

THE PORTSMOUTH DIOCESAN TRUST
(Registered Charity No: 246871)

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

31 AUGUST 2010

haysmacintyre
Chartered Accountants
Registered Auditors

THE PORTSMOUTH DIOCESAN TRUST
TRUSTEES' ANNUAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2010
LEGAL AND ADMINISTRATIVE DETAILS

BOARD OF TRUSTEES

Bishop Crispian Hollis (Chairman)
Mr Peter Burns
Mgr Canon Nicholas France
Rev Dominic Golding
Miss Catherine Hargaden
Mgr Vincent Harvey VG
Rev Canon Richard Hind
Rev Canon David Hopgood
Mr Peter Hancock
Mrs Sheila Hughes
Mgr Thomas McGrath VG
Mr Iain McGrory
Mrs Clare McKenna
Mgr John Nelson VG
Mr Kevin Ryan
Mr Alan Sendall
Mrs Elizabeth Slinn

Resigned 10th February 2011

SECRETARY TO THE TRUSTEES

Rev Mr 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
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 YEAR ENDED 31 AUGUST 2010

The Trustees present their Report together with the financial statements of The Portsmouth Diocesan Trust and subsidiary companies for the year ended 31 August 2010, 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 Following an Order of the Charity Commission dated 14 August 2002, this Trust Deed was revoked and a new Trust Deed dated 5 August 2002, and a Deed of Variation dated 7 April 2004, were put in place by the Bishop and the Trustees.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 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 accordance with the Church's Canon Law, in January 2010, the Bishop made his quinquennial report to the Holy See regarding the state of the Diocese and of his episcopal ministry.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

TRUSTEE COMMITTEES

At the period end the Trustees had twelve 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. 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, Mr Iain McGrory 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, 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 were at the period end members of this committee were 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 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 Communications Committee, the Personnel Committee, and the Safeguarding Committee. In January 2010, the trustees established the Pastoral Formation Committee to oversee the operations of the Department for Pastoral Formation and the Living Our Faith Impact Committee to provide trustee scrutiny of the collection, investment and spending of monies raised under the Living Our Faith capital campaign. In February 2011 the trustees dissolved the Communications Committee.

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

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.

Some years ago the parishes on the island of Guernsey were united into a single parish under the patronage of Our Lady and the Saints of Guernsey. In the period prior to that of this report the parishes of Jersey were united into a single parish, as were those of Winchester, Alresford and part of Andover. In September 2010 the four parishes comprising the Solent pastoral area united to form a single parish under the patronage of Our Lady Star of the Sea, and in December 2010 the four parishes of the Three Rivers pastoral area united to form a single parish under the patronage of St Swithun Wells.

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 Waterlooville continued throughout the period, is at the date of this report substantially complete and will be dedicated and opened by the Bishop in the presence of the Apostolic Nuncio on 1st July 2011. Further work continues towards the building of the church at Hungerford, and negotiations with the Daughters of Wisdom have secured the prospect of an enlarged church at St Joseph's, Romsey in the St Swithun Wells parish. A pastoral centre has been built at Immaculate Conception and St Joseph's, Christchurch. The church hall and parish centre at St Mary's, Alton have been completely rebuilt where the church is being entirely reroofed and reordered as at the date of this report. Construction of a pastoral centre at St Peter's, Winchester has commenced. The church of Our Lady of Walsingham, Portchester was closed, the building being uneconomic to continue to maintain. A public statue of St John was unveiled outside the Cathedral west door in July 2010.

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. In September 2009 the relics of St Therese of Lisieux were brought to the Cathedral and over 5,000 pilgrims attended various acts of worship and veneration. Throughout the year weekly Mass attendance remained steady at about 38,000 people. In September 2010 the Diocese organised the attendance of over 5,000 people at events connected with Pope Benedict's visit to Great Britain.

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. At the beginning of the period there were nine men in formation for the priesthood, of whom two were ordained priest in July 2010.

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 26,000 children attend Voluntary Aided Catholic schools within the diocese, and a further 5,000 independent Catholic schools. During this period a joint Catholic and Anglican Voluntary Aided primary and a joint Catholic and Anglican Voluntary Aided secondary school were opened on the Isle of Wight. Construction of a new primary school at Thatcham commenced and the Diocese began to engage with the consequences of the conversion of some Voluntary Aided schools to Academies.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

LOOKING FORWARD

Bishop Hollis reaches the canonical age of retirement in November 2011. It is expected that a successor will be appointed some time in 2011.

The pastoral centre at St Peter's, Winchester will be completed and construction of new churches at Hungerford and Romsey should commence. The Trustees continue to seek to dispose of surplus land in order to apply the proceeds towards meeting their objectives.

A new translation of the Roman missal will start 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 are planned.

Following the success of the Living Our Faith campaign the Bishop has appointed a vocations promoter: a priest of the Diocese. In September 2011 five men will commence their studies and formation for the priesthood, and three men for the permanent diaconate. The Diocese will continue to support the establishment of the Personal Ordinariate of Our Lady of Walsingham.

The new school at Thatcham will be completed in time for the admissions in September 2012, and the joint primary school on the Isle of Wight will move to its new location in newly built premises, subject to the availability of public funding. It is expected that upwards of a dozen schools will seek to convert to Academy status, subject to the approval of the Trustees.

FUNDRAISING

The Living Our Faith campaign concluded in June 2010 and at the date of this report the total funds pledged amount to £13,552,792.

The Trustees have dedicated these funds under four separate headings:

Clergy training and support £2,856,117
Parish and pastoral area lay formation £2,856,117
Renewing facilities £1,428,059
Parish local funds £6,412,198

At the date of the report £4,854,895 has been received, allocated between the funds as follows:

Clergy training and support £1,091,503
Parish and pastoral area lay formation £1,091,503
Renewing facilities £545,751
Parish local funds £2,728,757

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

Clergy support £nil
Parish and pastoral area lay formation £323,023
Renewing facilities £40,000
Parish local funds £1,184,853

Amongst these disbursements are: £391,183 towards the construction of the parish pastoral centre at Winchester, £164,209 towards the new church at Waterlooville, £189,000 towards the employment of five youth and pastoral workers across the Diocese.

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.

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

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 £1,960,921 (2009 Increase - £567,493) on normal activities, with a decrease in investment funds of £735,769 (2009 Increase - £780,200). The investment properties were formally revalued at 31st August 2010. Included in income are legacies to the value of £1,324,931 compared to £561,549 in 2009.

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 £4,207,049 (2009 - £4,495,290) was held for those schools.

Improving and maintaining the properties owned by the Charity is a major priority, with a total of £2,080k (2009 £1,614k) spent on repairs and a further £2,015k (2009 £2,209k) spent on capital projects during the period. Surplus tangible fixed assets were also disposed of in the period realising £294k (2009 £391k), creating a loss of £6k (2009 gain £295k).

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 basis under which the Diocesan bankers are willing this facility has altered and this will have significant cost implications in the current and subsequent years. 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 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 £541,042 (2009 £444,946). 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 54 voluntary aided Catholic schools within the Diocese. These schools are "exempt" charities in their own right, and following the implementation of Charities Act 2006, 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)).

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

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 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 2010 showed a return of 15.6% (2009 24.2%) against a benchmark return of 21.1% (2009 13.6%). Charifaith returned 13.0% (2009 19.2%) in the year ended 31 December 2010, against a benchmark of 12.8% (2009 17.7%). The Trustees consider that the performance against benchmark does not cause them concern, because of the long term nature of the investment fund.

RESERVES POLICY AND ASSET COVER FOR FUNDS

As at 31 August 2010, Curial reserves amounted to £5,861,798, of which £85,897, approximately a half month's general expenditure, is free from any restrictions or designations. This is a decrease of £1,349,916 in the unrestricted reserves in the year attributable to the revaluation of property, fundraising costs in respect of the Living Our Faith campaign and the final legal fees in respect of the Penton Mewsey litigation. 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 £5.8m, 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 £54.2m, of which £34m is represented by the value of churches and other functional properties. This is an increase of around £0.6m 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 plan to conduct a comprehensive risk assessment review in the first quarter of 2012.

CONNECTED CHARITY

A connected charity is identified in Note 16

THE PORTSMOUTH DIOCESAN TRUST

TRUSTEES' ANNUAL REPORT (Continued)

PUBLIC BENEFIT

The Diocese is governed in accordance with the requirements of Christian belief as found in Sacred Scripture and Catholic Tradition. The Diocese is, in the words of the Bishop's motto, 'led by the Gospel'. In preparing this report, the trustees have had regard to the Charity Commissions guidance on public benefit and are cognisant of the requirement, for the first time in this report, 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 the raising awareness and understanding of Catholic religious beliefs and practices, in the carrying out of pastoral work in parishes, schools, hospitals, prisons and universities and in the support of the Catholic Church in the Diocese of Bamenda in the Cameroon, the Charity meets this requirement and also fulfils its Gospel duty. The trustees believe that the work of the Diocese benefits the public by bringing meaning to people's lives, by providing opportunities to strengthen their relationship with God, by providing a moral and ethical framework within which to lead their lives and by promoting community and social cohesion through its pastoral work.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The purpose of this statement is to distinguish the Trustees' responsibilities for the accounts from those of the auditors as stated in their report. The Charities Act 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;
- 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 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 19 May 2011 and signed on its behalf by:

Rt. Rev Crispian Hollis (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 2010, 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 2010 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.

**Fairfax House
15 Fulwood Place
London
WC1V 6AY
19 May 2011**

**haysmacintyre
Chartered Accountants
Registered Auditors**

PORTSMOUTH DIOCESAN TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2010

	Notes	Unrestricted Funds		Restricted Funds £	Total 2010 £	2009 £
		Curial £	Parochial £			
Incoming resources						
Incoming resources from generated funds:						
Donations and Offertories		1,122,865	9,104,775	949,882	11,177,522	9,440,853
Legacies		872,050	444,336	8,545	1,324,931	561,549
Other		524,436	175,506	44,675	744,617	615,735
Activities to generate funds:						
Rent – investment properties		27,816	321,066	-	348,882	352,370
miscellaneous lettings		-	1,141,145	-	1,141,145	1,099,250
Income of trading subsidiaries	16	-	816,603	-	816,603	783,831
Investment income and interest receivable	1	108,533	157,070	114,126	379,729	562,978
Other incoming resources:						
Insurance Claims		-	29,550	-	29,550	41,277
Gain on disposal of tangible fixed assets		-	(5,956)	-	(5,956)	295,128
		<u>2,655,700</u>	<u>12,184,095</u>	<u>1,117,228</u>	<u>15,957,023</u>	<u>13,752,971</u>
Resources expended						
Costs of generating funds						
Expenses of trading subsidiaries		-	580,671	-	580,671	733,361
Finance costs		46,266	-	-	46,266	65,010
“Living Our Faith” Appeal Costs		687,269	-	-	687,269	600,295
Activities in furtherance of the Roman Catholic Faith		2,497,986	8,899,241	1,139,732	12,536,959	11,625,950
Governance costs		<u>144,937</u>	<u>-</u>	<u>-</u>	<u>144,937</u>	<u>160,861</u>
Total resources expended	2 & 3	<u>3,376,458</u>	<u>9,479,912</u>	<u>1,139,732</u>	<u>13,996,102</u>	<u>13,185,477</u>
Net (Outgoing)/Incoming Resources before transfers						
		(720,758)	2,704,183	(22,504)	1,960,921	567,493
Transfers between Funds		199,806	(5,536)	(194,270)	-	-
Transfers - Diocesan Levy		1,510,888	(1,510,888)	-	-	-
Net (Outgoing)/Incoming Resources for the Year/Period		<u>989,936</u>	<u>1,187,759</u>	<u>(216,774)</u>	<u>1,960,921</u>	<u>567,493</u>
Other Recognised Gains & Losses						
Realised and Unrealised Gains on investments		(346,745)	(558,902)	169,878	(735,769)	780,200
Net movement in funds		<u>643,191</u>	<u>628,857</u>	<u>(46,896)</u>	<u>1,225,152</u>	<u>1,347,693</u>
Fund balances brought forward		2,955,233	51,812,412	4,060,954	58,828,599	57,480,906
Fund balances carried forward		<u>£3,598,424</u>	<u>£52,441,269</u>	<u>£4,014,058</u>	<u>£60,053,751</u>	<u>£58,828,599</u>

THE PORTSMOUTH DIOCESAN TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2010

	Notes	Curial Funds £	Parochial Funds £	Year ended 31 August 2010 £	Year ended 31 August 2009 £
Fixed Assets					
Tangible assets	5	1,052,398	34,765,399	35,817,797	34,518,198
Investments	6	8,718,691	12,973,773	21,692,464	22,660,305
		<u>9,771,089</u>	<u>47,739,172</u>	<u>57,510,261</u>	<u>57,178,503</u>
Current Assets					
Debtors and prepayments	7	690,133	192,471	882,604	2,585,184
Cash at bank and in hand		902,929	5,046,712	5,949,641	5,649,983
		<u>1,593,062</u>	<u>5,239,183</u>	<u>6,832,245</u>	<u>8,235,167</u>
Creditors: due within one year	8	<u>(3,932,271)</u>	<u>(356,484)</u>	<u>(4,288,755)</u>	<u>(6,585,071)</u>
Net Current (Liabilities)/Assets		<u>(2,339,209)</u>	<u>4,882,699</u>	<u>2,543,490</u>	<u>1,650,096</u>
Parish Loan Accounts					
Due from parishes		4,213,330	(4,213,330)	-	-
Due to parishes		(5,783,412)	5,783,412	-	-
		<u>(1,570,082)</u>	<u>1,570,082</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>£5,861,798</u>	<u>£54,191,953</u>	<u>£60,053,751</u>	<u>£58,828,599</u>
Unrestricted Funds					
General Funds		85,897	-	85,897	1,435,813
Designated Funds	11	3,512,527	52,441,269	55,953,796	53,331,832
		<u>3,598,424</u>	<u>52,441,269</u>	<u>56,039,693</u>	<u>54,767,645</u>
Restricted Funds	10	2,134,916	966,143	3,101,059	3,120,865
Permanent Endowment Funds	9	128,458	784,541	912,999	940,089
RESERVES		<u>£5,861,798</u>	<u>£54,191,953</u>	<u>£60,053,751</u>	<u>£58,828,599</u>

Approved by the Trustees on 19 May 2011 and signed on their behalf by:

Rt Rev Crispian Hollis

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 2010**

	2010	2009
	£	£
Reconciliation of Net Incoming Resources to Cash Inflow from Operating Activities		
Changes in resources before revaluations	1,960,921	567,494
Returns on investment	(379,729)	(562,978)
Depreciation	715,049	682,323
Loss/(Gain) on disposal of Tangible Fixed Assets	5,956	(295,128)
(Increase)/decrease in debtors	1,702,580	(2,121,462)
Increase/(Decrease) in creditors	(2,296,316)	1,936,526
	<u>£1,708,461</u>	<u>£206,775</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	1,708,461	206,775
Returns on investment	379,729	562,978
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(2,014,648)	(2,208,845)
Receipts from sales of tangible fixed assets	294,044	390,988
Payments to acquire investments	(2,552,178)	(3,613,694)
Receipts from sales of investments	2,484,253	3,186,087
	<u>£299,661</u>	<u>£(1,475,711)</u>

ANALYSIS OF CHANGES IN CASH IN HAND AND AT BANK

	2009	Cash Flows	2010
	£	£	£
Cash in hand and at bank	<u>£5,649,983</u>	<u>£299,658</u>	<u>£5,949,641</u>

THE PORTSMOUTH DIOCESAN TRUST
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 AUGUST 2010

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. 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 2010

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).

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2010

1. INVESTMENT INCOME AND INTEREST RECEIVABLE					Year ended 31 August 2010 £	Year ended 31 August 2009 £
Arising on quoted investments					368,674	333,656
Bank interest					11,057	229,322
					<u>£379,729</u>	<u>£562,978</u>
2. CHARITABLE EXPENDITURE	General Funds £	Designated Funds £	Restricted Funds £	Parochial Funds £	Year ended 31 August 2010 £	Year ended 31 August 2009 £
Activities in the furtherance of the Roman Catholic Church						
Curial and Diocesan	1,793,732	-	-	-	1,793,732	1,557,514
Clergy training	212,787	-	-	-	212,787	155,657
Educational purposes	-	9,640	582,446	-	592,086	640,172
Social purposes	-	-	159,224	-	159,224	148,682
Risk management	-	93,556	-	-	93,556	17,128
Parochial expenses	-	-	398,062	8,899,241	9,297,303	8,718,398
Support costs	388,270	-	-	-	388,270	388,399
Governance costs						
Finance and Property department	72,647	-	-	-	72,647	70,726
Audit	44,826	-	-	-	44,826	41,318
Legal	27,464	-	-	-	27,464	48,817
Costs of generating Funds						
Subsidiaries	-	-	-	580,671	580,671	733,361
Finance costs	46,266	-	-	-	46,266	65,010
“Living Our Faith”	-	-	-	-	-	-
Appeal Costs	687,270	-	-	-	687,270	600,295
	<u>£3,273,262</u>	<u>£103,196</u>	<u>£1,139,732</u>	<u>£9,479,912</u>	<u>£13,996,102</u>	<u>£13,185,477</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2010

3. RESOURCES EXPENDED	Personnel (incl. Clergy) £	Property £	Depreciation £	Other £	Total £
Analysis of costs					
Costs of generating funds	162,984	-	8,594	1,142,628	1,314,206
Charitable expenditure	3,530,230	2,195,037	706,455	6,105,237	12,536,959
Governance costs	35,185	-	-	109,752	144,937
	<u>£3,728,399</u>	<u>£2,195,037</u>	<u>£715,049</u>	<u>£7,357,617</u>	<u>£13,996,102</u>

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

	2010 £	2009 £
Governance costs include		
Auditors remuneration – Audit (including VAT)	£33,360	£33,810
	<u>£33,360</u>	<u>£33,810</u>

4. STAFF	Year ended 31 August 2010 £	Year ended 31 August 2009 £
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The average number of total employees (not full time equivalents) of the Diocese during the period and their aggregate emoluments are shown below

Staff Costs:

Wages and salaries	2,205,838	2,188,889
Social security	140,163	136,250
Pension costs	24,908	29,490
	<u>£2,370,909</u>	<u>£2,354,629</u>

Number of Employees:

	No	No
Departments	40	39
Parish	246	238
	<u>286</u>	<u>277</u>

Employees with emoluments greater than £60,000:

£80,000 - £90,000	2010 1	2009 1
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THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2010

5. TANGIBLE FIXED ASSETS	Freehold Buildings £	Furniture & Equipment £	Total £
COST OR VALUATION			
At 1 September 2009	38,170,403	2,320,292	40,490,695
Additions	1,826,878	187,770	2,014,648
Disposals	-	-	-
At 31 August 2010	39,997,281	2,508,062	42,505,343
DEPRECIATION			
At 1 September 2009	4,144,449	1,828,048	5,972,497
Charge for the period	570,509	144,540	715,049
On disposals	-	-	-
At 31 August 2010	4,714,958	1,972,588	6,687,546
NET BOOK VALUE			
At 31 August 2010	£35,282,323	£535,474	£35,817,797
At 31 August 2009	£34,025,954	£492,244	£34,518,198

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 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 2009	15,625,571	7,034,734	22,660,305
Additions	70,359	2,481,819	2,552,178
Disposals	(300,000)	(2,484,253)	(2,784,253)
Revaluation gains/(losses)	(1,161,930)	426,164	(735,766)
Market value at 31 August 2010	£14,234,000	£7,458,464	£21,692,464

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	50.99%
Charinco Dist Units	6.10%
BlackRock Overseas Fund	5.94%

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2010

7. DEBTORS		31 August 2010	31 August 2009
		£	£
	School and other loans	562,244	1,945,506
	Legacies Receivable	-	-
	Other debtors and prepayments	320,360	639,678
		<u>£882,604</u>	<u>£2,585,184</u>

8. CREDITORS		31 August 2010	31 August 2009
		£	£
	School and other loans	3,557,195	5,180,173
	Other creditors and accruals	731,560	1,404,898
		<u>£4,288,755</u>	<u>£6,585,071</u>

9. PERMANENT ENDOWMENT FUNDS				
	Balance at 31 August 2009	Net Incoming/ (Outgoing) Resources	Movement On Investments	Balance at 31 August 2010
	£	£	£	£
Parochial Funds				
Properties	461,087	(5,279)	-	455,808
Other	123,959	(34,899)	4,651	93,711
Annie Mangles Trust	194,483	-	1,538	196,021
Boyle Trust	38,998	-	3	39,001
	<u>818,527</u>	<u>(40,178)</u>	<u>6,192</u>	<u>784,541</u>
Curial Funds	121,562	-	6,896	128,458
	<u>£940,089</u>	<u>£(40,178)</u>	<u>£13,088</u>	<u>£912,999</u>

THE PORTSMOUTH DIOCESAN TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2010

10. RESTRICTED FUNDS	Balance at 1 September 2009 £	Incoming Resources £	Resources Expended £	Transfers £	Movement on Investments £	Balance at 31 August 2010 £
CURIAL						
Social Welfare	137,516	5,310	(2,875)	-	7,567	147,518
Clergy Training	1,123,490	76,538	-	(127,244)	70,550	1,143,334
Bamenda Fund	201,394	56,197	(141,521)	-	9,351	125,421
Clergy Assistance	177,189	28,292	-	(72,562)	14,019	146,938
Lourdes Fund	107,123	6,632	(6,611)	-	5,956	113,100
Blanche Edmond Rowley Charitable Trust	89,101	3,164	-	-	4,444	96,709
Youth Funds	1,094	16,751	-	-	-	17,845
Vicariate Triple Trust	62,125	2,214	-	-	3,155	67,494
Edward Rice Fund	185,589	7,880	(664)	-	11,228	204,033
School Building Fund	81,955	540,566	(581,783)	-	-	40,738
Other Restricted Funds	28,197	10,906	(8,217)	-	900	31,786
	<u>2,194,773</u>	<u>754,450</u>	<u>(741,671)</u>	<u>(199,806)</u>	<u>127,170</u>	<u>2,134,916</u>
PAROCHIAL						
Parish Fund Raising	221,862	355,256	(357,885)	5,536	-	224,769
Investment Funds	543,524	7,524	-	-	29,620	580,668
Foundation Masses	160,706	-	-	-	-	160,706
	<u>926,092</u>	<u>362,780</u>	<u>(357,885)</u>	<u>5,536</u>	<u>29,620</u>	<u>966,143</u>
	<u>£3,120,865</u>	<u>£1,117,230</u>	<u>£(1,099,556)</u>	<u>£(194,270)</u>	<u>£156,790</u>	<u>£3,101,059</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 2010

10. RESTRICTED FUNDS (Continued)

CURIAL (Continued)

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 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 2009 £	Incoming Resources £	Transfers/ Resources Expended £	Movement On Investments £	Balance at 31 August 2010 £
CURIAL					
Education Fund	376,997	17,887	(6,795)	22,459	410,548
Insurance Risk Fund	52,744	82,747	(93,556)	-	41,935
Pastoral Development Fund	717,150	-	-	-	717,150
Living Our Faith Fund	372,529	1,970,365	-	-	2,342,894
	<u>1,519,420</u>	<u>2,070,999</u>	<u>(100,351)</u>	<u>22,459</u>	<u>3,512,527</u>
PAROCHIAL					
Living Our Faith Fund	277,566	1,222,061	(97,021)	-	1,402,606
Other Parochial Funds	51,534,846	10,962,034	(10,899,315)	(558,902)	51,038,663
	<u>51,812,412</u>	<u>12,184,095</u>	<u>(10,996,336)</u>	<u>(558,902)</u>	<u>52,441,269</u>
	<u>£53,331,832</u>	<u>£14,255,094</u>	<u>£(11,096,687)</u>	<u>£(536,443)</u>	<u>£55,953,796</u>

THE PORTSMOUTH DIOCESAN TRUST
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2010

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 2010 Total £
Permanent Endowment Funds						
Curial	-	135,185	(6,727)	-	-	128,458
Parochial	602,461	120,253	61,827	-	-	784,541
Restricted Funds						
Curial	-	2,205,338	(70,422)	-	-	2,134,916
Parochial	-	741,375	224,768	-	-	966,143
Unrestricted funds						
Curial	1,052,398	6,378,168	1,748,139	(4,010,198)	(1,570,083)	3,598,424
Parochial	34,162,938	12,112,145	4,952,587	(356,484)	1,570,083	52,441,269
Total Net Assets	£35,817,797	£21,692,464	£6,910,172	£(4,366,682)	£ -	£60,053,751

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 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 £12,531 (2009 £13,355). Trustees were reimbursed for travel expenses incurred in their capacity as trustees in the year in the sum of £3,261 (2009 £1,859).

14. CAPITAL COMMITMENTS

	31 August 2010 £	31 August 2009 £
Authorised and contracted for	£1,500,000	£2,600,000

THE PORTSMOUTH DIOCESAN TRUST
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2010

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 2010

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 2010	31 August 2010 £	31 August 2009 £
TURNOVER	872,289	798,382
Cost of sales	(271,464)	(288,929)
GROSS PROFIT	600,825	509,453
Administrative expenses	(290,226)	(334,023)
	310,599	175,430
Amount gifted to the Charity	(242,585)	(201,677)
Loans written off	-	-
Tax on profit on ordinary activities	-	-
(LOSS)/PROFIT AFTER TAXATION	68,014	(26,247)
Reserves brought forward	(30,785)	(4,538)
RESERVES CARRIED FORWARD	£37,229	£(30,785)

Included within turnover are sales to the Diocese amounting to £224,204 (2009£113,007).

Consolidated Balance Sheets As At 31 August 2010	31 August 2010 £	31 August 2009 £
FIXED ASSETS		
Tangible assets	71,553	18,314
CURRENT ASSETS		
Stocks	112,720	148,446
Debtors	59,877	15,820
Cash at bank and in hand	219,388	215,011
	463,538	379,277
CREDITORS: Amounts falling due within one year	(259,808)	(261,875)
NET CURRENT ASSETS	203,730	117,402
CREDITORS: Amounts falling due after one year	-	-
NET ASSETS	£203,730	£135,716
Share capital	166,501	166,501
Reserves	37,229	(30,785)
SHAREHOLDERS' FUNDS	£203,730	£135,716