

THE PORTSMOUTH DIOCESAN TRUST
(Registered Charity No: 246871)

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

31 AUGUST 2012

haysmacintyre
Chartered Accountants
Registered Auditors

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT

FOR THE PERIOD ENDED 31 AUGUST 2012

LEGAL AND ADMINISTRATIVE DETAILS

BOARD OF TRUSTEES	Bishop Philip Egan (Chairman) Bishop Crispian Hollis Mr Peter Burns Mgr Provost Nicholas France Miss Catherine Hargaden Mgr Vincent Harvey Rev Canon Richard Hind Rev Canon David Hopgood Mr Peter Hancock Mrs Sheila Hughes Mgr Thomas McGrath Mrs Clare McKenna Mgr John Nelson Mr Kevin Ryan Mr Alan Sendall Mrs Elizabeth Slinn	Appointed 11 th October 2012 Resigned 24 th September 2012
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SECRETARY TO THE TRUSTEES Rev Mr Stephen D Morgan

CHARITY NUMBER 246871

ADMINISTRATIVE CENTRE St Edmund House
Bishop Crispian Way
Portsmouth
PO1 3QA

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

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

AUDITORS haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1V 6AY

INVESTMENT ADVISORS BlackRock Investment Managers
12 Throgmorton Avenue
London
EC2N 2DL

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2012

The Trustees present their Report together with the financial statements of The Portsmouth Diocesan Trust and subsidiary companies for the year ended 31 August 2012, which are prepared in accordance with the Statement of Recommended Practice (SORP) 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 Following an Order of the Charity Commission dated 14 August 2002, this Trust Deed was revoked and a new Trust Deed dated 5 August 2002, and a Deed of Variation dated 7 April 2004, were put in place by the Bishop and the Trustees.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.

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 89 (2011 97). 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.

In November 2010, at the beginning of his seventy-fifth year and in accordance with the Church's Canon Law, Bishop Crispian Hollis, the previous, Bishop, submitted his resignation to the Holy See. This was accepted in December 2010 with the proviso that Bishop Hollis should remain in post until a successor was appointed.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

ORGANISATION (Continued)

On 11 July 2012 the Holy See announced the appointment of Monsignor Philip Egan, then the Vicar General of the Diocese of Shrewsbury, as the eighth Bishop of the Diocese. His episcopal ordination took place at St John's Cathedral, Portsmouth on 24 September 2012, the feast of Our Lady of Walsingham. Bishop Philip was appointed a Trustee at a special meeting of the Trustees on 11 October 2012, since when he has been the chairman of the Trustees. The other Trustees are delighted to welcome Bishop Philip to the Diocese and look forward to serving the Church in the Diocese under his leadership.

TRUSTEE COMMITTEES

At the period end the Trustees had 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 Living Our Faith Impact Committee and the Schools Committee. These committees are composed of Trustees together with non-Trustee members with relevant expertise and experience.

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 to the Trustees at their next meeting.

Amongst others, the Trustees who were at the period end members of this committee were Mr Kevin Ryan, Canon Richard Hind and Rev Dominic Golding.

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 were at the period end members of this committee were Mgr John Nelson, Canon Richard Hind, Mgr Thomas McGrath, Mr Peter Burns and Mr Peter Hancock.

The Living Our Faith Impact Committee

The Committee exists 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 Capital Campaign. The Committee may not authorise expenditure on any one project the total amount of which exceeds £250,000 or expenditure on any project which the Trustees have directed is to be referred to them for decision. The Committee must meet at least every three months. Otherwise the composition and rules about meetings and reporting to the Trustees are the same as for the Compliance Committee.

Amongst others, the Trustees who were at the period end members of this committee were Mr Peter Hancock, Canon David Hopgood and Mrs Elizabeth Slinn.

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 were at the period end members of this committee were Mgr Vincent Harvey, Mgr John Nelson, Miss Catherine Hargaden and Canon Richard Hind.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

TRUSTEE COMMITTEES (Continued)

At the period end the other committees were the Bamenda Committee, the Budgetary Committee, the Claims Committee, the Investments Committee, the Pastoral Formation Committee, the Personnel Committee, and the Safeguarding Commission. The Pastoral Formation Committee was put into abeyance by the Trustees in February 2011.

As mentioned below under Review of Trustees' Governance and Curial Functions, these 11 committees will be replaced by three new committees with effect from 1 September 2013, the start of the Trust's next financial year.

REVIEW OF TRUSTEES' GOVERNANCE AND CURIAL FUNCTIONS

As a condition of adopting the five year budget to 31st August 2016 the Trustees determined that they would commission a review of their governance structures and of the functions of the diocesan curia. The composition and terms of reference of the Review Group were agreed by the Trustees on 1st December 2011. The members of the Review Group comprised two laywomen, three laymen and two priests of the Diocese, including two Trustees, Mrs Sheila Hughes and Mr Kevin Ryan. Two of the members of the Group are from outside the Diocese.

Having met a number of times, the Review Group presented their report to the Trustees at their meeting on 21 December 2012, having by that time been able to take into account the views of Bishop Philip on its proposals. They had also consulted widely with priests, deacons, trustees and lay people. The report made 100 recommendations, the following being the most important:

- That the Curia should be reorganised into three vicariates, that for Vocation, leading to that for Education, leading to that for Evangelisation, reflecting the threefold ministry of the Bishop as priest, prophet and king
- That each Vicariate should be headed by an Episcopal Vicar, who, together with the Vicars General, should be the sole members of the Bishop's Council, and all of whom should be appointed Trustees
- That each Vicariate should have 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
- That the Trustees' committees should be reduced to three, corresponding to the three new vicariates, each being chaired by the Episcopal Vicar for that vicariate
- That a new Department for Administration should be created, to replace the Department for Finance and Property, to be part of the Vicariate for Evangelisation
- That the Living our Faith Impact Committee, to be renamed the Living our Faith Committee, should continue to function independently of the Curia
- That the Priests Retirement Fund Management Board should continue in its present form, as the management board of a separate charity, the Portsmouth Roman Catholic Diocese Priests Retirement Fund
- That the Safeguarding Commission, the Chancery and the Tribunal should continue to operate independently of the Curia as at present
- That the Department for Pastoral Formation should be closed
- 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

The Trustees having approved the report (with a few minor amendments) at their meeting on 21 December 2012, and having reappointed the members of the Review Group as the Implementation Group, the Implementation Group presented its Implementation Plan to the Trustees at their meeting on 21 February 2013, with an update at their meeting on 2 May 2013.

It is intended that the new Curial structure should become effective on 1 September 2013, the start of the Trustees' next financial year, and the Implementation Group is working towards the completion of all necessary documents, such as terms of reference for the Trustees' committees, in time for that date, those documents having been approved by the Trustees beforehand.

The Department for Pastoral Formation was closed with effect from 6 April 2013.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

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 although no specific policy for the induction and training of Trustees has been adopted.

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:

The provision, maintenance and upkeep of churches, public chapels and presbyteries belonging to or connected with the Roman Catholic Church in the Diocese. Construction of the new church at Hungerford is well underway and practical completion is expected by summer 2014. Negotiations with the Daughters of Wisdom have almost been concluded and planning permission has been obtained for an enlarged church at St Joseph's, Romsey in the St Swithun Wells parish. The new pastoral centre at St Peter's, Winchester was formally opened on 25th May 2012. The church of St Margaret Clitherow, Bracknell has been closed, having become pastorally redundant, and the buildings on the site demolished. The future of the site is being investigated.

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 35,000 (2011 38,000) people and over 400 (2011 over 300) 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. Three men commenced studies for the priesthood in September 2012 and a further three will do so in September 2013. Three other men commenced studies for the permanent diaconate in September 2012. In June 2013 one man will be ordained as a priest and three other men will be ordained as permanent deacons. Another man will be ordained as a permanent deacon in December 2013.

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 22,000 (2011 22,000) children attend Voluntary Aided Catholic schools and Catholic Academies within the Diocese, and a further 7,000 (2011 7,000) attend independent Catholic schools. Construction of a new primary school at Thatcham was completed, and the school opened on 20th April, 2012. The joint primary school on the Isle of Wight will move to its new location in newly built premises in September 2013. Negotiations are continuing to buy additional land for the Diocesan school at Wokingham, St Theresa's, and discussions are taking place about new Diocesan schools in Bournemouth and Didcot. The Trustees decided to adopt a positive policy towards the conversion of schools to academies, rather than their previous neutral policy. Five Diocesan schools have now converted to academics, plus a further school within the Diocese although not in the Trustees' ownership.

General charitable objectives

Following the change in 2005, in reorganising parishes into 24 pastoral areas, further work has been carried out to build the necessary relationships between parishes within pastoral areas to enable them to become single parishes. This continues to be driven by a recognition of the centrality of the Sunday Eucharist in Catholic life and of the developing sense of Catholic stewardship in those areas.

On 1 September 2010 the four parishes of, Fareham, Gosport, Park Gate and Stubbington, which had been working together increasingly closely as the Solent Pastoral Area, were combined and a new parish of Our Lady Star of the Sea was established. Covering four worshipping communities, this parish is served by four priests and two deacons.

A new translation of the Roman missal began to be used from September 2011 with the full implementation taking place in December 2011. Activities to introduce this translation and to educate clergy and people were undertaken and the implementation seems to have gone without major pastoral difficulties.

In March 2012 some of the Trustees undertook media training provided by Catholic Voices to prepare them to respond to media enquiries.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

ACTIVITIES AND ACHIEVEMENTS (Continued)

A programme of pastoral support visits was started at Easter 2012, the purpose being to support volunteers who undertake much of the local administration of the Charity.

During the defence of a public liability claim arising from the alleged torts of a deceased priest of the Diocese, the Court required the question of the vicarious liability of a bishop, and hence the Diocesan Trustees, for the acts of a priest of the Diocese to be determined. The matter was finally determined by the Court of Appeal in a judgment of July 2012. The Court held that the Bishop could be vicariously liable in those circumstances.

On 12 October 2012, the day after his episcopal ordination, Bishop Philip inaugurated the Year of Faith proclaimed by Pope Benedict XVI for the purpose of concentrating the mind of the Catholic Church on the renewed joy and enthusiasm of the encounter with Christ.

The Diocese, together with the entire Catholic Church, was surprised by the resignation of Pope Benedict XVI in February 2013 but welcomed with enthusiasm the election of his successor Francis the following month.

LOOKING FORWARD

Since Bishop Philip's arrival in September 2012, the Trustees' main focus has been on the Governance and Curial Function Review, so that everything is in place for the new Curial structure at the start of the Trust's next financial year in September 2013. But it is expected that the Bishop will wish to see how his vision of an evangelising Church can be made a reality in the Diocese. He wishes to see such a Church replacing what might be called the "maintenance" Church of the past, in other words, a Church that looks outwards, seeking to fulfil the mission entrusted to it by Jesus Christ, rather than one which does no more than look in towards itself.

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 £13,060,250

The Trustees have dedicated these funds under four separate headings:

Clergy training and support £2,867,261
Parish and pastoral area lay formation £2,867,261
Renewing facilities £1,433,630
Parish local funds £5,892,098

At the date of the report £9,255,553 has been received, allocated between the funds as follows:

Clergy training and support £2,025,215
Parish and pastoral area lay formation £2,025,215
Renewing facilities £1,012,607
Parish local funds £4,192,516

The Trustees have approved the disbursement of these funds in accordance with the campaign objectives, as follows:

Clergy support £74,363
Parish and pastoral area lay formation £621,345
Renewing facilities £286,958
Parish local funds £2,560,048

The Trustees anticipate making 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.

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 £1,063,739 (2011 £1,268,431) on normal activities, with an increase in investment funds of £425,765 (2011 £1,550,267). The investment properties were formally revalued at 31st August 2010. Included in income are legacies to the value of £799,456 compared to £732,768 in 2011.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

FINANCIAL REVIEW (Continued)

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 £1,948,949 (2011 £2,756,950) was held for those schools.

Improving and maintaining the properties owned by the Charity is a major priority, with a total of £3,406k (2011 £2,419k) spent on repairs and a further £2,211k (2011 £3,360k) spent on capital projects during the period. Surplus tangible fixed assets were also disposed of in the period realising £1,276k (2011 £94k), creating a profit of £1,069k (2011 £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 1st 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 dealing with pastoral formation (until its closure), 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 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 £503,061 (2011 £514,317). 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.

DIOCESAN SCHOOL PROPERTIES

The Charity is the legal owner of 51 properties used as part of the sites occupied by 51 of the 48 (2011 49) voluntary aided Catholic schools and 6 (2011 5) 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 Investments 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.

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 2012 showed a return of 11.7% (2011 -3.0%) against a benchmark return of 9.9% (2011 0.5%). Charifaith returned 9.1% (2011 -2.9%) in the year ended 31 December 2012, against a benchmark of 9.5% (2011 0.1%). The Trustees consider that the performance against benchmark does not cause them concern, because of the long term nature of the investment fund.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

RESERVES POLICY AND ASSET COVER FOR FUNDS

As at 31 August 2012, Curial reserves amounted to £7,845,848, of which £254,870, approximately one month's general expenditure, is free from any restrictions or designations. This is an increase of £228,925 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 £7.6m, 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 £56.5m, of which £38m is represented by the value of churches and other functional properties. This is an increase of around £0.5m 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 Budgetary 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 conducted a comprehensive risk assessment review in the second quarter of 2012 and adopted its results and the risk management actions it identified at their meeting on 2 May 2013.

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.

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 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 20th June 2013 and signed on its behalf by:

Rt. Rev Philip Egan (Trustee)

Rev Richard 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 2012, 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 auditor 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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**

20th June 2013

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 2012

		Unrestricted Funds		Restricted Funds	Total 2012	2011
	Notes	Curial £	Parochial £	£	£	£
Incoming resources						
Incoming resources from generated funds:						
Donations and Offertories		1,192,053	8,838,173	798,164	10,828,390	10,749,152
Legacies		277,097	511,764	10,595	799,456	732,768
Other		346,125	219,063	74,906	640,094	582,744
Activities to generate funds:						
Rent – investment properties		37,071	357,920	-	394,991	383,156
miscellaneous lettings		-	1,232,625	7,364	1,239,989	1,167,207
Income of trading subsidiaries	16	-	706,308	-	706,308	770,142
Investment income and interest receivable	1	111,363	116,516	143,277	371,156	312,141
Other incoming resources:						
Insurance Claims		-	89,906	1,762	91,668	58,015
Gain on disposal of tangible fixed assets		50	1,069,132	-	1,069,182	-
		<u>1,963,759</u>	<u>13,141,407</u>	<u>1,036,068</u>	<u>16,141,234</u>	<u>14,755,325</u>
Resources expended						
Costs of generating funds						
Expenses of trading subsidiaries		-	627,250	-	627,250	632,963
Finance costs		93,114	-	-	93,114	73,524
“Living Our Faith” Appeal Costs		72,050	-	-	72,050	69,126
Activities in furtherance of the Roman Catholic Faith		2,685,880	10,370,991	1,032,260	14,089,131	12,517,627
Governance costs		<u>195,950</u>	<u>-</u>	<u>-</u>	<u>195,950</u>	<u>193,654</u>
Total resources expended	2 & 3	<u>3,046,994</u>	<u>10,998,241</u>	<u>1,032,260</u>	<u>15,077,495</u>	<u>13,486,894</u>
Net (Outgoing)/Incoming Resources before transfers						
		(1,083,235)	2,143,166	3,808	1,063,739	1,268,431
Transfers between Funds		425,922	(73,880)	(352,042)	-	-
Transfers - Schools Building Fund Levy			(240,000)	240,000	-	-
Transfers - Diocesan Levy		1,526,105	(1,526,105)	-	-	-
Net (Outgoing)/Incoming Resources for the Year/Period		<u>868,792</u>	<u>303,181</u>	<u>(108,234)</u>	<u>1,063,739</u>	<u>1,268,431</u>
Other Recognised Gains & Losses						
Realised and Unrealised Gains on investments		139,040	113,053	173,672	425,765	1,550,267
Net movement in funds		<u>1,007,832</u>	<u>416,234</u>	<u>65,438</u>	<u>1,489,504</u>	<u>2,818,698</u>
Fund balances brought forward		4,540,918	54,316,491	4,015,040	62,872,449	60,053,751
Fund balances carried forward		<u>£5,548,750</u>	<u>£54,732,725</u>	<u>£4,080,478</u>	<u>£64,361,953</u>	<u>£62,872,449</u>

THE PORTSMOUTH DIOCESAN TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2012

	Notes	Curial Funds £	Parochial Funds £	Year ended 31 August 2012 £	Year ended 31 August 2011 £
Fixed Assets					
Tangible assets	5	995,321	38,391,230	39,386,551	38,333,334
Investments	6	9,287,502	14,558,461	23,845,963	23,545,349
		<u>10,282,823</u>	<u>52,949,691</u>	<u>63,232,514</u>	<u>61,878,683</u>
Current Assets					
Debtors and prepayments	7	1,571,806	153,371	1,725,177	2,298,237
Cash at bank and in hand		830,875	1,547,562	2,378,437	1,646,930
		<u>2,402,681</u>	<u>1,700,933</u>	<u>4,103,614</u>	<u>3,945,167</u>
Creditors: due within one year	8	<u>(2,571,662)</u>	<u>(402,513)</u>	<u>(2,974,175)</u>	<u>(2,951,401)</u>
Net Current (Liabilities)/Assets		<u>(168,981)</u>	<u>1,298,420</u>	<u>1,129,439</u>	<u>993,766</u>
Parish Loan Accounts					
Due from parishes		7,930,835	(7,930,835)	-	-
Due to parishes		(10,198,829)	10,198,829	-	-
		<u>(2,267,994)</u>	<u>2,267,994</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>£7,845,848</u>	<u>£56,516,105</u>	<u>£64,361,953</u>	<u>£62,872,449</u>
Unrestricted Funds					
General Funds		254,870	-	254,870	25,945
Designated Funds	11	5,293,880	54,732,725	60,026,605	58,831,464
		<u>5,548,750</u>	<u>54,732,725</u>	<u>60,281,475</u>	<u>58,857,409</u>
Restricted Funds	10	2,158,996	1,000,766	3,159,762	3,103,360
Permanent Endowment Funds	9	138,102	782,614	920,716	911,680
RESERVES		<u>£7,845,848</u>	<u>£56,516,105</u>	<u>£64,361,953</u>	<u>£62,872,449</u>

Approved by the Trustees on 20th June 2013 and signed on their behalf by:

Rt Rev Philip Egan

Rev Richard Hind

(Trustee)

(Trustee)

The notes form part of these accounts.

THE PORTSMOUTH DIOCESAN TRUST**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 AUGUST 2012**

	2012	2011
	£	£
Reconciliation of Net Incoming Resources to Cash		
Inflow from Operating Activities		
Changes in resources before revaluations	1,063,739	1,268,431
Returns on investment	(371,156)	(312,141)
Depreciation	771,435	750,899
Gain on disposal of Tangible Fixed Assets	(1,069,182)	-
Decrease/(Increase) in debtors	573,060	(1,415,633)
Increase/(Decrease) in creditors	22,774	(1,337,354)
	<u>£990,670</u>	<u>£(1,045,798)</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	990,670	(1,045,798)
Returns on investment	371,156	312,141
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(2,064,821)	(3,360,323)
Receipts from sales of tangible fixed assets	1,455,689	-
Payments to acquire investments	(1,623,479)	(1,854,621)
Receipts from sales of investments	1,602,292	1,645,890
	<u>£731,507</u>	<u>£(4,302,711)</u>

ANALYSIS OF CHANGES IN CASH IN HAND AND AT BANK

	2011	Cash Flows	2012
	£	£	£
Cash in hand and at bank	<u>£1,646,930</u>	<u>£731,507</u>	<u>£2,378,437</u>

THE PORTSMOUTH DIOCESAN TRUST

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2012

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 2012

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 2012

1. INVESTMENT INCOME AND INTEREST RECEIVABLE					Year ended 31 August 2012 £	Year ended 31 August 2011 £
Arising on quoted investments					358,857	304,105
Bank interest					12,299	8,036
					<u>£371,156</u>	<u>£312,141</u>
2. CHARITABLE EXPENDITURE					Year ended 31 August 2012 £	Year ended 31 August 2011 £
	General Funds £	Designated Funds £	Restricted Funds £	Parochial Funds £		
Activities in the furtherance of the Roman Catholic Church						
Curial and Diocesan	1,708,745	-	-	-	1,708,745	1,582,228
Clergy training	235,015	10,000	-	-	245,015	166,620
Educational purposes	-	15,543	376,675	-	392,218	377,247
Social purposes	-	183,932	96,202	-	280,134	215,351
Risk management	-	16,737	-	-	16,737	5,760
Parochial expenses	-	40,000	559,383	10,370,991	10,970,374	9,750,076
Support costs	475,908	-	-	-	475,908	420,345
Governance costs						
Finance and Property department	82,461	-	-	-	82,461	77,440
Audit	53,520	-	-	-	53,520	49,148
Legal	37,330	-	-	-	37,330	67,066
Curial & Governance Review	22,639	-	-	-	22,639	-
Costs of generating Funds						
Subsidiaries	-	-	-	627,250	627,250	632,963
Finance costs "Living Our Faith"	93,114	-	-	-	93,114	73,524
Appeal Costs	72,050	-	-	-	72,050	69,126
	<u>£2,780,782</u>	<u>£266,212</u>	<u>£1,032,260</u>	<u>£10,998,241</u>	<u>£15,077,495</u>	<u>£13,486,894</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2012

3. RESOURCES EXPENDED	Personnel (incl. Clergy) £	Property £	Depreciation £	Other £	Total £
Analysis of costs					
Costs of generating funds	177,623	-	3,554	611,237	720,364
Charitable expenditure	3,962,507	3,050,852	767,881	6,307,891	14,161,181
Governance costs	36,240	-	-	159,710	195,950
	<u>£4,176,370</u>	<u>£3,050,852</u>	<u>£771,435</u>	<u>£7,078,838</u>	<u>£15,077,495</u>

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

	2012 £	2011 £
Governance costs include		
Auditors remuneration – Audit (including VAT)	<u>£38,520</u>	<u>£37,440</u>

4. STAFF	Year ended 31 August 2012 £	Year ended 31 August 2011 £
-----------------	--	--

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	2,516,908	2,315,261
Social security	146,164	133,089
Pension costs	36,173	34,892
	<u>£2,699,245</u>	<u>£2,483,242</u>

Number of Employees:

	No	No
Departments	39	39
Parish	228	241
	<u>267</u>	<u>280</u>

Employees with emoluments greater than £60,000:

	2012	2011
£80,000 - £90,000	1	1

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2012

5. TANGIBLE FIXED ASSETS	Freehold Buildings £	Furniture & Equipment £	Total £
COST OR VALUATION			
At 1 September 2011	43,102,606	2,579,782	45,682,388
Additions	1,943,652	121,169	2,064,821
Disposals	(414,494)	-	(414,494)
Transfers from Investments	146,338	-	146,338
	<u>44,778,102</u>	<u>2,700,951</u>	<u>47,479,053</u>
DEPRECIATION			
At 1 September 2011	5,338,841	2,010,213	7,349,054
Charge for the period	680,928	90,507	771,435
On disposals	(27,987)	-	(27,987)
Transfers to Investments	-	-	-
	<u>5,991,782</u>	<u>2,100,720</u>	<u>8,092,502</u>
NET BOOK VALUE			
At 31 August 2012	<u>£38,786,320</u>	<u>£600,231</u>	<u>£39,386,551</u>
At 31 August 2011	<u>£37,763,765</u>	<u>£569,569</u>	<u>£38,333,334</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).

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

6. INVESTMENTS	Investment Properties £	Quoted Investments £	Total £
Market value at 1 September 2011	15,945,937	7,599,412	23,545,349
Additions	27,231	1,596,248	1,623,479
Disposals	-	(1,602,292)	(1,602,292)
Transfers to Fixed Assets	(146,338)	-	(146,338)
Revaluation gains/(losses)	(7,729)	433,494	425,765
	<u>£15,819,101</u>	<u>£8,026,862</u>	<u>£23,845,963</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 Dist Units	50.75%
Charinco Dist Units	7.01%

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2012

7. DEBTORS	31 August 2012	31 August 2011
	£	£
School and other loans	1,062,637	1,847,122
Legacies Receivable	-	-
Other debtors and prepayments	662,540	451,115
	<u>£1,725,177</u>	<u>£2,298,237</u>

8. CREDITORS	31 August 2012	31 August 2011
	£	£
School and other loans	2,282,734	2,256,312
Other creditors and accruals	691,441	695,089
	<u>£2,974,175</u>	<u>£2,951,401</u>

9. PERMANENT ENDOWMENT FUNDS	Balance at 31 August 2011	Net Incoming/ (Outgoing) Resources	Movement On Investments	Balance at 31 August 2012
	£	£	£	£
Parochial Funds				
Properties	450,529	(5,279)	-	445,250
Other	95,122	-	5,022	100,144
Annie Mangles Trust	196,474	-	1,745	198,219
Boyle Trust	39,001	-	-	39,001
	<u>781,126</u>	<u>(5,279)</u>	<u>6,767</u>	<u>782,614</u>
Curial Funds	130,554	-	7,548	138,102
	<u>£911,680</u>	<u>£(5,279)</u>	<u>£14,315</u>	<u>£920,716</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2012

10. RESTRICTED FUNDS	Balance at 1 September 2011 £	Incoming Resources £	Resources Expended £	Transfers £	Movement On Investments £	Balance at 31 August 2012 £
CURIAL						
Social Welfare	139,216	5,202	(9,285)	(22,539)	7,761	120,355
Clergy Training	1,112,400	86,634	-	(359,911)	72,857	911,980
Bamenda Fund	116,411	49,244	(71,625)	-	7,122	101,152
Clergy Assistance	39,783	44,628	-	(43,472)	14,385	55,324
Lourdes Fund	110,893	7,390	(4,788)	-	6,108	119,603
Blanche Edmond Rowley Charitable Trust	99,696	3,078	-	-	4,557	107,331
Youth Funds	3,175	404	(2,498)	-	-	1,081
Vicariate Triple Trust	66,555	2,169	-	-	3,236	71,960
Edmund Rice Fund	207,508	7,719	-	-	11,514	226,741
School Building Fund	262,148	293,393	(376,675)	240,000	-	418,866
Other Restricted Funds	21,198	10,929	(8,007)	-	483	24,603
	<u>2,178,983</u>	<u>510,790</u>	<u>(472,878)</u>	<u>(185,922)</u>	<u>128,023</u>	<u>2,158,996</u>
PAROCHIAL						
Parish Fund Raising	208,894	514,681	(554,103)	73,880	-	243,352
Investment Funds	554,777	10,597	-	-	31,334	596,708
Foundation Masses	160,706	-	-	-	-	160,706
	<u>924,377</u>	<u>525,278</u>	<u>(554,103)</u>	<u>73,880</u>	<u>31,334</u>	<u>1,000,766</u>
	<u>£3,103,360</u>	<u>£1,036,068</u>	<u>£(1,026,981)</u>	<u>£(112,042)</u>	<u>£159,357</u>	<u>£3,159,762</u>

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.

Blanche Edmond Rowley Trust

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.

THE PORTSMOUTH DIOCESAN TRUST**NOTES TO THE ACCOUNTS (Continued)****FOR THE YEAR ENDED 31 AUGUST 2012****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 £10,000.

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.

11. DESIGNATED FUNDS	Balance at 31 August 2011 £	Incoming Resources £	Transfers/ Resources Expended £	Movement On Investments £	Balance at 31 August 2012 £
CURIAL					
Education Fund	389,836	32,522	(89,062)	24,581	357,877
Insurance Risk Fund	36,175	-	(16,737)	-	19,438
Pastoral Development Fund	701,150	-	-	-	701,150
Living Our Faith Fund	3,387,812	1,177,053	(349,450)	-	4,215,415
	<u>4,514,973</u>	<u>1,209,575</u>	<u>(455,249)</u>	<u>24,581</u>	<u>5,293,880</u>
PAROCHIAL					
Living Our Faith Fund	2,022,246	980,137	(599,208)	-	2,403,175
Other Parochial Funds	52,294,245	12,161,269	(12,239,018)	113,054	52,329,550
	<u>54,316,491</u>	<u>13,141,406</u>	<u>(12,838,226)</u>	<u>113,054</u>	<u>54,732,725</u>
	<u>£58,831,464</u>	<u>£14,350,981</u>	<u>£(13,293,475)</u>	<u>£137,635</u>	<u>£60,026,605</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2012

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 to endow 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.

12. ALLOCATION OF NET ASSETS

	Fixed Assets £	Investments £	Current Assets £	Current Liabilities £	Parish Loan Accounts £	31 August 2012 Total £
Permanent Endowment Funds						
Curial	-	147,200	(9,098)	-	-	138,102
Parochial	591,902	129,787	60,925	-	-	782,614
Restricted Funds						
Curial	-	2,319,102	(160,106)	-	-	2,158,996
Parochial	-	757,413	243,353	-	-	1,000,766
Unrestricted funds						
Curial	995,321	6,821,198	2,571,886	(2,571,661)	(2,267,994)	5,548,750
Parochial	37,799,328	13,671,263	1,396,654	(402,514)	2,267,994	54,732,725
Total Net Assets	£39,386,551	£23,845,963	£4,103,614	£(2,974,175)	£ -	£64,361,953

13. 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 Trustees receive any remuneration or benefits from their trusteeships. No Trustees were paid for providing professional services to the Diocese. In 2011 one Trustee was paid £3,094 for professional services, excluding acting as Trustee. Trustees were reimbursed for travel expenses incurred in their capacity as Trustees in the year in the sum of £2,451 (2011 £1,917).

14. CAPITAL COMMITMENTS

	31 August 2012 £	31 August 2011 £
Authorised and contracted for	£300,000	£1,500,000

THE PORTSMOUTH DIOCESAN TRUST
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2012

15. 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 Edmund House Edinburgh Road 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.
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 YEAR ENDED 31 AUGUST 2012

16. TRADING SUBSIDIARIES (Continued)

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

Consolidated Profit and Loss Account For the Year Ended 31 August 2012	31 August 2012 £	31 August 2011 £
TURNOVER	706,308	770,142
Cost of sales	(287,387)	(276,632)
GROSS PROFIT	418,921	493,510
Administrative expenses	(331,230)	(307,915)
	87,691	185,595
Amount gifted to the Charity	(106,498)	(195,190)
Loans written off	-	-
Tax on profit on ordinary activities	-	-
(LOSS)/PROFIT AFTER TAXATION	(18,807)	(9,595)
Reserves brought forward	27,634	37,229
RESERVES CARRIED FORWARD	£8,827	£27,634

Included within turnover are sales to the Diocese amounting to £147,802 (2011 £98,465).

Consolidated Balance Sheets As At 31 August 2012	31 August 2012 £	31 August 2011 £
FIXED ASSETS		
Tangible assets	77,772	76,860
CURRENT ASSETS		
Stocks	122,364	120,985
Debtors	60,323	239,353
Cash at bank and in hand	156,332	106,941
	339,019	467,279
CREDITORS: Amounts falling due within one year	(241,463)	(350,004)
NET CURRENT ASSETS	97,556	117,275
CREDITORS: Amounts falling due after one year	-	-
NET ASSETS	£175,328	£194,135
Share capital	166,501	166,501
Reserves	8,827	27,634
SHAREHOLDERS' FUNDS	£175,328	£194,135