheme or other document) for safekeeping, act as bank signatory, and carry out the PCC's (or incumbent and churchwardens') lawful instructions.

What can the funds be spent on?

The governing document sets out which part of the fund can be spent. In most cases:

- the "capital" (i.e. the amount to be held permanently and usually represented by shares) should not be spent; but
- The "income" (dividends or interest paid out periodically) should be spent, by the PCC (or the vicar and churchwardens), for the purpose set out in the governing document.

In some cases, the governing document allows for both the capital and the income to be spent.

The governing document also sets out the purposes for which the funds may be spent and any restrictions. Any expenditure from the fund must comply with these purposes in order to be lawful.

Fund summary:

Trust name:	
Trust code:	
DTOL/ODBF:	
Custodian trustee:	
Managing trustees:	
Governing document:	
How did the fund originate:	
Expenditure restrictions:	
Can the capital be spent:	
Accounts presentation:	
Other comments:	

Summary of accounts:

Account number	Investment type	Number of shares	Value at 31 December