

**THE PORTSMOUTH DIOCESAN TRUST**  
**(Registered Charity No: 246871)**

**TRUSTEES' REPORT**

**AND**

**FINANCIAL STATEMENTS**

**31 AUGUST 2014**

haysmacintyre  
Chartered Accountants  
Registered Auditors

**THE PORTSMOUTH DIOCESAN TRUST**

**TRUSTEES' ANNUAL REPORT**

**FOR THE PERIOD ENDED 31 AUGUST 2014**

**LEGAL AND ADMINISTRATIVE DETAILS**

**BOARD OF TRUSTEES**

Bishop Philip Egan (Chairman)	
Mr Peter Burns	
Rev Canon Michael Dennehy	Appointment confirmed 13 <sup>th</sup> February 2014
Mgr Provost Nicholas France	
Rev Canon Dominic Golding	
Mr Peter Hancock	
Rev Mark Hogan	Appointment confirmed 13 <sup>th</sup> February 2014
Rev Canon David Hopgood	
Mrs Sheila Hughes	
Mrs Alison Humphreys	Appointed 10 <sup>th</sup> October 2013
	Appointment confirmed 13 <sup>th</sup> February 2014
Rev Jamie McGrath	Appointment confirmed 13 <sup>th</sup> February 2014
Mrs Clare McKenna	Resigned 14 <sup>th</sup> February 2014
Mr Kevin Ryan	
Mr Alan Sendall	
Mrs Elizabeth Slinn	
Rev Canon Paul Townsend	Appointment confirmed 13 <sup>th</sup> February 2014

**SECRETARY TO THE TRUSTEES**

Rev Dr Stephen D Morgan

**CHARITY NUMBER**

246871

**ADMINISTRATIVE CENTRE**

St Edmund House  
Bishop Crispian Way  
Portsmouth  
PO1 3QA

**BANKERS**

Lloyds Bank Plc  
2-4 Palmerston Road  
Southsea  
PO5 3QH

**SOLICITORS**

Blake Morgan  
New Kings Court, Tollgate  
Chandlers Ford  
Eastleigh  
SO53 3LG

**AUDITORS**

haysmacintyre  
26 Red Lion Square  
London  
WC1V 6AY

**INVESTMENT ADVISORS**

Charles Stanley & Co Ltd	C Hoare & Co
25 Luke Street	37 Fleet Street
London	London
EC2A 4AR	EC4P 4DQ

## **THE PORTSMOUTH DIOCESAN TRUST**

### **TRUSTEES' ANNUAL REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2014**

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The Trustees present their Report together with the financial statements of The Portsmouth Diocesan Trust and subsidiary companies for the year ended 31 August 2014, which are prepared in accordance with the Statement of Recommended Practice (SORP) 2005.

The Bishop and the Trustees are mindful of the Roman Catholic Church's call over the last three decades to move from what can be perceived as being an inward-looking organisation, seeking to preserve the status quo, to one which looks outwards to bring the Good News of Jesus Christ to the society in which it lives. So the Bishop has a vision of transforming the Diocese into an evangelising diocese, with a missionary-minded approach, or one of evangelistic Catholicism.

This New Evangelisation involves the re-evangelisation of former Christian cultures and of Christians who have been disconnected from their faith. Continued discernment will ensure that the Diocese's renewed missionary-focused efforts reflect an intention to re-evangelise the Diocese. Christ calls all women and men, and the vocation of lay people to holiness and mission in the midst of daily life is a central feature of the work of the Diocese.

### **GOVERNING INSTRUMENT**

The Charity was constituted by a Trust Deed dated 4 September 1934 registered under Charity Number 246871. On 11 September 1934 its Trustees were incorporated under the Charitable Trustees Incorporation Act 1872 in the name of Portsmouth Roman Catholic Diocesan Trustees Registered. Following an Order of the Charity Commission dated 14 August 2002, this Trust Deed was revoked and a new Trust Deed dated 5 August 2002, and a Deed of Variation dated 7 April 2004, were put in place by the Bishop and the Trustees. On 20 July 2001, there was a Direction from the Charity Commission that all the charities of which the Trustees are Trustees except the Portsmouth Roman Catholic Priests' Retirement Fund (Charity Number 1061194) and the charities holding real property in the Channel Islands, should be treated as a single charity for the purposes of registration and accounting under the Charities Act 1993.

### **TRUSTEES**

These are set out on page 1.

### **GENERAL CHARITABLE OBJECTIVES**

The objectives of the charity include the following: -

The provision, maintenance and upkeep of churches, public chapels and presbyteries belonging to or connected with the Roman Catholic Church in the Diocese.

The provision, maintenance and carrying on of the religious services of the said Church in such churches and public chapels or other places of like character.

The provision, maintenance and upkeep of houses of study, halls and colleges for the education and training of priests and persons desirous of becoming priests of the said Church in the Diocese or elsewhere.

The provision, maintenance and upkeep of schools and colleges for the general education both religious and secular or religious or secular of children and young persons, whether or not members of the said Church.

Generally for any such charitable purpose or purposes as in the opinion of the Bishop may be calculated to lead to the advancement or maintenance of the Roman Catholic religion.

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### **HISTORY AND ORGANISATION**

The Diocese of Portsmouth was created on 19 May 1882 when the original administrative counties of Hampshire and Berkshire were separated from the Archdiocese of Southwark. It now comprises an area bounded by a line from Bournemouth in the west, north as far as the outskirts of Oxford, then following the south bank of the River Thames eastwards through Reading and Maidenhead to Windsor before turning south through Sandhurst and Aldershot to Havant, together with the Isle of Wight and the Channel Islands. The Diocese is divided into parishes, which at the period end numbered 89 (2013 89). Each is established and operates under the Church's 1983 Code of Canon Law which bestows on them separate canonical status. This explains their treatment in these Accounts, specifically the columnar approach and their separate classification as "Designated Funds". Canon Law requires that each parish must have a Finance Committee to assist in the administration of the temporal goods of the parish by the parish priest.

The Charity is governed by the Trustees, with the Bishop as their chairman. The Trustees meet on a regular basis to further the mission of the Church in the Diocese, including attending to the financial, property, legal and administrative affairs of the Diocese. In accordance with Canon Law, a Diocesan Finance Council has been established. It consists of the same persons as are Trustees and meets at the same time as the Trustees.

On 1<sup>st</sup> September 2013, the start of the period covered by this report, and following the recommendations of the Review Group established by the Trustees in 2011, the new Diocesan structure became effective. The most important aspects of this structure, which are explained more fully below, are as follows:

- The Curia has been reorganised into three vicariates, that for Vocation, leading to that for Education, leading to that for Evangelisation, reflecting the threefold ministry of the Bishop who acts in the name of Our Lord Jesus Christ as priest, prophet and king
- Each Vicariate is headed by an Episcopal Vicar, who, together with the Vicars General, are the sole members of the Bishop's Council, all of whom have been appointed Trustees
- Each Vicariate has two departments, that for Vocation having those for Vocation and Clergy, that for Education having those for Schools and Educational Chaplaincies, and that for Evangelisation having those for Administration and New Evangelisation
- There are three Trustees' committees, corresponding to the three vicariates, each being chaired by the Episcopal Vicar for that vicariate
- The Living our Faith Committee, formerly the Living our Faith Impact Committee, continues to function independently of the Curia
- The Priests Retirement Fund Management Board continues as before, as the management board of a separate charity, the Portsmouth Roman Catholic Diocese Priests Retirement Fund
- The Safeguarding Commission, the Chancery and the Tribunal continue to operate independently of the Curia as before
- The Portsmouth Bamenda Committee, which promotes solidarity with the Archdiocese of Bamenda, Cameroon, West Africa, reports to the Department for New Evangelisation.

The authority of each committee is set out under terms of reference constituted in accordance with clause 12.2 of the Trust Deed and renewed annually. At present the three principal committees are composed solely of Trustees although non-Trustees with relevant expertise and experience may be invited to join them in future. The other committees have both Trustee and non-Trustee members.

The terms of reference of the three principal committees were approved by the Trustees at their meeting on 28 November 2013, as were updated terms of reference for the Living our Faith Committee and the Safeguarding Commission. The terms of reference for the Portsmouth Bamenda Committee were approved by the Trustees on 5<sup>th</sup> June 2015. These terms of reference are dealt with more fully below, under Trustee Committees

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#### **THE FRAMEWORK FOR COLLABORATION**

The Bishop has named the new Diocesan structure referred to under History and Organisation 'The Framework for Collaboration' (the 'Framework'). The name derives from the Bishop's vision, drawing on the work of the Catholic philosopher and theologian Bernard Lonergan, of a collaborative framework of small teams discussing and devising policies and sponsoring strategies, as opposed to the traditional model, drawn from business corporations, of hierarchal structures of authority.

The Framework mirrors the threefold ministry of the Bishop who acts in the name of Our Lord Jesus Christ as Priest, Prophet and King. Practically this has led to three Vicariates within the Framework: Vocation, Education and Evangelisation. These Vicariates represent three dynamically interrelated strands of Christian discipleship: call, formation and mission. The Framework brings dynamism and direction to all diocesan activities. The call of Christ invites the disciple to formation in Christian doctrine, life and spirituality, and in turn sends him or her out on mission.

In each Vicariate there are two Departments. The Vicariate for Vocation has the Department for Vocation and that for Clergy. The Department for Vocation has responsibility for all aspects of discerning, encouraging and supporting vocations to the priesthood, diaconate and religious life, the consecrated life and the new movements, together with the mission of strengthening the vocation of the laity, single and married; it also has responsibility for celebrating vocation through liturgy and pilgrimage. The Department for Clergy is responsible for the Bishop's support of clergy and for all chaplaincies, except educational chaplaincies.

The Vicariate for Education has the Department for Schools, responsible for the Diocesan schools and, to the appropriate extent, academies and independent schools. It also has the Department for Educational Chaplaincies, responsible for school, academy and university chaplaincies, as well as youth ministry.

The Vicariate for Evangelisation is divided into the Department for Administration and that for New Evangelisation. The former deals with finance, personnel, IT, property, professional advice, insurance and patrimony. The latter is responsible for the New Evangelisation, Bamenda, communications, formation for mission and dialogue and proclamation.

The overall objective of the six Departments is to fulfil the priorities which the Bishop has set for the Diocese, these being:

- Seek out and draw in the unbelieving and unchurched
- Develop a life-long discipleship, spiritual growth and a living relationship with Jesus Christ, above all in the Holy Eucharist
- Discern the gifts (charisms) and the vocations God has given to the Christian community
- Form and support existing and new extraordinary apostolates.

Each Department has its own direction and policy. Each Department has a number of teams, each consisting of up to 12 volunteers, lay, religious and ordained. Teams devise strategies and develop projects to fulfil their priorities, based on their Departmental priorities. Collectively, teams contribute to the overall objective of fulfilling the Diocesan priorities.

The Bishop has appointed two Vicars General and three Episcopal Vicars to assist him in the governance of the Diocese. They comprise his Bishop's Council. Each of the Episcopal Vicars is in charge of one of the three Vicariates mentioned above.

In the main the work of the Diocese is now conducted through these three Vicariates, Each Vicariate has its corresponding Trustee committee chaired by the relevant Episcopal Vicar. As mentioned above, there are also the three other committees, the Portsmouth Bamenda committee, the Living Our Faith committee and the Safeguarding Commission. The Safeguarding Commission, the Chancery and the Tribunal function independently of the Curia. The authority of each committee is set out under terms of reference constituted in accordance with clause 12.2 of the Trust Deed and renewed annually. A brief description of the terms of reference of each committee is set out below.

Another recommendation of the Review Group was that there should be a clear division between governance and management, with the Trustees setting the parameters and the Departments carrying out delegated executive responsibility. In part this recommendation is being implemented by the Trustees formulating policies and setting objectives, against which the Departments report at each Trustee meeting, with each Department also reporting to its Vicariate Committee.

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**TRUSTEE COMMITTEES**

The Vocation Vicariate Committee

The Committee is responsible for

- formulating policies and setting objectives for all matters within the Vicariate's responsibility,
- scrutinising departmental budgets
- reviewing reports about those policies and objectives and
- providing oversight and taking decisions, on behalf of the Trustees, in relation to any matter within the Vicariate's responsibility or referred to it by the Trustees with the Bishop's approval.

The Committee comprises, first, one of the Vicars General and the Episcopal Vicar (the ex-officio members), who remain members while they hold those posts, secondly, three other Trustees, one clerical and two lay (they and the ex-officio members being the core members), and, thirdly, others, whether Trustees or not, those secondly and thirdly mentioned being appointed by the Trustees with the Bishop's approval and holding office for a maximum of two terms of five years each.

The Trustees reserve to themselves major policy decisions, major expenditure decisions and major contractual decisions.

The Committee may appoint teams, to carry out specific tasks, and is to establish a panel, comprising the Moderator of the Curia, the Episcopal Vicar for Evangelisation and the Secretary to the Trustees.

The Committee may authorise any capital expenditure up to £250,000, a team up to £100,000, and the panel up to £50,000.

The Committee must meet at least five times a year. Two core members, one of whom must be an ex-officio member, constitute a quorum. No resolution can be passed without a vote in favour from one of the ex-officio members. The minutes of each meeting must be produced to the Secretary to the Trustees within 14 days after the meeting.

The Education Vicariate Committee

The terms of reference of the Education Committee are similar to those of the Vocation Committee save as follows:

- The responsibilities of the Committee relate to the Vicariate for Education, not the Vicariate for Vocation
- The Committee includes both the Vicars General, not just one of them, and the Episcopal Vicar for Education in place of that for Vocation.

The Evangelisation Vicariate Committee

The terms of reference of the Evangelisation Committee are similar to those of the Vocation Committee save as follows:

- The responsibilities of the Committee relate to the Vicariate for Evangelisation, not the Vicariate for Vocation
- The Committee includes the Episcopal Vicar for Evangelisation in place of that for Vocation
- The Committee provides Trustee oversight of finance, personnel, information technology, property and insurance including audit and other regulatory matters.

The Portsmouth Bamenda Committee

The Committee is to promote in the Diocese knowledge of and solidarity with the people of the Archdiocese of Bamenda, approve grants to projects that provide assistance to the Archdiocese, and raise funds through the annual Bamenda collection and other campaigns at a more local level.

The Committee is to comprise one of the Trustees, and others appointed by the Trustees with the Bishop's approval.

Grants are to be made in accordance with an annual budget approved by the Committee. Any grant exceeding £25,000 must be approved by the Episcopal Vicar for Evangelisation. No grant may be made if the effect of making that grant, and all other approved but unpaid grants would reduce the Bamenda fund below £50,000.

The Committee must meet at least four times a year. The quorum for a meeting is the chairman, the Trustee member and three other members. No resolution can be passed without a vote in favour from the Trustee member. If required by the Trustees, the minutes of each meeting must be produced to the Trustees.

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##### The Living our Faith Committee

This Committee is to provide oversight and take decisions, on behalf of the Trustees, in relation to all matters related to the management and disbursement of funds arising from the Living Our Faith Campaign.

The Committee comprises, first, three Trustees (the core members), and, secondly, others, whether Trustees or not, all being appointed by the Trustees with the Bishop's approval, all of whom hold office for a maximum of two terms of five years each.

The Trustees reserve to themselves major policy decisions, major expenditure decisions and major contractual decisions.

The Committee may authorise any capital expenditure up to £250,000.

The Committee must meet at least four times a year. Two core members constitute a quorum. No resolution can be passed without a vote in favour from one of the core members. The minutes of each meeting must be produced to the Secretary to the Trustees within 14 days after the meeting.

##### The Safeguarding Commission

The Commission is to fulfil the functions outlined in the guidelines adopted by the Catholic Safeguarding Advisory Service (the National Guidelines). Its members are to be appointed by the Trustees with the Bishop's approval and their composition is to be in accordance with the National Guidelines.

### **TRUSTEE INDUCTION AND TRAINING**

New Trustees are appointed by resolution of the Trustees with the approval of the Bishop and are provided with induction training prior to or following their appointment. At their meeting on 24<sup>th</sup> April 2014 the Trustees approved a policy for trustee appointments and terms of service. The key points of the policy are:

- The Trustees will comprise, first, the Bishop, secondly, the Bishop's Trustees, the Vicars General and the Episcopal Vicars for the time being and, thirdly, Ordinary Trustees, others who are clergy or laity, all being appointed by the Trustees with the Bishop's approval
- When an Ordinary Trustee is to be appointed, the Trustees must carry out a skills audit and must consider what methods of search for new Ordinary Trustees may be appropriate, having regard to the need to ensure inclusivity, diversity and transparency among the Trustees
- A subcommittee will obtain CVs, conduct interviews and make recommendations to the Trustees
- The Bishop is appointed at the first Trustees' meeting after his ordination. Vicars General and Episcopal Vicars are appointed under Canon law and are then appointed as the Bishop's Trustees for so long as they remain Vicars General or Episcopal Vicars. Ordinary Trustees are appointed by the Trustees.
- One fifth of the Ordinary Trustees must retire each year. An Ordinary Trustee may be reappointed but normally an Ordinary Trustee should not hold office for more than 10 years.

At their meeting on 11 December 2014, the Trustees approved a programme for Trustee training derived from the advice of leading counsel mentioned under Activities and Achievements below. This programme involves:

- Induction training as mentioned above
- General refresher training at no more than two yearly intervals.
- Mandatory training on five specific topics
- Regular training sessions of 1½ hours twice yearly on topics suggested by the three principal committees

### **ACTIVITIES AND ACHIEVEMENTS**

Throughout the year the Diocese has continued its work as a diocese in accordance with its charitable objects in the following areas:

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The provision, maintenance and upkeep of churches, public chapels and presbyteries belonging to or connected with the Roman Catholic Church in the Diocese. Practical completion of the new church at Hungerford took place on 9<sup>th</sup> April 2014 and the new church opened for worship on 13<sup>th</sup> April 2014. Although planning permission has been obtained for an enlarged church at St Joseph's, Romsey in the St Swithun Wells parish, the cost of the project proved prohibitive and has been abandoned. *The Trustees have agreed to work with the parish on finding an alternative.* The Trustees resolved, at their meeting on 4th September 2014 that the Iona Hall at Bridgemary should be reinstated and that there should be an investment of time, personnel and money in the Church's presence in such a marginalised part of the diocese. Practical completion of the new St Wilfrid's Church, Ventnor took place at the end of November 2014 and the parish started to use the church at Christmas 2014. Planning permission has recently been obtained on appeal for the development of the Allington Lane site in the St Swithun Wells parish for 72 residential dwellings.

The provision, maintenance and carrying on of the religious services of the said Church in such churches and public chapels or other places of like character. Throughout the year weekly Mass attendance remained steady at about 36,000 (2013 36,000) people and over 200 (2013 over 150) adults were baptised or otherwise received into full communion with the Church.

The provision, maintenance and upkeep of houses of study, halls and colleges for the education and training of priests and persons desirous of becoming priests of the said Church in the Diocese or elsewhere. Two men commenced studies for the priesthood in September 2014, bringing the total to eleven. Two of these students are due to be ordained to the priesthood in the summer of 2015 and a further two men are due to begin studies in September 2015. Following the ordination of one permanent deacon in December 2014 there are now nine men in formation for the permanent diaconate, four having begun their studies in September 2014.

The provision, maintenance and upkeep of schools and colleges for the general education both religious and secular or religious or secular of children and young persons, whether or not members of the said Church. Over 23,000 (2013 22,000) children attend Voluntary Aided Catholic schools and Catholic Academies within the Diocese, and a further 7,000 (2013 7,000) attend independent Catholic schools. The joint primary school on the Isle of Wight moved to its new location in newly built premises in September 2013. Additional land for the Diocesan school at Wokingham, St Theresa's was purchased in January 2014. The primary phase of an all through Academy in Bournemouth opened in September 2014. In 2011/2012 the Trustees adopted a positive policy towards the conversion of schools to academies, rather than their previous neutral policy. Furthermore, at their meeting on 11 December 2014, the Trustees resolved that all Diocesan schools should become academies by 1<sup>st</sup> September 2016. Six (2013 six) Diocesan schools (including one in joint trusteeship) have now converted to academies, plus a further one (2013 one) school within the Diocese although not in the Trustees' ownership. In December 2013 the new Sixth Form Centre at Christ the King Joint Catholic & Church of England College was opened. In July 2014 the Director of Schools resigned, having served the Diocese in that role for five years. The former deputy director has been appointed the interim director until 31 August 2015. The Trustees have resolved to take this opportunity to review the operation of the Schools Department and to defer the appointment of a new director pending the outcome of that review. The review will take into account, among other matters, the consequences for the Department of the Trustees' decision that all Diocesan schools should convert to academies. A school standards officer was appointed on 1<sup>st</sup> January 2015.

#### General charitable objectives

The most important development in the Diocese in the year the subject of this Report has been the introduction of the new structure for the Diocese, explained above under the Framework for Collaboration. Recruiting the teams to work within the Framework has been continuing throughout the year and up to the date of this report. The majority of the Framework Teams now contain volunteers. Team leaders have worked flexibly within the structure which has meant that some teams (e.g. those within the chaplaincy sub-department) are meeting as one large group rather than as several small teams. In the Department for Vocation the teams for marriage & family life, spirituality, called & gifted and liturgy are meeting regularly, with the called & gifted team being particularly busy. In the department for clergy significant work is also being done by the team for Bishop's support of clergy. In the department for educational chaplaincies meetings of school and university chaplains are starting and several exciting events have been organised and well attended by the youth chaplaincies team. In the department for new evangelisation, teams for new evangelisation, justice, peace & social responsibility, social research unit, charities & outreach, Caritas and inactive Catholics are being formed and are starting to plan their work. .

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In June 2014 the Bishop issued a new policy document *Developing Pastoral Areas in the Light of the New Evangelisation*, the fruit of the Pastoral Area Review of the preceding months. The aim of the policy is, first, to clarify the relationship between Pastoral Areas (PAs) and parishes and, secondly to group the PAs into Deaneries or Regional Pastoral Areas (RPAs) for the strategic planning needed for the New Evangelisation. The Diocesan PAs have been grouped into eight RPAs or Deaneries,

Following this review and the issue of the policy document, the Bishop has invited each Pastoral Area to establish a Pastoral Area Evangelisation Strategy Team, and, subsequently, each Deanery to establish a Deanery Evangelisation Strategy Team, to guide the Church's mission of evangelisation at the local level.

Also in June 2014, and partly linked with the strategy described in the two preceding paragraphs, Sherry Weddell from the Catherine of Siena Institute, a ministry of the Western Dominican Province of the USA and author of *Forming Intentional Disciples*, led a Called and Gifted Workshop attended by 250 people from around the Diocese. In the workshop she explained the role of the lay apostle, a lay person who is a disciple of Christ, and who accepts the call to go out and evangelise. Before the Workshop, Sherry Weddell trained around 30 interviewers. Workshop participants have been offered a chance to take part in a gifts discernment interview, to help them begin to discern their charisms. After an interview, each participant will also have the chance to take part in a small discernment group in their local area. Sherry Weddell also trained a teaching team of 14 people while she was in the Diocese. The teaching team hopes soon to be able to offer more live Workshops around the Diocese in different parishes, so that more people have a chance to go through this inspiring process. This has already taken place in two of the larger parishes in the Diocese, Hampshire Downs and St Swithun Wells.

A programme of administrative support visits was started at Easter 2012, the purpose being to support volunteers who undertake much of the local administration of the Charity. A third of the parishes in the Diocese have now been visited, with very few significant issues identified, all of which have been or are being dealt with.

Following the end of the Year of Faith proclaimed by Pope Emeritus Benedict XVI in November 2013, the Bishop proclaimed a Year of Faith in Action as a follow-up to the Year of Faith, to be a year of good works, of promoting justice, of putting faith into practice through deeds of charity, especially in the local community. In giving thanks for the works of outreach, justice and charity which have taken place across the Diocese throughout that year, on 26 October 2014 the Bishop proclaimed a Year of Prayer for the Sharing of the Gospel so that the New Evangelisation in the Diocese can really take root.

At their meeting on 12<sup>th</sup> June 2014, in light of the fact that a number of Trustees are due to retire over the next few years, the Trustees decided that a skills audit of all the existing Trustees should be carried out, to identify skills gaps when those Trustees do retire. The audit was conducted by pairs of Trustees interviewing each other and completing a pro-forma report. The result of the audit is to be put before the Trustees at a future meeting.

At their meeting on 11<sup>th</sup> December 2014 the Bishop informed the Trustees that Dr Duggan, the chairman of the Diocesan Safeguarding Commission, had resigned from that post, given her move to Australia in January 2015. Steps are in hand to appoint a successor and, in the meantime, to appoint an acting chairman.

Considerable progress has been made during the year with Communications. To mention some only of the recent developments: the Diocesan magazine Portsmouth People has been relaunched: the Bishop issues a weekly e-newsletter; the Diocese is on both Facebook and Twitter. A strategic communications plan and a diocesan operating procedure for communications are being developed.

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During the year and subsequently the Trustees have adopted the following policies, guidelines and diocesan operating procedures (DOP):

- Policy on food safety (28<sup>th</sup> November 2013)
- Policy on Trustees decision making which reflects both the methodology proposed by the Bishop and the guidance of the Charity Commission. (13<sup>th</sup> February 2014)
- DOP for the relegation to profane use and/or permanent closure of churches and the alienation of former sacred edifices (24<sup>th</sup> April 2014)
- Policy for Trustee appointments and terms of service (24<sup>th</sup> April 2014)
- A DOP about the use of information technology. (24<sup>th</sup> April 2014) Well-attended training sessions on the policy were conducted throughout the Diocese during the year and subsequently.
- A risk assessment document (4<sup>th</sup> September 2014)
- Policy about whistle-blowing (drafted as a DOP) (4<sup>th</sup> September 2014)
- Policy about anti-bribery & anti-corruption (drafted as a DOP) (4<sup>th</sup> September 2014)
- Guidelines on co-operation with third party charities (11<sup>th</sup> December 2014)
- Guidelines on ethical investment (11<sup>th</sup> December 2014)
- Electronic meetings (5<sup>th</sup> June 2015)
- Complaints (5<sup>th</sup> June 2015)

During the year and subsequently the Trustees have discussed but not yet adopted the following:

- Criteria for new and expanded schools and academies
- Revised guidance on sex and relationships educations for Catholic schools and academies

### **LOOKING FORWARD**

Significant progress continues to be made in realising the Bishop's vision of transforming the Diocese into an evangelising diocese, with a missionary minded approach or one of Evangelistic Catholicism, as is explained at the start of this report.

An important part of this exercise is the proposed creation of Evangelisation Strategy Teams (ESTs) in all the Pastoral Areas of the Diocese. These teams, made up of up to 12 people each, both clergy and laity, women and men, and of all ages, meeting three times a year, will have the task of guiding the Church's mission at the local level by devising and monitoring simple missionary projects.

In turn, the Called and Gifted process, to be rolled out throughout the Diocese in the coming months, has the aim of enabling the laity to discover their charisms (gifts) and to put them to use in evangelising the society in which they live by, for example, taking part in the missionary projects devised by their local EST.

As explained in the Bishop's pastoral letter in October 2014, over the next months, the Department of New Evangelisation will lead the Diocese in a fresh endeavour called "Sharing the Joy of the Gospel."

It was a recommendation of the Curial and Governance Review that the new Diocesan structure should be reviewed after it had been in operation for a year. That review will take place during the coming year.

The review of the Diocesan Operating Procedures commenced in January 2015, with a target completion date of 30<sup>th</sup> June 2015. The revised DOPs are to be laid before the Trustees in order that they may be adopted, promulgated and come into effect on 1<sup>st</sup> September 2015, with training taking place across the Diocese in the weeks following their adoption.

### **FUNDRAISING**

The Living Our Faith campaign concluded in June 2010. Some pledges have been cancelled due to deaths or changed circumstances. The total now amounts to £13,142,106 (2013 £12,993,689)

The Trustees have dedicated these funds under four separate headings:

Clergy training and support £2,915,803 (2013 £2,878,176)  
Parish and pastoral area lay formation £2,915,803 (2013 £2,878,176)  
Renewing facilities £1,457,902 (2013 £1,439,088)  
Parish local funds £5,852,598 (2013 £5,798,249)

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At the date of the report £12,248,670 (2013 £10,993,791) has been received, allocated between the funds as follows:  
Clergy training and support £2,715,141 (2013 £2,436,919)  
Parish and pastoral area lay formation £2,715,141 (2013 £2,436,919)  
Renewing facilities £1,357,571 (2013 £1,218,460)  
Parish local funds £5,460,817 (2013 £4,901,494)

The Trustees have approved the disbursement of these funds in accordance with the campaign objectives, as follows:  
Clergy support £427,879 (2013 £209,407)  
Parish and pastoral area lay formation £1,191,631 (2013 £869,280)  
Renewing facilities £241,940 (2013 £346,958 including one project subsequently deferred)  
Parish local funds £3,430,056 (2013 £2,889,623)

The Trustees expect to make further disbursements of Living Our Faith funds in the coming years, including meeting the cost of the Diocesan vocations promoter, clergy sabbaticals and the maintenance of students for the priesthood.

At their meeting on 13 February 2014 the Trustees approved a proposal for the instigation of a follow-up campaign to the Living our Faith campaign, to be called Our Parishes' Future, its purpose being to seek continued financial support from existing donors and support from those who have not yet given. A pilot phase of this programme started during the year in ten parishes and shows an increased parish offertory in those parishes of £2.29M over five years, equivalent to an average annual increase in each parish of 50%. The trustees have authorised the continuation of the programme in all other parishes as wish to take part.

### **FINANCIAL REVIEW**

The Statement of Financial Activities is in the main summary of the financial activities of the Charity for the period. This shows an increase in funds of £100,241 (2013 £615,565) on normal activities, with an increase in investment funds of £585,749 (2013 £1,563,229). The investment properties were formally revalued at 31<sup>st</sup> August 2010. Included in income are legacies to the value of £855,744 compared to £983,568 in 2013.

Devolved Formula Capital funds continued to be transferred to the Diocese, to be held on behalf of the voluntary aided diocesan schools. At the period end, a total of £1,810,625 (2013 £1,460,579) was held for those schools.

Improving and maintaining the properties owned by the Charity is a major priority, with a total of £2,590,551 (2013 £2,471,757) spent on repairs and a further £1,361,972 (2013 £1,250,961) spent on capital projects during the period. No surplus land and buildings were disposed of in the period (2013 nil).

To facilitate the funding of this expenditure on property, all parish funds are lodged centrally, thereby enabling interest free loans to be made to parishes undertaking these major expenditures, should these parishes not have sufficient financial resources available. In order to minimise the charges made by the Diocese's bankers in respect of the offset banking facilities, with effect from 1<sup>st</sup> March 2012, the Diocese has adopted a weekly sweeping system, whereby parish operating accounts are kept at a working balance of £10,000 in credit and all overdrawn accounts are eliminated.

The curial activities cover the work of the Bishop and the various departments which deal with vocation and clergy, schools and educational chaplaincies, and administration and new evangelisation. These are in the main funded by a levy on the income of the parishes.

The curial activities also include a number of restricted and designated funds, which are administered by the Curia for specific purposes. These are listed in the notes to the accounts.

Throughout the Charity, there are also fund raising activities for outside charitable activities, which in the period amounted to £689,489 (2013 £590,647). This fundraising income is considered a conduit where the Diocese acts as agent for the third party charities and has therefore been excluded from the Charity's accounts.

The financial statements give only a partial view of the activities of the Charity. There are many thousands of active members and contributors to the Charity, whose activities, together with those of the clergy and lay staff who work within the Diocese, extend far beyond and, in a dynamic way, give expression to the Charity's work in pursuance of its objects.

## **THE PORTSMOUTH DIOCESAN TRUST**

### **TRUSTEES' ANNUAL REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2014**

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#### **DIOCESAN SCHOOL PROPERTIES**

The Charity is the legal owner of 51 properties used as part of the sites occupied by 51 of the 48 (2013 48) voluntary aided Catholic schools and 6 (2013 6) Catholic Academies within the Diocese. These schools are “exempt” charities in their own right, and following the implementation of Charities Act 2006, now the Charities Act 2011, are now “excepted” and none of their transactions are included in these accounts. Parishes are, however, required to make contributions towards certain property and other costs and these are treated as Parochial Resources Expended. The nature of the occupation of these properties means that the Trustees do not have the power to dispose of the land and buildings until a school closes or is transferred, which in turn requires the approval of the school governors and the Secretary of State. Consequently, for the purposes of these Accounts, the land and buildings are not included at any value (see accounting policy (f)).

#### **INVESTMENT POWERS**

The Charity’s investments are structured as units in The Diocese of Portsmouth Common Investment Fund (DOPIF). The investment policy is determined by the Evangelisation Committee, which meets periodically to monitor investments and to discuss with the investment managers their performance. The investment managers are also instructed that their choice of investments must take into account the ethical position of the Catholic Church, and this is monitored.

At their meeting on 13 February 2014 the Trustees resolved to accept a proposal made by a panel comprising two lay Trustees, a stockbroker who was the professional member of the Investments Committee until its closure, and the secretary and assistant secretary to the Trustees. The panel invited tenders from six firms, as well as the then portfolio managers, and then interviewed four of the six. The panel’s proposal was that for the next five years the Charity’s investment portfolio should be managed as to 50% by Charles Stanley and Co and 50% by C. Hoare and Company.

The fund comprises an investment portfolio and a Common Investment Fund called Charifaith which are managed by the diocesan investment managers. The performance of the investment portfolio in the year to 31 December 2014 showed a return of 6.7% (2013 14.8%) against a benchmark return of 5.4% (2013 15.4%). Charifaith returned 6.4% (2013 13.8%) in the year ended 31 December 2014, against a benchmark of 8.1% (2013 13.8%). The Trustees consider that the performance against benchmark does not cause them concern, because of the long term nature of the investment fund.

#### **RESERVES POLICY AND ASSET COVER FOR FUNDS**

As at 31 August 2014, Curial reserves amounted to £9,318,351 of which £261,190, approximately one month’s general expenditure, is free from any restrictions or designations. This is an increase of £151,097 in the unrestricted reserves in the year. These are the true free funds of the Charity, which are available for supporting any or all of the activities of the Charity. The Trustees believe that the increase in designated curial funds means that the level of free reserves is not an immediate concern.

There are other amounts totalling around £9.1m, which have specific restrictions and designations, or are permanent endowments, that can only be utilised for the purpose for which the funds have been set up.

The funds within parishes total around £57.9m, of which £38.5m is represented by the value of churches and other functional properties. This is an increase of around £0.1m for the year. These funds are for the purposes of the activities of individual parishes, and designated for that use.

The Trustees have addressed the issue of ensuring that the central budget is balanced and have adopted a policy of setting a five-year budget, to be updated annually. This budget was set with particular notice being taken of the likely lower rates of investment return over the next few years. Quarterly reports in the form of management accounts covering central diocesan expenditure are provided to the Evangelisation Committee.

#### **RISK ASSESSMENT**

The Trustees have assessed the major risks to which the Charity is exposed, in particular those relating to the operation and finances of the Charity. The Trustees have put in place insurances, checks, controls and procedures to mitigate those risks. However, in order to ensure the robustness of the management of those risks the Trustees adopted a risk assessment report identifying the risks to which the Diocese is exposed, the likelihood of their occurrence, their effect and the action to control them at their meeting on 4<sup>th</sup> September 2014.

**THE PORTSMOUTH DIOCESAN TRUST**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**CONNECTED CHARITY**

A connected charity is identified in Note 15.

**PUBLIC BENEFIT**

The Diocese is governed in accordance with the requirements of Christian belief as found in Sacred Scripture and Catholic Tradition. In preparing this report, the Trustees have had regard to the Charity Commission's guidance on public benefit and are cognisant of the requirement to demonstrate that the Charity provides such a public benefit through the fulfilment of its objectives.

All Trustees have received training on the public benefit requirement as set out in the Charity Commission's guidance on public benefit.

The Trustees believe that in the provision of places of worship, community activity and education, in the holding of services of public worship, in raising awareness and understanding of Catholic religious beliefs and practices, in the carrying out of pastoral work in parishes, schools, hospitals, prisons and universities and in the support of the Catholic Church in the Diocese of Bamenda in the Cameroon, the Charity meets this requirement and also fulfils its Gospel duty. The Trustees believe that the work of the Diocese benefits the public by bringing meaning to people's lives, by providing opportunities to strengthen their relationship with God, by providing a moral and ethical framework within which to lead their lives and by promoting community and social cohesion through its pastoral work.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The purpose of this statement is to distinguish the Trustees' responsibilities for the accounts from those of the auditors as stated in their report. The Charities Act 2011 requires the Trustees to prepare for each financial period financial statements which give a true and fair view of the Charity's financial activities during the period and of its financial position at the period end. In preparing the financial statements the Trustees are required to:

- Select suitable accounting policies and 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that this basis applies.

The Trustees are responsible for ensuring proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Charity and enable them to ensure that the financial statements comply with the Trust Deeds and the disclosure regulations. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

Approved by the Board of Trustees on 5<sup>th</sup> June 2015 and signed on its behalf by:

Rt. Rev Philip Egan (Trustee)

Rev Dominic Golding (Trustee)

# **THE INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE PORTSMOUTH DIOCESAN TRUST**

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We have audited the financial statements of the Portsmouth Diocesan Trust and subsidiary companies for the period ended 31 August 2014, which comprise the consolidated Statement of Financial Activities, the group and charity Balance Sheet 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 Trustees, 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 Auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 8), the Trustees are responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditors 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 (APB'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](http://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 August 2014 and of its incoming resources and application of resources, 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' Annual 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.

**Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY**

**haysmacintyre  
Chartered Accountants  
Registered Auditors**

**5<sup>th</sup> June 2015**

haysmacintyre are eligible to act as auditors in terms of section 1212 of the Companies Act 2006

**PORTSMOUTH DIOCESAN TRUST**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 AUGUST 2014**

		Unrestricted Funds		Restricted Funds	Total 2014	2013
	Notes	Curial £	Parochial £	£	£	£
<b>Incoming resources</b>						
<b>Incoming resources from generated funds:</b>						
Donations and Offertories		1,101,729	8,779,052	833,908	10,714,689	10,617,778
Legacies		58,224	691,702	105,818	855,744	983,568
Other		470,945	224,050	82,134	777,129	529,475
<b>Activities to generate funds:</b>						
Rent – investment properties		28,140	394,403	-	422,543	409,613
miscellaneous lettings		-	1,215,069	5,930	1,220,999	1,290,183
Income of trading subsidiaries	16	-	384,398	-	384,398	628,258
Investment income and interest receivable	1	125,614	108,175	125,658	359,447	378,363
<b>Other incoming resources:</b>						
Insurance Claims		-	100,547	229	100,776	60,089
Gain on disposal of tangible fixed assets		-	-	-	-	-
		<u>1,784,652</u>	<u>11,897,396</u>	<u>1,153,677</u>	<u>14,835,725</u>	<u>14,897,327</u>
<b>Resources expended</b>						
<b>Costs of generating funds</b>						
Expenses of trading subsidiaries		-	392,569	-	392,569	585,870
Finance costs		58,233	-	-	58,233	102,753
“Living Our Faith” Appeal Costs		48,345	-	-	48,345	44,633
Activities in furtherance of the Roman Catholic Faith		3,156,454	9,829,897	942,521	13,928,872	13,292,957
<b>Governance costs</b>		<u>307,465</u>	<u>-</u>	<u>-</u>	<u>307,465</u>	<u>255,549</u>
Total resources expended	2 & 3	<u>3,570,497</u>	<u>10,222,466</u>	<u>942,521</u>	<u>14,735,484</u>	<u>14,281,762</u>
<b>Net (Outgoing)/Incoming Resources before transfers</b>						
		(1,785,845)	1,674,930	211,156	100,241	615,565
Transfers between Funds		385,211	32,568	(417,779)	-	-
Transfers - Schools Building Fund Levy		-	-	-	-	-
Transfers - Diocesan Levy		1,762,943	(1,762,943)	-	-	-
<b>Net (Outgoing)/Incoming Resources for the Year/Period</b>		<u>362,309</u>	<u>(55,445)</u>	<u>(206,623)</u>	<u>100,241</u>	<u>615,565</u>
<b>Other Recognised Gains &amp; Losses</b>						
Realised and Unrealised Gains on investments		202,009	167,804	215,936	585,749	1,563,229
<b>Net movement in funds</b>		<u>564,318</u>	<u>112,359</u>	<u>9,313</u>	<u>685,990</u>	<u>2,178,794</u>
Fund balances brought forward		6,309,006	55,926,870	4,304,871	66,540,747	64,361,953
<b>Fund balances carried forward</b>		<u>£6,873,324</u>	<u>£56,039,229</u>	<u>£4,314,184</u>	<u>£67,226,737</u>	<u>£66,540,747</u>

**THE PORTSMOUTH DIOCESAN TRUST**

**CONSOLIDATED BALANCE SHEET**

**AS AT 31 AUGUST 2014**

	Notes	Curial Funds £	Parochial Funds £	Year ended 31 August 2014 £	Year ended 31 August 2013 £
<b>Fixed Assets</b>					
Tangible assets	5	1,178,322	38,998,997	40,177,319	39,481,860
Investments	6	7,731,996	16,961,013	24,693,009	24,560,361
		<u>8,910,318</u>	<u>55,960,010</u>	<u>64,870,328</u>	<u>64,042,221</u>
<b>Current Assets</b>					
Debtors and prepayments	7	2,075,240	435,769	2,511,009	1,472,532
Cash at bank and in hand		1,098,495	1,556,406	2,654,901	3,581,352
		<u>3,173,735</u>	<u>1,992,175</u>	<u>5,165,910</u>	<u>5,053,884</u>
<b>Creditors: due within one year</b>	8	<u>(2,353,931)</u>	<u>(455,570)</u>	<u>(2,809,501)</u>	<u>(2,555,358)</u>
<b>Net Current (Liabilities)/Assets</b>		<u>819,804</u>	<u>1,536,605</u>	<u>2,356,409</u>	<u>2,498,526</u>
<b>Parish Loan Accounts</b>					
Due from parishes		7,268,796	(7,268,796)	-	-
Due to parishes		(7,680,567)	7,680,567	-	-
		<u>(411,771)</u>	<u>411,771</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		<u>£9,318,351</u>	<u>£57,908,386</u>	<u>£67,226,737</u>	<u>£66,540,747</u>
<b>Unrestricted Funds</b>					
General Funds		261,190	-	261,190	110,093
Designated Funds	11	6,612,135	56,039,229	62,651,364	62,125,783
		<u>6,873,325</u>	<u>56,039,229</u>	<u>62,912,554</u>	<u>62,235,876</u>
<b>Restricted Funds</b>	10	2,411,828	1,149,599	3,561,427	3,557,687
<b>Permanent Endowment Funds</b>	9	<u>33,198</u>	<u>719,558</u>	<u>752,756</u>	<u>747,184</u>
<b>RESERVES</b>		<u>£9,318,351</u>	<u>£57,908,386</u>	<u>£67,226,737</u>	<u>£66,540,747</u>

Approved by the Trustees on 5<sup>th</sup> June 2015 and signed on their behalf by:

Rt Rev Philip Egan

Rev Dominic Golding

(Trustee)

(Trustee)

The notes form part of these accounts.

**THE PORTSMOUTH DIOCESAN TRUST****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 AUGUST 2014**

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	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of Net Incoming Resources to Cash</b>		
<b>Inflow from Operating Activities</b>		
Changes in resources before revaluations	100,241	615,565
Returns on investment	(359,447)	(378,362)
Depreciation	785,378	771,982
Gain on disposal of Tangible Fixed Assets	-	-
Decrease/(Increase) in debtors	(1,038,477)	252,645
Increase/(Decrease) in creditors	254,143	(418,817)
	<u>£(258,162)</u>	<u>£843,013</u>
<b>CASH FLOW STATEMENT</b>		
<b>Net cash inflow from operating activities</b>	(258,162)	843,013
Returns on investment	359,447	378,362
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(1,484,856)	(1,279,991)
Receipts from sales of tangible fixed assets	4,019	412,700
Payments to acquire investments	(2,365,630)	(3,776,990)
Receipts from sales of investments	2,818,731	4,625,821
	<u>£(926,451)</u>	<u>£1,202,915</u>

**ANALYSIS OF CHANGES IN CASH IN HAND AND AT BANK**

	<b>2013</b>	<b>Cash Flows</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand and at bank	<u>£3,581,352</u>	<u>£(926,451)</u>	<u>£2,654,901</u>

## THE PORTSMOUTH DIOCESAN TRUST

### STATEMENT OF ACCOUNTING POLICIES

#### FOR THE YEAR ENDED 31 AUGUST 2014

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The financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations, the Statement of Recommended Practice "Accounting by Charities" SORP 2005 (issued in March 2005) and applicable accounting standards issued by UK accountancy bodies. The particular accounting policies adopted are described below. The financial statements are prepared under the historical cost convention, as modified to include certain tangible fixed assets at a valuation and fixed asset investments at market value.

**a) Basis of preparation**

The financial statements represent the Portsmouth Diocesan Trust together with its wholly owned trading subsidiary companies (consolidated on a line by line basis) listed in note 16. Since the consolidated balance sheet is not materially different from the Trust balance sheet only a consolidated balance sheet and consolidated notes to the accounts have been presented. In accordance with paragraph 397 of the Charities SORP 2005, no separate statement of financial activities has been prepared for the Charity alone.

**b) Legacies, Donations and Grants**

Legacies and donations are recognised when receivable or when the Diocese becomes legally entitled to them and they can reasonably be measured in financial terms. Receipts of property, investments or other gifts in kind are included at market value. Grants are recognised when receivable.

**c) Investments and Investment Income**

Quoted investments are valued at their middle price on the balance sheet date. Investment properties are stated at a Trustees' valuation, as advised by a qualified Chartered Surveyor. Investment income is accounted for as it accrues.

**d) Taxation**

As a registered charity, the Diocese is exempt from income tax, corporation tax and capital gains tax derived from its charitable activities. Recovery of tax deducted at source is credited to the category of income to which it relates.

**e) Expenditure**

Charitable expenditure consists of all expenditure directly relating to the objects of the Charity. Certain central costs, which cannot be directly allocated, are apportioned between direct charitable expenditure and governance costs on the basis of the Trustees' estimate of the time spent on the relevant functions.

Governance costs comprise the costs of running the Charity, including strategic planning for its future development, also external audit, any legal advice, and all the costs of complying with constitutional and statutory requirements, such as the costs of Trustees' meetings and of preparing statutory accounts and satisfying public accountability.

**f) Tangible Fixed Assets**

Prior to 1 January 1997 the cost of fixed assets was written off in the year of acquisition and no comprehensive cost records were maintained. In order to arrive at a reasonable valuation of parish property, taking into account age, type, condition and life expectancy, the Trustees considered that the then insured values should be discounted by 90% and in subsequent years be depreciated at 2% per annum, on the building value only. Properties acquired after 31 August 1996 are capitalised at their actual cost of acquisition.

The Diocese owns a number of properties that are occupied and run by independent charities in the form of Voluntary Aided Schools and Catholic Academies. The school properties (land and buildings) are vested in the name of the Trustees. The Trustees cannot take a unilateral decision to dispose of these properties. Disposal can only occur if the school governors and the Secretary of State for Education decide that all or part of a school site is no longer required for education. In most circumstances, where a disposal occurs, the Secretary of State or the local authority may be entitled to recoup any grant. Although no rights of ownership vest in the school governing body, most other rights and obligations, such as for the maintenance and repair of the school and its facilities, are passed to the governors. The Trustees therefore consider that there is no capital value to the Diocese in the stock of school buildings.

## THE PORTSMOUTH DIOCESAN TRUST

### STATEMENT OF ACCOUNTING POLICIES (Continued)

#### FOR THE YEAR ENDED 31 AUGUST 2014

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**f) Tangible fixed assets (continued)**

Thus these properties have not been capitalised. There is a potential value, or contingent asset, in the event of a closure of a school (either connected to a re-organisation or not). Such an asset is recognised only upon the occurrence of a closure/re-organisation and the site's development value becoming certain, such as upon the granting of planning permission. The recognition of this value is accounted for as an incoming resource in the year in which this value becomes measurable and certain.

Prior to 4 September 1934, the date of the original Trust Deed of the Charity, most parish properties were acquired on trusts related to individual parish missions and were formally brought under the legal control of the Trustees by virtue of Charity Commission schemes dated 4th and 7th February 1936. These assets are included in Parochial Funds.

There are a few properties held on trusts created after 1934 which are different from those in the 1934 and 2002 trust deeds. These assets are also included in Parochial Funds.

The estimated cost of furniture, equipment and motor vehicles held at 31 August 1996 has been capitalised in the financial statements. Subsequent additions in excess of £5,000 are capitalised at cost. Individual works of art, historical treasures and plate are not capitalised.

Depreciation is calculated by the straight line method to write off the cost/value less anticipated residual value, over the expected useful lives of assets as follows: -

Freehold property (excluding land)	50 years
Furniture and equipment	5 to 20 years

**g) Gains and Losses**

Gains/losses on investments are calculated as the difference between opening market value and closing market value after adjusting for additions and disposals during the period. No distinction is made between realised and unrealised gains in the financial statements.

**h) Schools Building Programme**

Any grants obtained on behalf of school governors are netted off against total costs and only the residual cost to the Diocese is included in the financial statements.

**i) Parochial Funds**

Each Parish is considered by Canon Law to be a juridical person with corresponding rights and obligations, including the holding and use of funds. The use of these parochial funds is the responsibility of the Parish Priest, Diocesan Finance Council and the Trustees in varying ways depending on the amount and significance of the funds. However, for the purposes of civil law parishes are not distinct legal entities and, unless there are distinct and express special trusts clearly evidenced in law, parochial funds are therefore shown as unrestricted but designated funds.

**j) Permanent Endowment Funds**

The capital of Permanent Endowment Funds must be maintained intact with any income arising being available for restricted or general charitable purposes of the Diocese, according to the terms of the original gift.

**k) Fund Accounting**

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives.

Designated funds are funds set aside by the Trustees for specific purposes (see note 11).

Restricted funds are used for specific purposes as stated by the grantor. Expenditure which meets these criteria is charged to the fund (see note 10).

**l) Pensions**

All eligible staff may join a personal pension scheme of their choice to which the Diocese makes a matching contribution of up to five per cent of salary. As a defined contribution scheme, no liability falls upon the Diocese, as employer, to make good a shortfall of funding other than contributions due.

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

<b>1. INVESTMENT INCOME AND INTEREST RECEIVABLE</b>					<b>Year ended 31 August 2014 £</b>	<b>Year ended 31 August 2013 £</b>
Arising on quoted investments					354,549	366,209
Bank interest					4,898	12,154
					<u>£359,447</u>	<u>£378,363</u>
<b>2. CHARITABLE EXPENDITURE</b>					<b>Year ended 31 August 2014 £</b>	<b>Year ended 31 August 2013 £</b>
	<b>General Funds £</b>	<b>Designated Funds £</b>	<b>Restricted Funds £</b>	<b>Parochial Funds £</b>		
<b>Activities in the furtherance of the Roman Catholic Church</b>						
Curial and Diocesan	1,748,184	-	-	-	1,748,184	1,993,737
Clergy training	67,036	178,515	351	-	245,902	209,857
Educational purposes	-	15,057	340,027	-	355,084	362,341
Social purposes	-	238,554	128,246	-	366,800	336,635
Risk management	-	224,261	-	-	224,261	8,725
Parochial expenses	-	90,000	473,897	9,829,897	10,393,794	9,926,647
Support costs	594,847	-	-	-	594,847	455,015
<b>Governance costs</b>						
Finance and Property department	100,569	-	-	-	100,569	92,519
Audit	54,790	-	-	-	54,790	50,640
Legal	97,864	-	-	-	97,864	56,440
Curial & Governance Review	54,242	-	-	-	54,242	55,950
<b>Costs of generating Funds</b>						
Subsidiaries	-	-	-	392,569	392,569	585,870
Finance costs	58,233	-	-	-	58,233	102,753
“Living Our Faith” Appeal Costs	48,345	-	-	-	48,345	44,633
	<u>£2,824,110</u>	<u>£746,387</u>	<u>£942,521</u>	<u>£10,222,466</u>	<u>£14,735,484</u>	<u>£14,281,762</u>

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

<b>3. RESOURCES EXPENDED</b>	<b>Personnel (incl. Clergy) £</b>	<b>Property £</b>	<b>Depreciation £</b>	<b>Other £</b>	<b>Total £</b>
<b>Analysis of costs</b>					
Costs of generating funds	101,692	-	2,926	394,529	499,147
Charitable expenditure	4,295,534	2,312,750	782,452	6,538,136	13,928,872
Governance costs	37,328	-	-	270,137	307,465
	<u>£4,434,554</u>	<u>£2,312,750</u>	<u>£785,378</u>	<u>£7,202,802</u>	<u>£14,735,484</u>

Support costs have been directly charged to the relevant activity on the basis of use.

	<b>2014 £</b>	<b>2013 £</b>
Governance costs include		
Auditors remuneration – Audit (including VAT)	<u>£40,800</u>	<u>£39,600</u>

<b>4. STAFF</b>	<b>Year ended 31 August 2014 £</b>	<b>Year ended 31 August 2013 £</b>
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The average number of total employees (not full time equivalents) of the Diocese during the period and their aggregate emoluments are shown below

**Staff Costs:**

Wages and salaries	2,712,384	2,820,717
Social security	145,699	155,829
Pension costs	32,197	30,251
	<u>£2,890,280</u>	<u>£3,006,797</u>

**Number of Employees:**

	<b>No</b>	<b>No</b>
Departments	34	31
Parish	234	233
	<u>268</u>	<u>264</u>

Employees with emoluments greater than £60,000:

	<b>2014</b>	<b>2013</b>
£80,000 - £90,000	1	0
£70,000 - £80,000	0	1
£60,000 - £70,000	1	1

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

<b>5. TANGIBLE FIXED ASSETS</b>	<b>Freehold Buildings £</b>	<b>Furniture &amp; Equipment £</b>	<b>Total £</b>
<b>COST OR VALUATION</b>			
At 1 September 2013	45,613,745	2,724,753	48,338,498
Additions	1,361,172	43,544	1,404,716
Disposals	-	(106,607)	(106,607)
Transfers from Investments	80,140	-	80,140
At 31 August 2014	<u>47,055,057</u>	<u>2,661,690</u>	<u>49,716,747</u>
<b>DEPRECIATION</b>			
At 1 September 2013	6,684,552	2,172,086	8,856,638
Charge for the period	723,976	61,402	785,378
On disposals	-	(102,588)	(102,588)
Transfers from Investments	-	-	-
At 31 August 2014	<u>7,408,528</u>	<u>2,130,900</u>	<u>9,539,428</u>
<b>NET BOOK VALUE</b>			
At 31 August 2014	<u>£39,646,529</u>	<u>£530,790</u>	<u>£40,177,319</u>
At 31 August 2013	<u>£38,929,193</u>	<u>£552,667</u>	<u>£39,481,860</u>

The Diocese also owns a number of properties, which are occupied and run by independent charities in the form of Voluntary Aided Schools and Catholic Academies. The Trustees consider that these properties have no capital value to the Charity – see Accounting Policy (f). The total re-instatement cost of these schools is approximately £300m. A list of the schools in the Diocese is set out on the Diocesan website ([www.portsmouthdiocese.org.uk](http://www.portsmouthdiocese.org.uk)).

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

<b>6. INVESTMENTS</b>	<b>Investment Properties £</b>	<b>Quoted Investments £</b>	<b>Total £</b>
Market value at 1 September 2013	15,840,247	8,720,114	24,560,361
Additions	68,270	2,297,360	2,365,630
Disposals	(424,000)	(2,314,591)	(2,738,591)
Transfers to Fixed Assets	(80,140)	-	(80,140)
Revaluation gains/(losses)	-	585,749	585,749
Market value at 31 August 2014	<u>£15,404,377</u>	<u>£9,288,632</u>	<u>£24,693,009</u>

All quoted investments (other than cash) are quoted on a recognised UK Stock Exchange or are valued by reference to investments listed on a recognised Stock Exchange. No figure for the cost of the investment properties owned at 1 January 1997 is available; the value at which they were first recognised in the accounts was £1,014,500.

Included within the investment portfolio at the period end were the following investments which represented more than 5% of the total portfolio valuation:

Charifaith Distribution Units	50.22%
BLK Global Income Units	5.90%
Charinco Distribution Units	5.47%

**THE PORTSMOUTH DIOCESAN TRUST**  
**NOTES TO THE ACCOUNTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

<b>7. DEBTORS</b>	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
School and other loans	1,048,238	444,034
Legacies Receivable	598,029	576,519
Other debtors and prepayments	864,742	451,979
	<u>£2,511,009</u>	<u>£1,472,532</u>

<b>8. CREDITORS</b>	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
School and other loans	1,975,539	1,912,516
Other creditors and accruals	833,962	642,842
	<u>£2,809,501</u>	<u>£2,555,358</u>

**9. PERMANENT ENDOWMENT FUNDS**

	<b>Balance at 1 September 2013 £</b>	<b>Net Incoming/ (Outgoing) Resources £</b>	<b>Movement On Investments £</b>	<b>Balance at 31 August 2014 £</b>
<b>Parochial Funds</b>				
Properties	408,052	(5,280)	-	402,772
Other	107,221	-	6,583	113,804
St Mary's Mission	200,671	-	2,311	202,982
	<u>715,944</u>	<u>(5,280)</u>	<u>8,894</u>	<u>719,558</u>
<b>Curial Funds</b>	31,240	-	1,958	33,198
	<u>£747,184</u>	<u>£(5,280)</u>	<u>£10,852</u>	<u>£752,756</u>

**THE PORTSMOUTH DIOCESAN TRUST**

**NOTES TO THE ACCOUNTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

<b>10. RESTRICTED FUNDS</b>	<b>Balance at 1 September 2013 £</b>	<b>Incoming Resources £</b>	<b>Resources Expended £</b>	<b>Transfers £</b>	<b>Movement On Investments £</b>	<b>Balance at 31 August 2014 £</b>
<b>CURIAL</b>						
Social Welfare	117,363	5,852	(513)	(20,000)	9,950	112,652
Clergy Training	936,953	218,500	(5,594)	(222,604)	101,655	1,028,910
Bamenda Fund	104,682	103,978	(84,184)	-	7,088	131,564
Clergy Assistance	20,012	139,482	(34,178)	(142,607)	18,460	1,169
Lourdes Fund	128,449	5,517	(7,219)	-	7,833	134,580
Youth Funds	1,081	-	(61)	-	-	1,020
Vicariate Triple Trust	78,544	2,440	(6,608)	-	4,148	78,524
Edmund Rice Fund	250,175	8,684	(9,562)	-	14,765	264,062
School Building Fund	583,567	255,900	(320,653)	-	-	518,814
Other Restricted Funds	137,614	6,641	(4,359)	-	638	140,534
	2,358,440	746,994	(472,931)	(385,211)	164,537	2,411,829
<b>PAROCHIAL</b>						
Parish Fund Raising	310,195	380,496	(447,906)	16,514	-	259,299
Investment Funds	728,346	26,190	(16,407)	(49,082)	40,547	729,594
Foundation Masses	160,706	-	-	-	-	160,706
	1,199,247	406,686	(464,313)	(32,568)	40,547	1,149,599
	£3,557,687	£1,153,680	£(937,244)	£(417,779)	£205,084	£3,561,428

**CURIAL**

**Social Welfare Fund**

This is a fund dating from 1952 for the promotion of Social Welfare generally.

**Clergy Training Fund**

A fund for the training of students to the priesthood, which is the recipient of a specific annual Diocesan collection for this purpose.

**Bamenda Fund**

A fund to provide assistance to the Diocese of Bamenda in Cameroon, Africa that is the recipient of a specific annual Diocesan collection. There is a Trustees' committee charged with monitoring and making the appropriate grants.

**Clergy Assistance**

This fund provides financial support for clergy in need and is the recipient of a specific annual Diocesan collection.

**Youth Funds**

Funds collected specifically for youth purposes including Lourdes Pilgrimages and Summer Schools.

**THE PORTSMOUTH DIOCESAN TRUST**  
**NOTES TO THE ACCOUNTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**10. RESTRICTED FUNDS (Continued)**

**CURIAL (Continued)**

**Vicariate Triple Trust**

The purpose of the Trust is primarily to assist parishes in providing church furnishings.

**Edmund Rice Fund**

This donation was received in 2005, primarily for education purposes in Reading and surrounding areas, and the local pastoral area is developing support for appropriate chaplaincies in the area.

**School Building Fund**

This Fund was established in 2001, to provide a central fund to meet the governors' liabilities on expenditures in Voluntary Aided schools. The equalisation fund is targeted as half from all parishes on the mainland, whether feeder parishes or not, and the balance being raised by the schools from parental contributions.

**Other Restricted Funds**

Other restricted funds consist of donations and other contributions for specific purposes other than those listed above, each not exceeding a period end balance of £50,000.

**PAROCHIAL**

**Parish Fund Raising**

These are funds that parishes raise for separate funds and charities, and account for as a restricted fund.

**Investment Funds**

These are mainly legacies left specifically for expenditure within individual parishes or churches.

**Foundation Masses**

Legacies left for mass intentions of the deceased, are held as separate funds within the parishes.

<b>11. DESIGNATED FUNDS</b>	<b>Balance at 1 September 2013 £</b>	<b>Incoming Resources £</b>	<b>Transfers/ Resources Expended £</b>	<b>Movement On Investments £</b>	<b>Balance at 31 August 2014 £</b>
<b>CURIAL</b>					
Education Fund	294,128	293,784	(12,931)	31,788	606,769
Insurance Risk Fund	235,464	-	(224,261)	-	11,203
Pastoral Development Fund	674,353	-	-	-	674,353
Living Our Faith Fund	4,994,968	831,911	(507,069)	-	5,319,810
	<u>6,198,913</u>	<u>1,125,695</u>	<u>(744,261)</u>	<u>31,788</u>	<u>6,612,135</u>
<b>PAROCHIAL</b>					
Living Our Faith Fund	2,175,714	673,894	(692,291)	-	2,157,317
Other Parochial Funds	53,751,156	11,223,502	(11,260,551)	167,804	53,881,911
	<u>55,926,870</u>	<u>11,897,396</u>	<u>(11,952,842)</u>	<u>167,804</u>	<u>56,039,228</u>
	<u>£62,125,783</u>	<u>£13,023,091</u>	<u>£(12,697,103)</u>	<u>£199,592</u>	<u>£62,651,363</u>

**THE PORTSMOUTH DIOCESAN TRUST**  
**NOTES TO THE ACCOUNTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**11. DESIGNATED FUNDS (Continued)**

**Education Fund**

This fund is utilised for the support of schools and other educational purposes within the Diocese.

**Insurance Risk Fund**

This fund has been designated to assist parishes and others to comply with safety requirements.

**Pastoral Development Fund**

This fund has been set up from the proceeds of the sale of a surplus property and will be supplemented from further disposals where there are surplus funds generated, in order to aid parishes with their own developments.

**Living Our Faith Fund**

A programme has been initiated to raise funds (i) to provide the Diocese with sufficient funds to support independently the training of students for the priesthood and the continuing care of its ordained clergy in their ministry, to fund adult formation programmes and resources and various capital projects, and (ii) to provide parish funds to meet local needs.

**12. ALLOCATION OF NET ASSETS**

	<b>Fixed Assets £</b>	<b>Investments £</b>	<b>Current Assets £</b>	<b>Current Liabilities £</b>	<b>Parish Loan Accounts £</b>	<b>31 August 2014 Total £</b>
<b>Permanent Endowment Funds</b>						
Curial	-	32,654	544	-	-	33,198
Parochial	549,426	126,251	43,881	-	-	719,558
<b>Restricted Funds</b>						
Curial	-	2,602,690	(190,861)	-	-	2,411,829
Parochial	-	890,301	259,298	-	-	1,149,599
<b>Unrestricted funds</b>						
Curial	1,178,325	5,096,648	3,364,054	(2,353,931)	(411,771)	6,873,325
Parochial	38,449,568	15,944,465	1,688,994	(455,570)	411,771	56,039,228
<b>Total Net Assets</b>	<b>£40,177,319</b>	<b>£24,693,009</b>	<b>£5,165,910</b>	<b>£(2,809,501)</b>	<b>£ -</b>	<b>£67,226,737</b>

**13. TRANSACTIONS WITH TRUSTEES**

Certain of the Trustees are also priests within the Diocese, and one Trustee is married to a priest within the Diocese. As priests they receive income from their office together with living accommodation, living expenses and reimbursement of costs incurred on behalf of their parish on the same basis as other priests within the Diocese. No Trustees receive any remuneration or benefits from their trusteeships. No Trustees were paid for providing professional services to the Diocese. Trustees were reimbursed for travel expenses incurred in their capacity as Trustees in the year in the sum of £2,567 (2013 £2,391).

**14. CAPITAL COMMITMENTS**

	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
Authorised and contracted for	£275,000	£1,000,000

**THE PORTSMOUTH DIOCESAN TRUST**  
**NOTES TO THE ACCOUNTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**15. CONNECTED CHARITY**

The following charity is a connected charity of The Portsmouth Diocesan Trust:

<b>Charity</b>	<b>Charity Number</b>	<b>Address</b>
Portsmouth Roman Catholic Diocese Priests' Retirement Fund	1061194	St Edmund House Bishop Crispian Way Portsmouth PO1 3QA

**16. TRADING SUBSIDIARIES**

During the period the Diocese had wholly owned active subsidiary companies incorporated in England and Wales. They were as follows: -

The Portsmouth Diocesan Trading Co Limited (Company Number: 2746549)	-	General commercial trading on behalf of the Diocese.
Catholic Resource Centre Limited (Company Number: 3141601)	-	Sale of religious material.
City Centre Parish Gift Shop Ltd (Company Number 4861772)	-	Sale of religious and related material.
Holy Family Social Club Limited (Company Number: 3296776)	-	Management of licensed premises on behalf of the Southampton Holy Family Church – ceased trading during the year.
Our Lady of Peace Catholic Club Limited (Company Number: 3340552)	-	Management of licensed premises on behalf of Our Lady of Peace, Earley.
Thatcham Catholic Club Limited (Company Number: 3340629)	-	Management of licensed premises on behalf of the parish of Thatcham - ceased trading during the year.
Waterside Fair Trading Limited (Company Number: 3454820)	-	Sale of religious and related material.

The results and assets and liabilities of the above companies are reported within the financial statements.

Portsmouth Roman Catholic Diocesan Trust Company Ltd (Company Number: 9003096) was incorporated on 17<sup>th</sup> April 2014 but was not active during the year.

**THE PORTSMOUTH DIOCESAN TRUST**  
**NOTES TO THE ACCOUNTS (Continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**16. TRADING SUBSIDIARIES (Continued)**

A summary of the companies' trading results and balance sheets is set out below: -

<b>Consolidated Profit and Loss Account For the Year Ended 31 August 2014</b>	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
<b>TURNOVER</b>	384,398	628,258
Cost of sales	(149,127)	(245,521)
<b>GROSS PROFIT</b>	235,271	382,737
Administrative expenses	(204,433)	(340,553)
	30,838	42,184
Amount gifted to the Charity	(39,009)	(73,581)
Loans written off	-	-
Tax on profit on ordinary activities	(2,848)	-
<b>(LOSS)/PROFIT AFTER TAXATION</b>	(11,019)	(31,397)
Reserves brought forward	(22,570)	8,827
<b>RESERVES CARRIED FORWARD</b>	<u>£(33,589)</u>	<u>£(22,570)</u>

Included within turnover are sales to the Diocese amounting to £62,273 (2013 £75,273).

<b>Consolidated Balance Sheets As At 31 August 2014</b>	<b>31 August 2014 £</b>	<b>31 August 2013 £</b>
<b>FIXED ASSETS</b>		
Tangible assets	70,200	72,190
<b>CURRENT ASSETS</b>		
Stocks	144,065	104,987
Debtors	10,987	63,837
Cash at bank and in hand	105,760	148,100
	260,812	316,924
<b>CREDITORS: Amounts falling due within one year</b>	(198,100)	(245,183)
<b>NET CURRENT ASSETS</b>	62,712	71,741
<b>CREDITORS: Amounts falling due after one year</b>	-	-
<b>NET ASSETS</b>	<u>£132,912</u>	<u>£143,931</u>
Share capital	166,501	166,501
Reserves	(33,589)	(22,570)
<b>SHAREHOLDERS' FUNDS</b>	<u>£132,912</u>	<u>£143,931</u>