

THE PORTSMOUTH DIOCESAN TRUST
(Registered Charity No: 246871)

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

31 AUGUST 2006

haysmacintyre
Chartered Accountants
Registered Auditors

THE PORTSMOUTH DIOCESAN TRUST
TRUSTEES' ANNUAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2006
LEGAL AND ADMINISTRATIVE DETAILS

BOARD OF TRUSTEES

Bishop Crispian Hollis (Chairman)
Mr Peter Burns
Rev Canon Nicholas France
Mgr Canon Jeremy Garratt Resigned 13 July 2006
Miss Catherine Hargaden Appointed 18 July 2006
Mgr Vincent Harvey VG Appointed 16 March 2006
Rev Provost Gerard Hetherington
Rev Canon Richard Hind
Rev Canon David Hopgood
Mr Peter Hancock Appointed 18 July 2006
Mrs Sheila Hughes
Mgr Thomas McGrath VG Appointed 16 March 2006
Mr Iain McGrory Appointed 18 July 2006
Mr David Morgan Resigned 1 September 2006
Mgr John Nelson VG
Mr Kevin Ryan
Mrs Elizabeth Slinn Appointed 16 March 2006
Mr John Williams Resigned 22 February 2007

SECRETARY TO THE TRUSTEES

Stephen D Morgan

CHARITY NUMBER

246871

ADMINISTRATIVE CENTRE

St Edmund House
Edinburgh Road
Portsmouth
PO1 3QA

BANKERS

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

SOLICITORS

Blake Laphorn Tarlo Lyons
Harbour Court
Compass Road
North Harbour
Portsmouth
PO6 4ST

AUDITORS

haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1V 6AY

INVESTMENT ADVISORS

BlackRock Investment Managers
33 King William Street
London
EC4R 9AS

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT

FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006

The Trustees present their Report together with the financial statements of The Portsmouth Diocesan Trust and subsidiary companies for the eight months ended 31 August 2006, which are prepared in accordance with the Statement of Recommended Practice 2005

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 Following an Order of the Charity Commission dated 14 August 2002, this Trust Deed has been revoked and a new Trust Deed dated 5 August 2002, and a Deed of Variation dated 7 April 2004, has been put in place by the Bishop and the Trustees. On 20 July 2001, there was a Direction from Charity Commission, that all the charities of which the Trustees are Trustees except the Portsmouth Roman Catholic Priests' Retirement Fund (Registered 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.

OBJECTS AND POLICY

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.

ORGANISATION

The Charity is governed by the Trustees, who meet on a regular basis to attend to the financial, property, legal and administrative affairs of the Diocese. In accordance with Canon Law, a Diocesan Finance Council exists to give advice to the Bishop and Trustees, which meets at the same time as the Trustees. Also, a number of specialist committees, as set out below, play a part in developing policy and then monitoring specific areas of Diocesan affairs.

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 100. 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 "Restricted 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 PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

TRUSTEE COMMITTEES

The Trustees have eleven committees who undertake oversight of certain aspects of the Charity's activities. Their authority is set out under terms of reference constituted in accordance with clause 12.2 of the Trust Deed and renewed annually. Of these committees, the following four cover the major areas of the Charity's activities: the Compliance Committee, the Finance & Property Committee, the Investments Committee and the Schools Committee.

The Compliance Committee

The Committee is to provide oversight of and take decisions, on behalf of the Trustees, in relation to legal compliance, financial compliance, risk assessment, health and safety, data protection, insurance policy, insurance issues in relation to parishes, liaison with the Catholic Church Insurance Association (CCIA) at Aylesbury and any other matter relating to compliance or insurance referred to the Committee by the Trustees with the Bishop's approval. The Committee comprises three trustees appointed by the Trustees with the Bishop's approval, the secretary to the Trustees and others appointed by the Trustees with the Bishop's approval. The Committee must meet at least quarterly. Two trustee members constitute a quorum. A trustee member may veto any resolution of the Committee, in which event the matter in question must be referred to the Trustees for decision. The minutes of each meeting must be produced at the Trustees at their next meeting. Amongst others, the trustees who are members of this committee are Mr Kevin Ryan, Canon Richard Hind and Mr Iain McGrory.

The Finance & Property Committee

The Committee is to provide oversight of and take decisions, on behalf of the Trustees, in relation to approval of projects, approval of loans, property acquisition and disposal, including leasing, property inspections, grants from the funds of any of the charities the subject of the 2001 Direction referred to under Governing Instrument above and any other matter relating to finance or property referred to the Committee by the Trustees with the Bishop's approval. The Committee may not authorise any project the capital amount or value of which is above £250,000 or any project which the Trustees have directed is to be referred to them for decision. The Committee must meet at least once every two months. Otherwise the composition and rules about meetings and reporting to the Trustees are the same as those for the Compliance Committee. Amongst others, the trustees who are members of this committee are Mgr John Nelson, Canon Richard Hind, Mgr Thomas McGrath, Mr Peter Burns, Mr Peter Hancock and Mr Iain McGrory.

The Investments Committee

The Committee is to provide oversight of and take decisions, on behalf of the Trustees, in relation to investment policy, short term "cash" investment, liaison with investment managers and any other matter relating to investments referred to the Committee by the Trustees with the Bishop's approval. The Committee may not authorise the investment of any new monies the capital amount of which is above £250,000, the rolling over of any existing investment the capital value of which is above £1,000,000 or any new or existing investment which the Trustees have directed is to be referred to them for decision. Otherwise the composition and rules about meetings and reporting to the Trustees are the same as those for the Compliance Committee.

Amongst others, the trustees who are members of this committee are Mgr John Nelson, Mr Peter Hancock and Mr Iain McGrory.

The Schools Committee

The Committee is to provide oversight of and take decisions, on behalf of the Trustees, in relation to strategic planning for Catholic education in the Diocese and any other matter relating to schools within the Diocese referred to the Committee by the Trustees with the Bishop's approval. Otherwise the composition and rules about meetings and reporting to the Trustees are the same as those for the Compliance Committee.

Amongst others the trustees who are members of this committee are Mgr Vincent Harvey, Mgr John Nelson and Canon Richard Hind.

The other committees are the Bamenda Committee, the Budgetary Committee, the Claims Committee, the Communications Committee, the Personnel Committee, the Schools Finance Committee and the Stewardship Committee.

The Secretary to the Trustees, Mr Stephen Morgan attends all the committees.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

ACTIVITIES AND ACHIEVEMENTS

From 1 September 2005, the Diocese has been re-organised into 24 pastoral areas, each comprising a number of parishes. The individual trusts and funds of each of the present parishes will be properly taken into account in any merger of assets and interests within the new areas. The purpose of this change, which has been the subject of extensive consultation with clergy and laity of the Diocese, is to better direct the pastoral activity of the Diocese through the effective use of all the resources available, in such a way as to ensure that the needs of the people and the mission of the Church is fulfilled in the years to come.

Following the issue of the pastoral plan which presaged the re-organisation mentioned above, parishes have been looking at how they are working together in their new areas and identifying to differing levels the planning of sacramental and formation programmes within those areas. The issue of financial and property responsibilities has also been addressed and discussed at meetings held throughout the Diocese, which will develop over time subject to canonical and trust restrictions.

As part of an ongoing programme of looking after the needs of the worshipping population, a new church has been constructed in Basingstoke and was opened in the autumn of 2006, and another church is in the course of being prepared for a planning application, with construction possibly commencing early in 2008, subject to the agreement of the planners.

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 £1,520,499 (2005 - £1,280,571) on normal activities, with an increase in investment funds of £106,956 (2005 Increase - £942,071). The Trustees commissioned a formal valuation of their investment properties in 2005, which showed a surplus of £5,602,051. No further valuation was deemed necessary for the purposes of these financial statements. Included in income are legacies to the value of £699,289, compared to £741,912 in 2005.

The Cash Flow Statement indicates that the cash resources of the Charity improved by £4,151,012 in the period, as compared to a surplus of £1,100,999 in 2005.

The prime source of increased cash resources was the decision by the DfES in March 2006, to delegate the administration of its Devolved Formula Capital for diocesan voluntary aided schools to the Diocese. To achieve this, the grants available were transferred to the Diocese. At the period end, a total of £3,272,016 was held on behalf of those schools.

Improving and maintaining the properties owned by the Charity is a major priority, with a total of £1,089k (2005 £1,160k) spent on repairs and a further £1,393k (2005 £2,430k) spent on capital projects during the period. Surplus tangible fixed assets were also disposed of in the period realising £981k (2005 £927k), creating a surplus of £918k (2005 £632k).

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. The Trustees will ensure that the Charity has sufficient resources to meet these commitments before entering into any contracts.

The curial activities cover the work of the Bishop and the various departments dealing with pastoral formation, schools, clergy training and support, and finance and property. These are in the main funded by a levy on the income of the parishes.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

FINANCIAL REVIEW (Continued)

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 £207,409 (2005: £386,748). This fundraising income is considered conduit where the Diocese acts as agent for the third party charity 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.

DIOCESAN SCHOOL PROPERTIES

The Charity is the legal owner of 51 properties used as part of the sites occupied by 51 of the 54 voluntary aided Catholic schools within the Diocese. These schools are "exempt" charities in their own right and none of their transactions are included in these accounts. The Trustees are aware of the likely impact on the reporting requirements of these "exempt" charities arising from the Charities Act 2006. 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 Investments Committee, which meets on a quarterly basis 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.

The performance of the fund in the 12 months to 31 December 2006 showed a return of 11.0% against a benchmark return of 11.2%. On 31 October 2006, it was resolved that 50% of the portfolio be invested in a fund specifically set up to take into account the ethical position of the Catholic Church. This fund is called Charifaith and is managed by the diocesan investment managers.

RESERVES POLICY AND ASSET COVER FOR FUNDS

As at 31 August 2006, Curial reserves amounted to £5,820,697, of which £1,583,253 is free from any restrictions or designations. This is an decrease of £53,767 in unrestricted reserves in the Period. These are the true free funds of the Charity, which are available for supporting any or all of the activities of the Charity.

In addition, there are other amounts totalling around £4,237,444, 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 £49m, of which £29m is represented by the value of churches and other functional properties. This is an increase of around £1.6m for the Period. These funds are held purely for the purposes of the activities of individual parishes, and are restricted to that use and, although individual parishes may allow surplus funds to be lodged centrally to support other activities, these are not available for permanent loans, nor for the general purposes of the Charity.

Accordingly, although it would appear that the Charity has substantial resources, in reality those resources are very limited, given the size and scope of its activities.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

RESERVES POLICY AND ASSET COVER FOR FUNDS (Continued)

The Trustees have been concerned for some years that the level of central funds may not be at a sufficient level to sustain and support the entirety of the Charity's work in the long term. Although parishes in themselves are intended to be self sufficient, where major projects are concerned, they rely on financial support which emanates from surplus funds held by other parishes. Although the Trustees do control and monitor the level of capital expenditure being approved and satisfy themselves that the expenditure is affordable, a low level of unrestricted reserves does create a climate wherein the Trustees' flexibility is limited. So the Trustees have been considering ways by which these reserves can be raised.

In order to address this issue, the Trustees have established a Pastoral Development Fund, which will be funded by donations, legacies and some of the proceeds of sale from properties surplus to the Charity's functional or investment purposes, and an initial transfer of £1,041,608 was made in the previous year from the net proceeds of a surplus property. This is shown in the financial statements as a designated fund.

There are two further designated funds, one of which is utilised to manage and assist parishes in mitigating their exposure to loss or liability, by assisting as an example in the survey of parish properties for asbestos; the other, generated from the sale of surplus school property, is used to assist in school funding where other resources are not available.

The Trustees have addressed the issue of ensuring that the central budget is balanced. This in itself should ensure, subject to investment performance, that reserves are not depleted. Apart from the lack of flexibility in funding capital projects, there is not a necessity to hold excessive funds centrally, but it would give the Trustees comfort if at least two years' central fund expenditure were covered by reserves.

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, and believe effective insurances, checks, controls and procedures are in place to mitigate those risks.

CONNECTED CHARITY

A connected charity is identified in Note 16

FUTURE PLANS

The diocesan pastoral plan "Go Out and Bear Fruit" was adopted in July 2005. Its central planks were the importance of the Sunday Eucharist, the establishment and development of Pastoral Areas and the recognition that principles of Catholic Stewardship should govern the Charity's use of the time talents and treasure at its disposal. Although it is envisaged that this plan will need to be implemented over the next 5 to 15 years, the Trustees note that there has been considerable progress in addressing each of these areas already.

Most notably, with the establishment of the 24 Pastoral Areas the people of the diocese are beginning to plan to ensure that the Sunday Eucharist is available to as many people as possible. Closer co-operation between parishes within pastoral areas is already allowing a more efficient and effective use of the Charity's resources.

A programme of Stewardship, having been piloted in a few parishes, will now be promoted throughout all parishes and this is seen as a 10 year programme.

In addition, the cost of training clergy is becoming an increasing burden on the Diocese and the parishes and it has been resolved to launch an endowment fund to provide sustainable support for those being formed and trained for ordination.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

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 1993 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;
- 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 Deed 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 3 May 2007 and signed on its behalf by:

Rt Rev Crispian Hollis (Trustee)

Rev Canon Richard M D Hind (Trustee)

THE INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF

THE PORTSMOUTH DIOCESAN TRUST

We have audited the financial statements of the Portsmouth Diocesan Trust and subsidiary companies for the period ended 31 August 2006, which comprise the consolidated Statement of Financial Activities, the group and charity Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under the Charities Act 1993. 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 auditor's 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 and 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 described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and charity's affairs as at 31 August 2006 and of its incoming resources and application of resources in the period then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

3 May 2007
Fairfax House
15 Fulwood Place
London
WC1V 6AY

haysmacintyre
Chartered Accountants
Registered Auditors

PORTSMOUTH DIOCESAN TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE PERIOD ENDED 31 AUGUST 2006

	Notes	Curial funds (see page 8) £	Restricted Parochial Funds £	Period ended 31 August 2006 £	Year ended 31 December 2005 £
Incoming resources					
Incoming resources from generated funds:					
Donations and Offertories		358,594	5,156,475	5,515,069	8,315,082
Legacies		14,309	684,980	699,289	741,912
Other		140,839	166,269	307,108	543,607
Activities to generate funds:					
Rent – investment properties		-	176,141	176,141	243,940
miscellaneous lettings		-	763,579	763,579	1,006,998
Income of trading subsidiaries	17	-	488,372	488,372	691,130
Investment income and interest receivable	1	307,652	152,441	460,093	569,108
Other incoming resources:					
Insurance Claims		-	31,505	31,505	273,003
Gain on disposal of tangible fixed assets		13,144	905,020	918,164	632,312
		<u>834,538</u>	<u>8,524,782</u>	<u>9,359,320</u>	<u>13,017,092</u>
Resources expended					
Costs of generating funds					
Expenses of trading subsidiaries		-	483,601	483,601	625,242
Finance costs		81,284	-	81,284	146,719
Charitable expenditure					
Activities in furtherance of the Roman Catholic Church		1,522,438	5,616,231	7,138,669	10,828,793
Governance costs		<u>135,267</u>	<u>-</u>	<u>135,267</u>	<u>135,767</u>
Total resources expended	2 & 3	<u>1,738,989</u>	<u>6,099,832</u>	<u>7,838,821</u>	<u>11,736,521</u>
Net Incoming/(Outgoing) Resources before transfers					
		(904,451)	2,424,950	1,520,499	1,280,571
Transfers - Diocesan Levy		<u>895,783</u>	<u>(895,783)</u>	<u>-</u>	<u>-</u>
Net Incoming /(Outgoing) Resources for the Period					
		<u>(8,668)</u>	<u>1,529,167</u>	<u>1,520,499</u>	<u>1,280,571</u>
Other Recognised Gains & Losses					
Realised and Unrealised Gains on investments		<u>65,073</u>	<u>41,883</u>	<u>106,956</u>	<u>6,569,409</u>
Net movement in funds					
		<u>56,405</u>	<u>1,571,050</u>	<u>1,627,455</u>	<u>7,849,980</u>
Fund balances brought forward		<u>5,764,292</u>	<u>47,793,143</u>	<u>53,557,435</u>	<u>45,707,455</u>
Fund balances carried forward	9	<u><u>£5,820,697</u></u>	<u><u>£49,364,193</u></u>	<u><u>£55,184,890</u></u>	<u><u>£53,557,435</u></u>

PORTSMOUTH DIOCESAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES - CURIAL FUNDS

FOR THE PERIOD ENDED 31 AUGUST 2006

	Permanent endowment Funds £	General Funds £	Designated Funds £	Restricted Funds £	Period ended 31 August 2006 £	Year ended 31 December 2005 £
Incoming resources						
Voluntary income						
Donations and offertories	-	-	-	358,594	358,594	778,807
Legacies	-	-	-	14,309	14,309	231,264
Activities for generating funds						
Investment income and interest receivable	-	230,384	14,841	62,426	307,651	319,092
Other incoming resources						
Disposal of Fixed Assets	-	13,144	-	-	13,144	(8,446)
Other income	-	138,622	-	2,217	140,839	189,190
	-	382,150	14,841	437,546	834,537	1,509,907
Costs of generating funds	-	81,284	-	-	81,284	146,719
Charitable expenditure						
Activities in furtherance of the Roman Catholic Church	-	1,273,580	31,467	217,391	1,522,438	2,597,796
Governance costs	-	135,267	-	-	135,267	135,767
	-	(1,490,131)	(131,467)	(217,391)	(1,738,989)	(2,880,282)
Net Incoming/(Outgoing) Resources before transfers	-	(1,107,980)	(16,626)	220,155	(904,451)	(1,370,375)
Transfers between funds	(16,790)	138,186	-	(121,396)	-	-
Transfers - Diocesan Levy	-	895,783	-	-	895,783	1,383,334
Net Incoming/(Outgoing) Resources for the Period	(16,790)	(74,011)	(16,626)	98,759	(8,668)	12,959
Other Recognised Gains & Losses						
Gains on investments	2,143	20,244	8,214	34,472	65,073	580,448
Net movement in funds	(14,647)	(53,767)	(8,412)	133,231	56,405	593,407
Fund balances brought forward	149,373	1,637,020	1,728,937	2,248,962	5,764,292	5,170,885
Fund balances carried	<u>£134,726</u>	<u>£1,583,253</u>	<u>£1,720,525</u>	<u>£2,382,193</u>	<u>£5,820,697</u>	<u>£5,764,292</u>

The amounts shown in the period ended 31 August 2006 column above are included in the Consolidated Statement of Financial Activities for the Diocese on page 9.

THE PORTSMOUTH DIOCESAN TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2006

	Notes	Curial Funds £	Parochial Funds £	Period ended 31 August 2006 £	Year ended 31 December 2005 £
Fixed Assets					
Tangible assets	5	775,398	29,347,203	30,122,601	29,173,292
Investments	6	5,678,229	12,015,445	17,693,674	18,043,409
		<u>6,453,627</u>	<u>41,362,648</u>	<u>47,816,275</u>	<u>47,216,701</u>
Current Assets					
Debtors and prepayments	7	1,040,093	146,523	1,186,616	1,144,410
Cash at bank and in hand		3,404,276	6,583,198	9,987,474	5,836,464
		<u>4,444,369</u>	<u>6,729,721</u>	<u>11,174,090</u>	<u>6,980,874</u>
Creditors: due within one year	8	<u>(3,493,236)</u>	<u>(312,239)</u>	<u>(3,805,475)</u>	<u>(640,140)</u>
Net Current Assets		<u>951,133</u>	<u>6,417,482</u>	<u>7,368,615</u>	<u>6,340,734</u>
Parish Loan Accounts					
Due from parishes		2,809,138	(2,809,138)	-	-
Due to parishes		(4,393,201)	4,393,201	-	-
		<u>(1,584,063)</u>	<u>1,584,063</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>£5,820,697</u>	<u>£49,364,193</u>	<u>£55,184,890</u>	<u>£53,557,435</u>
RESERVES	9	<u>£5,820,697</u>	<u>£49,364,193</u>	<u>£55,184,890</u>	<u>£53,557,435</u>

Approved by the Trustees on 3 May 2007 and signed on their behalf by:

Rt Rev Crispian Hollis
(Trustee)

Rev Canon Richard M D Hind
(Trustee)

The notes form part of these accounts.

THE PORTSMOUTH DIOCESAN TRUST

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2006

	2005	2005
	£	£
Reconciliation of Net Incoming Resources to Cash Inflow from Operating Activities		
Changes in resources before revaluations	1,520,499	1,280,571
Returns on investment	(460,093)	(569,108)
Depreciation	381,227	536,699
Gain on disposal of Tangible Fixed Assets	(918,164)	(632,312)
(Increase)/decrease in debtors	(42,206)	188,425
Increase/(Decrease) in creditors	3,165,335	89,744
	<u>£3,646,598</u>	<u>£894,019</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	3,646,598	894,019
Returns on investment	460,093	569,108
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(1,393,252)	(2,472,562)
Receipts from sales of tangible fixed assets	980,880	927,393
Payments to acquire investments	(3,241,299)	(3,890,979)
Receipts from sales of investments	3,697,992	5,074,020
	<u>£4,151,012</u>	<u>£1,100,999</u>

ANALYSIS OF CHANGES IN CASH IN HAND AND AT BANK

	2005	Cash Flows	2006
	£	£	£
Cash in hand and at bank	<u>£5,836,464</u>	<u>£4,151,012</u>	<u>£9,987,476</u>

THE PORTSMOUTH DIOCESAN TRUST

STATEMENT OF ACCOUNTING POLICIES

FOR THE EIGHT MONTHS ENDED 31 AUGUST 2006

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. Following the adoption of the new SORP certain comparative figures have been restated. 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 17. 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. 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 EIGHT MONTHS ENDED 31 AUGUST 2006

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. They therefore constitute a form of restricted fund.

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 12).

Restricted funds are used for specific purposes as stated by the grantor. Expenditure which meets these criteria is charged to the fund (see note 11).

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2006

1. INVESTMENT INCOME AND INTEREST RECEIVABLE					Period ended 31 August 2006 £	Year ended 31 December 2005 £
Arising on quoted investments					197,458	242,088
Bank interest					262,635	327,020
					<u>£460,093</u>	<u>£569,108</u>
					<u><u>£460,093</u></u>	<u><u>£569,108</u></u>
2. CHARITABLE EXPENDITURE	General Funds £	Designated Funds £	Restricted Funds £	Parochial Funds £	Period ended 31 August 2006 £	Year ended 31 December 2005 £
Activities in the furtherance of the Roman Catholic Church						
Curial and Diocesan	924,428	-	-	-	924,428	1,423,767
Clergy training	117,274	-	-	-	117,274	168,045
Educational purposes	-	5,655	167,276	-	172,931	554,270
Social purposes	-	458	50,115	-	50,573	74,884
Risk management	-	25,353	-	-	25,353	49,336
Parochial expenses	-	-	-	5,616,231	5,616,231	8,230,977
Support costs	231,880	-	-	-	231,880	340,057
Governance costs						
Finance and Property department	49,928	-	-	-	49,928	67,815
Audit	37,040	-	-	-	37,040	33,598
Legal	48,298	-	-	-	48,298	21,812
Costs of generating funds						
Subsidiaries	-	-	-	483,601	483,601	625,241
Finance costs	81,284	-	-	-	81,284	146,719
	<u>£1,490,132</u>	<u>£31,466</u>	<u>£217,391</u>	<u>£6,099,832</u>	<u>£7,838,821</u>	<u>£11,736,521</u>
	<u><u>£1,490,132</u></u>	<u><u>£31,466</u></u>	<u><u>£217,391</u></u>	<u><u>£6,099,832</u></u>	<u><u>£7,838,821</u></u>	<u><u>£11,736,521</u></u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE PERIOD ENDED 31 AUGUST 2006

3. RESOURCES EXPENDED	Personnel (incl. Clergy) £	Property £	Depreciation £	Other £	Total £
Analysis of costs					
Costs of generating funds	112,713	-	10,814	441,358	564,885
Charitable expenditure	1,844,888	1,387,290	370,413	3,536,079	7,138,670
Governance costs	20,465	-	-	114,801	135,266
	<u>£1,978,066</u>	<u>£1,387,290</u>	<u>£381,227</u>	<u>£4,092,238</u>	<u>£7,838,821</u>

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

	2006 £	2005 £
Governance costs include		
Auditors remuneration – Audit (including VAT)	<u>£37,040</u>	<u>£33,599</u>

4. STAFF	Period ended 31 August 2006 £	Year ended 31 December 2005 £
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	1,233,688	1,636,324
Social security	89,559	118,436
Pension costs	13,190	27,511
	<u>£1,336,437</u>	<u>£1,728,271</u>
Number of Employees:		
	No	No
Departments	36	34
Parish	216	208
	<u>252</u>	<u>242</u>

There was one employee with emoluments between £60,000 - £70,000. (2005: None).

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE PERIOD ENDED 31 AUGUST 2006

5. TANGIBLE FIXED ASSETS	Freehold Buildings £	Furniture & Equipment £	Total £
COST OR VALUATION			
At 1 January 2006	30,830,806	2,109,665	32,940,471
Additions	1,341,902	51,349	1,393,251
Disposals	(68,575)	(1,295)	(69,870)
	<u>32,104,133</u>	<u>2,159,719</u>	<u>34,263,852</u>
DEPRECIATION			
At 1 January 2006	2,374,518	1,392,661	3,767,179
Charge for the period	293,456	87,770	381,226
On disposals	(5,859)	(1,295)	(7,154)
	<u>2,662,115</u>	<u>1,479,136</u>	<u>4,141,251</u>
NET BOOK VALUE			
At 31 August 2006	<u>£29,442,018</u>	<u>£680,583</u>	<u>£30,122,601</u>
At 31 December 2005	<u>£28,456,288</u>	<u>£717,004</u>	<u>£29,173,292</u>

The Diocese also owns a number of properties, which are occupied and run by independent charities in the form of Voluntary Aided Schools. 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 in the annual Diocesan Directory.

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

6. INVESTMENTS	Investment Properties £	Quoted Investments £	Total £
Market value at 1 January 2006	10,431,476	7,611,933	18,043,409
Additions	54,541	3,186,759	3,241,300
Disposals	(555,000)	(3,142,992)	(3,697,992)
Revaluation gains/(losses)	-	106,957	106,957
	<u>£9,931,017</u>	<u>£7,762,657</u>	<u>£17,693,674</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:

ML Fund Mgrs Overseas FD Dist	8.72%
Royal Dutch Shell	5.02%
HSBC Holdings	5.85%
Charinco Dist Units	11.80%

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE PERIOD ENDED 31 AUGUST 2006

7. DEBTORS			31 August 2006 £	31 December 2005 £
School and other loans			614,219	610,722
Legacies Receivable			10,506	104,181
Other debtors and prepayments			561,891	429,507
			<u>£1,186,616</u>	<u>£1,144,410</u>
8. CREDITORS			31 August 2006 £	31 December 2005 £
School and other loans			3,214,185	165,289
Other creditors and accruals			591,290	474,851
			<u>£3,805,475</u>	<u>£640,140</u>
9. RESERVES	Curial Funds £	Parochial Funds £	Total 31 August 2006 £	Total 31 December 2005 £
Unrestricted Funds				
General Funds	1,583,253	-	1,583,253	1,637,020
Designated Funds (Note 12)	1,720,525	-	1,720,525	1,728,937
	<u>3,303,778</u>	<u>-</u>	<u>3,303,778</u>	<u>3,365,957</u>
Restricted Funds (Note 11)	2,382,193	48,524,347	50,906,540	49,203,088
Permanent Endowment Funds (Note 10)	134,726	839,846	974,572	988,390
	<u>£5,820,697</u>	<u>£49,364,193</u>	<u>£55,184,890</u>	<u>£53,557,435</u>
10. PERMANENT ENDOWMENT FUNDS	Balance at 31 December 2005 £	Net Incoming/ (Outgoing) Resources £	Movement On Investments £	Balance at 31 August 2006 £
Parochial Funds				
Properties	480,445	(3,520)	-	476,925
Other	134,629	-	1,827	136,456
Annie Mangles Trust	183,406	-	2,259	185,665
Boyle Trust	40,537	-	263	40,800
	<u>839,017</u>	<u>(3,520)</u>	<u>4,349</u>	<u>839,846</u>
Curial Funds	149,373	(16,790)	2,143	134,726
	<u>£988,390</u>	<u>£(20,310)</u>	<u>£6,492</u>	<u>£974,572</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE PERIOD ENDED 31 AUGUST 2006

11. RESTRICTED FUNDS (CURIAL)

	Balance at 31 December 2005 £	Incoming Resources £	Transfers/ Resources Expended £	Movement on Investments £	Balance at 31 August 2006 £
Social Welfare	141,753	3,359	(1,300)	1,859	145,671
Clergy Training	1,206,475	68,505	(68,506)	18,642	1,225,116
Bamenda Fund	264,987	61,805	(40,968)	3,659	289,483
Clergy Assistance	205,656	36,271	(69,679)	4,599	176,847
Lourdes Fund	114,778	5,216	(1,520)	1,464	119,938
Blanche Edmond Rowley Charitable Trust	83,104	2,216	-	715	86,035
Youth Funds	9,194	123	-	-	9,317
Vicariate Triple Trust	58,242	1,401	-	775	60,418
Edward Rice Fund	199,256	4,985	-	2,759	207,000
School Building Fund	(50,347)	244,543	(167,276)	-	26,920
Other Restricted Funds	15,864	9,122	10,462	-	35,448
	<u>£2,248,962</u>	<u>£437,546</u>	<u>£(338,787)</u>	<u>£34,472</u>	<u>£2,382,193</u>

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.

Blanche Edmond Rowley Fund

The Trust Fund was constituted in 1992 by a bequest from a will to be used for the benefit of the handicapped and aged.

Youth Funds

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

Vicariate Triple Trust

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

Edward Rice Fund

This donation was received in the prior year, 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.

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE PERIOD ENDED 31 AUGUST 2006

11. RESTRICTED FUNDS (CURIAL) (Continued)

Other Restricted Funds

Other restricted funds consists of donations and other contributions for specific purposes other than those listed above, each not exceeding a period end balance of £10,000.

12. DESIGNATED FUNDS	Balance at 31 December 2005 £	Incoming Resources £	Resources Expended £	Movement on Investments £	Balance at 31 August 2006 £
Education Fund	573,735	14,841	(5,655)	8,214	591,135
Insurance Risk Fund	113,594	-	(25,354)	-	88,240
Pastoral Development Fund	1,041,608	-	(458)	-	1,041,150
	<u>£1,728,937</u>	<u>£14,841</u>	<u>£(31,467)</u>	<u>£8,214</u>	<u>£1,720,525</u>

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.

13. ALLOCATION OF NET ASSETS

	Fixed Assets £	Investments £	Current Assets £	Current Liabilities £	Parish Loan Accounts £	31 August 2006 Total £
Permanent Endowment Funds:						
Curial	-	156,041	(21,315)	-	-	134,726
Parochial	476,925	362,920	-	-	-	839,845
Restricted Funds						
Curial	-	2,298,904	83,289	-	-	2,382,193
Parochial	28,870,277	11,652,525	6,729,723	(312,239)	1,584,062	48,524,348
Unrestricted funds						
Curial	775,399	3,223,284	4,382,393	(3,493,236)	(1,584,062)	3,303,778
Total Net Assets	<u>£30,122,601</u>	<u>£17,693,674</u>	<u>£11,174,090</u>	<u>£(3,805,475)</u>	<u>£ -</u>	<u>£55,184,890</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE PERIOD ENDED 31 AUGUST 2006

14. TRANSACTIONS WITH TRUSTEES

Certain of the Trustees are also priests 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 Trustee receives any remuneration or benefits from their trusteeship. One Trustee was paid for his professional services to the Diocese, excluding acting as Trustee, which amounted to £4,652 (2005 £Nil). Trustees were re-imbursed for travel expenses, in their capacity as Trustees, in the eight months in the sum of £3,400 (2005 £4,041)

15. CAPITAL COMMITMENTS

	31 August 2006 £	31 December 2005 £
Authorised and contracted for	£1,370,000	£4,150,000

16. CONNECTED CHARITY

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

Charity	Charity Number	Address
Portsmouth Roman Catholic Diocese Priests' Retirement Fund	1061194	St Edmunds House Edinburgh Road Portsmouth PO1 3QA

17. 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.
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.
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.

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE PERIOD ENDED 31 AUGUST 2006

17. TRADING SUBSIDIARIES (Continued)

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

Consolidated Profit and Loss Account For the Eight Months Ended 31 August 2006	31 August 2006 £	Year to 31 December 2005 £
TURNOVER	488,372	691,130
Cost of sales	(216,763)	(336,208)
	<hr/>	<hr/>
GROSS PROFIT	271,609	354,922
Administrative expenses	(255,293)	(287,864)
	<hr/>	<hr/>
Amount gifted to the Charity	16,316	67,058
Loans written off	(12,407)	(41,270)
Tax on profit on ordinary activities	-	72,836
	<hr/>	<hr/>
(LOSS)/PROFIT AFTER TAXATION	3,909	98,624
Reserves brought forward	862	(97,762)
	<hr/>	<hr/>
RESERVES CARRIED FORWARD	<u>£4,771</u>	<u>£862</u>

Included within turnover are sales to the Diocese amounting to £11,456 (2005 £18,254).

Consolidated Balance Sheets As At 31 August 2006	31 August 2006 £	31 December 2005 £
FIXED ASSETS		
Tangible assets	40,104	26,328
	<hr/>	<hr/>
CURRENT ASSETS		
Stocks	64,589	76,803
Debtors	42,463	62,904
Cash at bank and in hand	152,801	100,006
	<hr/>	<hr/>
	259,853	239,713
CREDITORS: Amounts falling due within one year	(128,685)	(72,350)
	<hr/>	<hr/>
NET CURRENT ASSETS	131,168	167,363
CREDITORS: Amounts falling due after one year	-	-
	<hr/>	<hr/>
NET ASSETS	<u>£171,272</u>	<u>£167,363</u>
Share capital	166,501	166,501
Reserves	4,771	862
	<hr/>	<hr/>
SHAREHOLDERS' FUNDS	<u>£171,272</u>	<u>£167,363</u>